

## Market conduct and the states

### *Not everyone wild about multistate market exams*

by Scott Hooper  
special to THE REGULATOR

**C**oordinated multistate actions are commonplace when it comes to assessing a company's financial condition. But what about multistate market conduct exams? It depends on who you ask.

From a sampling of examiners in a variety of states, it appears that most of those who've never tried it think it's the greatest idea since sliced bread, while those who have taken part in a multistate exam generally don't want to do it again.

#### **The Prudential experience**

Much of the impetus for multistate exams is the good example set by Prudential, a massive case but one in which a cooperative, multistate exam seemed to produce good results.

"I feel that the multistate examination we conducted on Prudential went extremely well," said Paul DeAngelo, CIE, assistant commissioner in New Jersey and lead examiner in the Pru case.

"It was an extremely rewarding experience for me to be able to work with all the various regulators from the states that participated," he added.

"We were able to conduct an examination on the largest life insurance company in the country, we reviewed records pertaining to transactions in all 51 jurisdictions, and we approached it by and large electronically, using as much technology as we could.

"I thought that it was extremely successful. We began in April of 1995 and finished up in July of '96, which considering the enormity of the task, I thought was an excellent time frame."

At the same time, Prudential represented a daunting challenge.

"It was like learning to drive on the Brooklyn-Queens Expressway," DeAngelo recalls. "I've often said, the next time I try something new, I'm going to start smaller."

Michael W. Hessler, CIE, assistant deputy director of the Illinois department, another member of the Pru team, said that rather than being a national exam with a national settlement, Prudential and the

## **Don't wait to sign up for August CDS**

Planning to come to the IRES 1998 CDS in Oak Brook just outside Chicago? Then we have two tips for you: (1) Register right away and, (2) Book your hotel rooms early!!

The last several Career Development Seminars have



approached our seating and hotel-room capacity. We are working hard to secure larger hotels and more space for future seminars, but for now the space is limited and going fast!

We cannot guarantee a slot for those who register late (generally, after July 10). So don't wait!!

**For all the details on CDS programs see the IRES web site: [www.go-ires.org](http://www.go-ires.org)**



**MAY 1998**

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## President's Forum

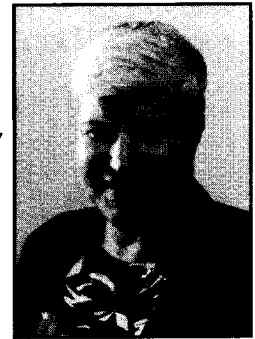
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### IRES President

The IRES Web site just keeps getting better. Whether you're a beginning hacker or an accomplished road warrior, click over to [www.go-ires.org](http://www.go-ires.org) and check us out.

The two newest additions are E-mail links to the Society's leadership and a whole new page of personals.

**E-mail.** If you're a member of an IRES committee, this new feature represents an ideal way to keep in touch with your fellow committee members. If not, it's a chance to make your voice heard — without having to pay for a phone call or a postage stamp.



Look for the committee buttons on the About IRES page.

The site also includes E-mail buttons for each of the sections of the Society's annual Career Development Seminar. If you'd like to offer your assistance — perhaps you have an idea for a good topic for next year's CDS, or you know of someone who'd make a wonderful panelist — drop a quick E-mail note directly to the right people.

**Personals.** The new member personals page is designed to keep IRES members informed about personal and professional activities of all sorts. It's up to you to keep it filled with useful information.

If you've got a job to fill (or you're seeking a new position) this is the place to do it.

If you've received an honor of some sort — a new professional designation, an advanced degree, a civic award, even a marriage or new baby you'd like to tell your peers about — give us the details, and we'll post it on the site. We can even use photos or other art (your state seal alongside your job posting, perhaps, or a picture of the new baby or spouse).

The new personals page is accessible via the membership page of the site. To send us a message, mail it to the Society's office, or E-mail it to us at [mail@go-ires.org](mailto:mail@go-ires.org). Or click on one of the E-mail buttons scattered throughout the Web site.

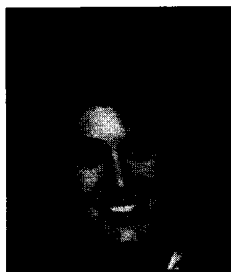
# MEET YOUR BOARD MEMBERS\*

**Michelle M. Muirhead, AIE, ACS**  
IRES Board of Directors

A regulator for seven-and-a-half years, currently a marking conduct examiner for the Nebraska Department of Insurance.

*If I weren't a regulator, I'd be:* "Working in the Special Investigative Unit or the Fraud Unit of an insurance company."

*The biggest issue facing insurance regulation today:* "Hiring and keeping quality personnel at the department, having the manpower to be proactive to issues and to keep up with industry trends, and keeping the regulators as educated as the industry personnel."



*My proudest accomplishment:* "My daughter, Nicole."

*If I could do one thing over, it would be:* "To have had a more open mind when I was younger."

*Tell us about your family:* "Married to David. One child, daughter, Nicole almost two years old."

*Hobbies:* Tennis, golf, softball, reading.

*Most recent book you've read:* *The Partner* by John Grisham

*Favorite Quote:* "There are two: 'When we knew better, we did better.' — Maya Angelou; and, 'We've got two lives, one we're given and the other one we make.' — Mary-Chapin Carpenter

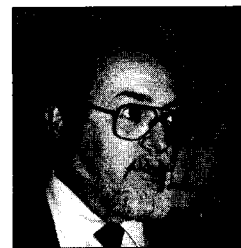
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**Donald P. Koch, CIE**  
IRES Board of Directors

A regulator for 26½ years. Currently owner-founder, North Star Examinations, Auke Bay, Alaska

*If I weren't a regulator, I'd be:* A regulatory consultant.

*The biggest issue facing insurance regulation today:* "Inconsistent regulation and loss of focus: It seems that some regulators lose sight of the reason for insurance regulation — public protection. In times of changing political attitudes toward regulation, our best tool is consistent, even-handed application of the insurance code, without a bash-the-industry attitude."



*My proudest accomplishment:* "My terms on the IRES Executive Board and participation in the creation of the NAIC Market Conduct Examiners Handbook."

*Family:* "Married to Mie 21 years this month. We have three great kids. Rose, 19, is a sophomore at Carleton College in Minnesota. Joseph, 18, is a freshman at Pomona College in California. Nobu Anne, 16, is a sophomore in high school."

*Hobbies:* Photography, reading science fiction.

*Most recent book read:* *Striking the Balance* by Harry Turtledove

*Favorite quote:* "Asking Carlos Miros how to regulate the business of insurance is a lot like asking David Koresh to amend the Ten Commandments." — Alaska Insurance Director David Walsh, when asked during testimony before Congress what he thought of the testimony of Carlos Miros.

# Multi-state market exams get mixed reviews

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regulators ended up with a state-by-state settlement.

"The whole idea behind a multi-state exam is to make it easier on the company — to get one order instead of 50," Hessler said. "But they ended up signing 50 different orders."

The massive Prudential effort directly involved examiners from a dozen jurisdictions, and it resulted in a settlement that took in all 50 states and the District of Columbia.

Despite the effectiveness of the process, though, New Jersey hasn't gone looking for other chances to share its examinations with other states.

"I don't think these are things to be used for routine examinations," said DeAngelo.

"They're more appropriate for target examinations where you know there's a problem with the company, you know that the problem crosses state lines, and you're going in to look at a specific area of the company's operations."

Hessler doesn't feel multistate exams would work well on P&C companies.



**The whole idea behind a multi-state exam is to make it easier on the company — to get one order instead of 50 . . . But they ended up signing 50 different orders."**



"Property and casualty companies are so regionalized," he said.

"We thought maybe if it would work, it would work in the life and health area, and then only for a nationally based company, where the

same problems exist from state to state to state."

## Financial vs. market conduct

One of the reasons multistate exams look so logical is that financial exams have been done on a zone basis for nearly a century.

"The zone examination system has worked relatively well in the financial end," said Martin Carus, assistant

deputy commissioner and chief examiner in New York. "I don't know why it can't work equally as well on the market conduct end."

In fact, since New York doesn't have separate market conduct examiners, market conduct matters generally get looked at in a financial exam.

"The financial exam, the statutory exam, really includes market conduct activities," Carus said. "At least it does in New York."

Yet there are several genuine differences between financial and market conduct exams.

"In financial, the basis for the exam is much more standardized from state to state," points out Jann Goodpaster, market conduct supervising examiner in Oregon. "Assets are assets, liabilities are liabilities."

Not only do state laws vary more when it comes to market conduct, so does insurers' behavior. Financial condition is a companywide fact of life, while marketing practices often vary from market to market.

In a way, that weakens the comparison with zone exams, since zone financial exams aren't truly cooperative. The examiner-in-charge, who comes from the state where the company is domiciled, is in charge of the examination, and the final report must by and large be accepted by other states involved.

"I just don't think we have ever found a practical way to coordinate multistate market conduct examinations," Goodpaster said, "because every state wants to look at their own information. It's awkward, and it doesn't quite make sense."

Then there's something that could be called institutional ego. As New York's Carus put it: "I like to be in control of my own destiny."

DeAngelo, for one, thinks the differences can be overcome.

"Zone examinations are commonplace today, but they've been refined over a period of something like 90 years," he said.

"We can't expect that a coordinated or multistate market-conduct examination is going to have the same level of refinement or sophistication that has resulted from such a long period of time in refining financial examinations."

## Impact on company, department

Then there's the impact of the examination process

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# Multi-state market exams get mixed reviews

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on the insurance companies being examined.

Goodpaster has found a little schizophrenia in that area.

"I've heard companies complain, 'We've had 18 examiners in here this year. When are you guys going to get your act together and do things all at once?'"

"Then I was surprised a couple of years ago when I was at a conference, and [some of those same company people] were telling me, 'It doesn't work that way, because six examiners will come in together from six different states, and they all want population runs for their own state, and it's more work. Instead of pulling one at a time, I'm pulling six all at once.'" "

DeAngelo added: "My experience is that companies would prefer not to see us.

"I mean, the benefit of state regulation to companies, in many respects, is divide and conquer. Particularly in the P&C end of things, I think companies are really against it. Now you get a company that's in trouble and is getting examination notices from a dozen different states all at one time, their thoughts on it might change."

By the same token, a number of state insurance departments are every bit as opposed to giving up authority or changing the way they operate.

Regulatory attorney Art Chartrand said that if cooperative exams are to catch on, both companies and regulators will have to bend.

"Multistate exams are never going to work well or work efficiently unless industry and regulators are both willing to give up something," said Chartrand, former staff counsel for NAIC.

"We have to get beyond the day where states have to go in and dig and dig and dig just to get routine data."

Yet Chartrand points out that in return for insurers' willingness to own up to error and help regulators by self-reporting problems, regulators will need to assure companies that they won't be penalized for their cooperation. That's a tough promise to make — and

keep — in the politicized environment in which insurance regulation operates.

"You could throw up your hands and say, 'Oh, it's too difficult, it can't be done,'" said DeAngelo.

"Or you can overcome each obstacle as you approach it. That's what we did [with Pru]. We found a way to do it, and I think that generally speaking, you can find a way to do it, even with market conduct.

"Let's take things like processing of claims," he said.

"Different states have different requirements, different time frames in which claims have to be processed. Well, you can approach it from an audit standpoint and review the claims and say x percentage of the claims were processed in this period of time, x percentage were processed in that period of time. Then the states can then take the audit results and apply them to their requirement."

With virtually all records now available via computerized databases, there's no reason to think a computer program couldn't be written that would help sort out each state's preferences and statutory requirements

— leading to significant economies of scale.



**There are plusses and minuses to the state regulatory system. One of the plusses is that you're close to the problem, and one of the minuses is that you're close to the problem.**



## Working together

One of the reasons for the success of multistate financial exams is the influence of the NAIC, with its model codes and accreditation program.

True to form, the association set up a Multistate Examination Working Group, and that group has come up with a handbook chapter outlining procedures that different states may use to coordinate their market conduct exams.

The chapter is necessarily brief, but some of the points are interesting.

Unlike zone exams — including the Pru exam — multistate market conduct exams wouldn't involve any state that didn't choose to get involved, and the final report wouldn't automatically be binding on every state

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# Keeping the Horses in the Barn

## *Facing the issues of confidential exam documents*

by Kathy A. Steadman, Esq.

I read with growing interest the news releases from various state departments of insurance regarding their proposal to place market conduct examination information and other public records on the Internet.

I am an insurance regulatory attorney in Arizona and have handled a significant number of Arizona market conduct examinations as well as a handful of exams in other states. Given the recent increase in plaintiff class action lawsuits, a burgeoning area of the negotiation process in market conduct exams is what documents will be made part of the public record.

The desire of insurers is to protect those documents which would otherwise not be available to plaintiff attorneys through appropriate litigation discovery channels. Presumably, those documents which do not enjoy some type of state or federal privilege will be made part of the public record and may become part of market conduct exam information placed on the Internet by state departments of insurance.

Virtually all states have statutes that relate to public records and public access to those documents. Arizona has adopted a public records law which accords a very broad rights to consumers for those records which were prepared by public bodies as a record of their official activities which are supported by public funds (*A.R.S. 39-121 et seq.*)

The exam process involves review of a significant amount of written documentation and electronically stored data of insurers by market conduct examiners. The purpose of a market conduct exam is to ascertain compliance by a particular insurer with the insurance code and regulations of that state.

In that regard, the examiners review documents maintained by an insurer for a specific historical period, i.e., three years prior to the date of the examination commenced. The examiners then catalogue violations of the insurance code and related regulations.

Those alleged violations are typically detailed in the "work papers" of the examination team. The work papers of an exam team can vary greatly from team to team. However, as a principle, work papers consist of those documents which have been copied from the insurers records to support the alleged violations of the insurance statutes and regulations, as well as the examiner's notes regarding the alleged violations.

Because the work papers of an examination team may consist of privileged or trade secret information, it is imperative that an insurer and the state conducting an exam agree upon the parameters of privileged, confidential and trade secret information at the outset. The alternative is to allow such protected records to be placed in the public records of a state and perhaps be placed onto the Internet.

Such a course could result in a tangle of litigation which involves both the insurer and the state regulatory agency. Because such litigation is costly, time consuming and potentially damaging to both regulators and insurers, the parameters of confidentiality in a market conduct exam need to be spelled out in advance.

Some states have adopted legislation specifically aimed at protecting confidential documents produced by an insurer in the exam process. Other states have adopted the National Association of Insurance Commissioners model law on financial examinations.

That model contains language that makes it clear that working papers, recorded information and copies obtained by the commissioner or any other person in the course of a financial examination must be given confidential treatment. (*NAIC Model Law on Examinations, II-390-1, Section 5(F).*)

The purpose of the NAIC model law confidential provision appears to be to protect sensitive and confidential financial information from unauthorized disclosure. However, there are not always such clear protections for materials provided by an insurer during the exam process. Further, such protections do not always extend to all types of examinations performed

by a state department of insurance. Nevertheless, such protections are appropriate and arguably lead to a more balanced, open exam.

According the proper level of confidentiality to certain information serves a number of purposes. For example, by protecting an insurer's claims manual from distribution into the public record, a state department of insurance can assist in preventing insurance fraud. If that manual details warning signs for fraudulent claim submissions, an individual reviewing such material on the Internet would arguably be better equipped to circumvent those fraud indicators.

Additionally, insurers develop a variety of marketing, underwriting and actuarial information designed to better assist them in meeting policyholder needs. These developments are frequently made at great expense to the insurer in terms of economic outlay and personnel commitment.

By releasing such documents into the stream of the public record during the exam process, the competitive advantages developed by an insurer at great expense could be lost. Such a result can hardly have been the intent of the exam process. This is especially true when you consider that most insurers pay for their own exams via a state's examiner revolving fund.

Market conduct examiners have a relatively unfettered right to access and review an insurer's documents relating to insurance transacted in a particular state. That access and review is important to insure compliance with that state's insurance code and to provide consumer protection oversight.

However, that access and review should also be rooted in a desire to protect the integrity of the exam process by avoiding unnecessary litigation surrounding the release of protected information. Such a balance is both reasoned and possible. In short, it is a win-win process for regulators and insurers.

In order to establish an insurer's right and entitlement to confidential treatment of documents provided

to a state department of insurance during a MCE, that insurer may be required to demonstrate the legal basis for such right.

While it may be possible to request a confidentiality agreement between the insurer and the state department of insurance, a more formal approach may be necessary in some instances. Regardless, an insurer should affirmatively address the issue at the commencement of the exam. Furthermore, the insurer should detail the legal basis for such entitlement, such as confidentiality, trade secret and/or proprietary protections.

Where possible, the insurer should cite state statute, common law or federal law for the basis of the protections. Additionally, the insurer should identify those documents which it believes are protected, with specific reference to the legal basis for those protections.

Lastly, because the exams process is a dynamic one, the insurer should reserve the right to include additional documents in the listing of protected materials. State insurance departments may be required to produce documents which are otherwise procured pursuant to a valid subpoena or a court order. However, an agreement to provide the affected insurer with notice of such subpoena or order prior to compliance with its edict will allow the insurer to take the necessary steps to protect the integrity of such information.

The Internet will assuredly increase access to state public records databases. With this access, insurers and regulators will need to be more sensitive to protection of privileged, confidential and trade secret information. Otherwise, the MCE process could be mired in unnecessary litigation with considerable resources being spent attempting to round up horses which are already out of the barn.



**Because the work papers of an exam team may consist of privileged or trade secret information, it is imperative that an insurer and the state agree upon the parameters of privileged, confidential and trade secret information at the outset. The alternative is to allow such protected records to be placed in the public records of a state and perhaps be placed onto the Internet.**



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Kathy A. Steadman is with the Phoenix law firm of Tiffany & Bosco and specializes in insurance regulatory matters.

# Chicago



*The 1998 CDS*

## How to get to and from the Hyatt/Oak Brook

The site of this year's CDS is just west of Chicago, accessible to just about everywhere. But it does take some practice to negotiate the spaghetti bowl of Chicago area highways. Here are a few tips to get to the hotel (if you're driving in, or flying and renting a car) and to get around once you're there.

**From O'Hare International** (or from Wisconsin, Minnesota and points west via I-90 and the Tri-State) — Take I-294 south to I-88 west. Pay one toll on I-88, then exit just past the toll booth onto Cermak Road. Go straight at the bottom of the ramp, and three blocks later you'll see the hotel on the right.

**From Midway Airport** — Take I-55 west to I-294 north, then exit onto I-88 west. Exit onto Cermak Road after the toll booth, go straight for three blocks.

**To and from Chicago's Loop** — From downtown, take the Congress Expressway (aka I-290 or the Eisenhower Expressway) west to I-88. Again, exit onto

Cermak Road after the toll booth, go straight for three blocks, and the hotel will be on your right.

To get downtown, simply reverse the steps (the IRES registration desk can fill you in on the details, such as which exit to take to get to your specific destination).

**From the southwest via I-55** — Take I-355 north, exit onto I-88 east. From I-88 (the East-West Tollway), exit onto Midwest Road, turn right at the first light, then right again onto 22nd Street. Stay on 22nd for five lights to Spring Road. Turn left and look for the hotel on the right after three blocks.

**From the north or south via Route 83** — If you come in from the north via Route 83 (Kingery Highway), you'll want to turn left at 16th; continue for half a mile, and the hotel will be on your left. Coming from the south on Kingery, turn right at the light at 22nd Street, go three lights to Spring Road, then turn left and



# How to get around Chicago and Oak Brook

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look for the hotel on the right after three blocks.

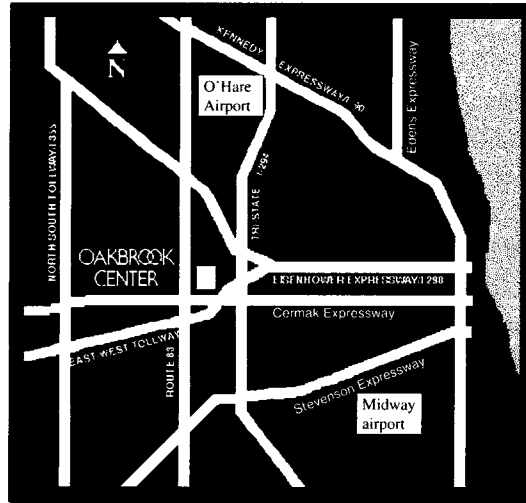
Not to worry if you don't plan to drive your own car or bring a rental — public transportation is plentiful in Oak Brook.

If you'd like to check out one of the many fine restaurants in the immediate area of the hotel, the Hyatt's shuttle will get you there for free.

If you prefer to wine and dine in the Loop, you have a choice: take a cab or limo from the hotel (pricey but handy) or take the train, like the locals do.

Taxis are just about always sitting out front of the hotel. Or check with the hotel to arrange for a pickup.

The hotel shuttle will be glad to drop you off at the Hinsdale train station (either free or for a modest charge, depending on the time of day). The train itself is really inexpensive, and of course you'll need a taxi at the other end of the trip to get to your destination.



**Eating and meeting space at the Oak Brook CDS is limited.** We cannot guarantee a slot to persons who register late — generally, after July 10.

If you have to wait until your state's new fiscal year (i.e., July 1) to get your registration approved, we understand. However, you should not wait until then to book your hotel room, or you may find the rooms all taken. Go ahead and book your room now!



**Attention Regulators:** Don't forget that the NAIC will conduct computer training Aug. 2-3 (Sun-Mon) during the IRES Career Development Seminar. Classes will start at 10 am on Sunday and run most of the day, and then start again on Monday morning. There will be training on the market conduct examiners handbook, the NAIC Complaints Database, the Exam Tracking System, the SAD database and more.

# *Multistate exams not always a good idea*

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where the company operates.

The NAIC guidelines allow states to opt out altogether, or to designate another state to review data on its behalf. And those guidelines specifically say that “the process of determining state-specific recommendations and actions is not included within the scope of a multistate market conduct examination.”

They also clarify the difference between passive and active participants, which should help eliminate one of the frequently mentioned problems with the Pru case: states that declared themselves passive as far as taking part in the exam, then switched over to active when it came time to write the final report.

Even without the formal cooperation envisioned in the NAIC recommendations, many of the advantages of a multistate exam — cost savings, cooperation among states with a common interest and improved services for consumer — could come from lower levels of cooperation.

“There needs to be more multi-state cooperation, especially in terms of communicating findings and concerns,” said Bruce Ramge, with the Nebraska Department of Insurance.

“Not so much ganging up, but bringing something to another state’s attention that they might not be aware of,” he said. “We might find some practices that are new that the other states should be aware of. And it can be done formally or informally — regulators are all pretty much tied together through E-mail.”

Ramge added: “I don’t think multi-state exams are practical for your routine exams, the ones where you’re just required by statute to go in every three years or whatever. It takes a lot of extra administrative work coordinating it. But where there are issues, then it makes a lot of sense — certain things don’t need to be reviewed 50 times.”

Another way to make multistate market conduct exams work as well as multistate financial may be to cooperate on the parts of the market conduct exam that are most like financial exams: the macro kinds of data that give a broad overview of a company’s operations.

Perhaps, suggested Chartrand, “There can be more multistate screening type of exams — coming in at a high level, having the company produce data that shows, for instance, date of claims and date of payment

for auto claims and then saying, ‘If they’re within norms, we won’t bother you.’”

## **Making it work**

Are multistate market conduct exams part of the industry’s future?

In the aftermath of the massive Prudential case, there are plenty of people who feel that the costs simply outweigh the advantages. But the advantages won’t go away, and advancing technology can make the whole process less costly, if not inevitable.

The trend, if that’s what it is, toward contract examiners might make multistate exams more likely. There are certainly coordination problems in any multistate exam, not to mention figuring out how to mesh different jurisdictions’ needs and how to charge companies for the time. A contractor who’s worked for more than one of the states involved in the exam might help cross some of those bridges.

Not everyone thinks this particular change is a good one.

“It’s the direct responsibility of the individual states to regulate the company and take actions, including examination actions, that are indicative of their responsibility toward their own constituencies,” said Carus of New York.

“There are pluses and minuses to the state regulatory system,” he said. “One of the pluses is that you’re close to the problem, and one of the minuses is that you’re close to the problem.”

DeAngelo, on the other hand, thinks maybe multistate exams are inevitable.

“I think that we’re going to have to find a way to do it for a couple of reasons,” he said. “First of all, companies cannot sustain the expense and disruption of multiple market conduct examinations by different states.

“No. 2, the insurers keep getting bigger, and regulatory resources don’t. It’s that simple. We’ve got to find smarter and better ways of fulfilling our responsibilities.”

Chartrand agrees that the idea of states working together to solve common problems makes a lot of sense. Yet he cautions: “Multistate exams are not a panacea, nor are they going to happen overnight — or solve all the problems.” ■

# The Class of 1998

Thirty-six state insurance regulators came to Kansas City the week of April 20 to take part in the annual IRES/NAIC "Regulating the Marketplace" School. The four-day program featured lectures, discussion groups and problem-solving exercises to help regulators gain fresh insight into solving contemporary insurance regulatory issues. Many, many thanks to Monica Horvant, Jane McClain and Iris Effenbein of the NAIC's Education & Training Department, plus the many presenters and faculty members who donated their time and shared their expertise during this program.



**BACK ROW:** Eric Lowe, VA; Warren Spruill, VA; David Langenbacher, CA; Lonnie Suggs, PA; Larry Abshire, WV; James Matheson, NY; Ernest Nickerson, NC; Donald Belanger, NH

**4TH ROW:** R. Weldon Hazlewood, VA; Michael St. Andre, MA; Roger Lisi, PA; Maureen Mason, CA; Eileen Mallow, WI; Stacy Hall, OH

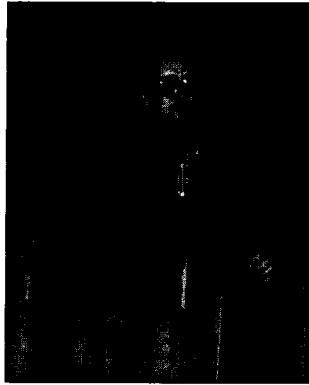
**3RD ROW:** Robert Warren, NH; Mark Reinholz, WI; Betty Branum, VA; Lawrence Wertel, NY; Cathy Hoban, NE; Dianne Irving, SC

**2nd Row:** Angela Yoakum, OH; Betty Bates, DC; Leslie Krier, WA; Valerie Turner, MD; Evelyn Johnson, MD; Karen Pflanzner, Canada

**FRONT ROW:** Chris Curtis, NE; Alexandra Thomas, MD; Roslyn Kirton, NY; Christine Bumgardner, IN; Junella Gustin, ND; Sally Carpenter, WA

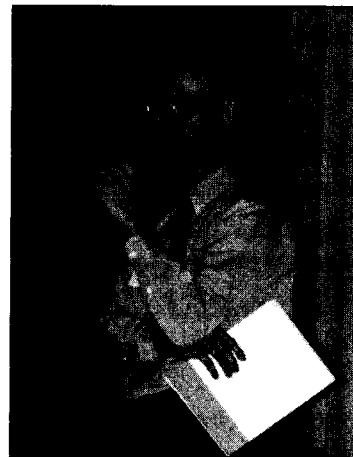
**NOT PICTURED:** Sam Eveland, MO; Eva Yeung, NAIC

# IRES Foundation Market Conduct School



More than 330 insurance industry experts, including company compliance personnel and outside legal counsel, attended the 1998 Market Conduct Regulation School held last month in San Diego by the IRES Foundation. The school brings a faculty of insurance department senior staff from around the country together to brief the private sector on how their states are performing market conduct examinations.

COUNTERCLOCKWISE, FROM TOP: NAIC PRESIDENT GLENN POMEROY OF NORTH DAKOTA addresses the general session. ♦ IRES President Christel Szczesniak of Colorado (left) and IRES Foundation Chairman Wade Harrell (right) flank Joy Moore, IRES continuing education coordinator. ♦ School attendees enjoy a poolside reception at the beautiful Hotel Del Coronado. ♦ Foundation Board Member Lewis Melahn moderates a discussion among state regulators. ♦ Prof. Jeffrey O'Connell, the "father of no-fault" talks about federal auto insurance reform proposals.



# IRES Foundation Board of Directors

We don't stop often enough to thank those members of the private sector who govern the IRES Foundation. The Foundation not only supports and helps raise funds for many Society educational projects, but it also works tirelessly to draw new Sustaining (corporate) Members into the IRES general membership.

Below are the names of the men and women who serve on the IRES Foundation Board of Directors. They have developed the Foundation into a successful and very important partner for the Insurance Regulatory Examiners Society. We thank them very, very much.

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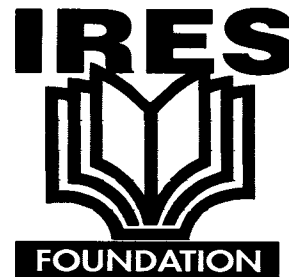
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If your company or organization would like more information about becoming a Sustaining Member of IRES, or getting involved with the activities of the IRES Foundation, drop a note to David V. Chartrand, IRES executive secretary, 130 N. Cherry, Suite 202, Olathe, Kansas 66062. Or fax it to 913-768-4900. Members of the IRES Foundation board of directors must be dues-paying Sustaining Members of IRES.

# C.E. News

*Updates and other tidbits from the National IRES Continuing Education program, the CE program for persons holding AIE and CIE designations.*

Thank you to all IRES members who have submitted their Compliance Reporting Form to the IRES CE office. Everyone should have received a transcript showing the amount of credits needed to comply with the NICE program by September 1, 1998. If you did not receive one, please call the IRES CE office.

√ The deadline for the first compliance period is fast approaching! You have until September 1, 1998 to complete any course or seminar and until October 1, 1998 to report it to the IRES CE office. Please remember to use a Compliance Reporting Form located on page 16 of your NICE manual to report your credits.

√ If you miss the deadline for compliance you will be notified that "the registration of your designation with IRES has been suspended." At that time, you will need to make a written appeal to the IRES Accreditation & Ethics Committee for possible reinstatement. The Appeal for Reinstatement Form is located on page 18 of your NICE manual.

√ Also, you may file a request for an extension of time when circumstances exist that prevent you from complying with the NICE requirements. The first extension is automatically granted for 60 additional days at no charge, **if** your request is received in writing by the IRES CE Office, prior to October 1, 1998. An additional 60 day extension beyond the first 60 day extension will be granted, if requested in writing, along with a statement of cause and payment of a \$30.00 extension fee, received prior to December 1, 1998.

**N I C E**

## WANTED: Computer Audit Specialist

The Information Systems Division of the National Association of Insurance Commissioners has an opening for a Computer Audit Specialist. This position provides support and technical expertise to state insurance regulators regarding tools and techniques of automated examination and auditing.

This person will also develop and implement two new educational training programs targeted for state insurance examiners and automated examination specialists. Additionally, will serve as primary instructor of one course and will coordinate instructors for the second course, will provide follow-up and support to regulators regarding implementation of methods learned in these courses and will revise and update training courses as required. This person will assist in developing and providing training to regulators on NAIC standard auditing software tools, including ACL. This person will establish and maintain a repository of automated applications used by examiners, will assist department staff with projects involving state support of automated examinations and other tasks as required.

Qualifications include bachelor's degree; background experience with EDP auditing; insurance examination or auditing a plus; high-level customer service; training experience and curriculum development a plus. Position requires travel approximately 30%.

For consideration, send resume and salary requirements to NAIC, ATTN: Human Resources Dept - Computer Audit Specialist, 120 W. 12th Street, Suite 1100, Kansas City, MO 64105-1925. FAX 816-460-7640

# IRES 1998 Career Development Seminar

AUGUST 2-4, 1998 OAK BROOK, ILL. (CHICAGO)  
HYATT REGENCY OAK BROOK

## Official Registration Form

Fill out and mail to The Insurance Regulatory Examiners Society  
130 N. Cherry, Suite 202 Olathe, KS 66061

**Yes! Sign me up for the 1998 IRES Career Development Seminar. My check payable to IRES is enclosed.**

### Seminar Fees

(includes lunch, cont. breakfast and snack breaks for both days)

Check box that applies

- IRES Member (regulator) ..... \$190  
 Industry Sustaining Member ... \$345  
 Non-Member Regulator ..... \$290  
 Retired IRES Member ..... \$85  
 Industry, Non-Sustaining Member ..... \$550  
 Spouse/guest meal fee ..... \$60

Name \_\_\_\_\_

Title \_\_\_\_\_

First name for Badge \_\_\_\_\_

Insurance department or organization \_\_\_\_\_

Your mailing address Indicate:  Home  Business \_\_\_\_\_

City, State, ZIP \_\_\_\_\_

Area code and phone \_\_\_\_\_

\$ \_\_\_\_\_  
Amount enclosed

Spouse/Guest name \_\_\_\_\_

**If registering after July 3, add \$40.00. No registration is guaranteed until payment is received by IRES.**

List professional designations that you would like shown on your name badge

**Hotel Rooms:** You must book your hotel room directly with the Hyatt Regency in Oak Brook. The room rate for IRES guests is \$99 per night for single-double rooms. Please call group reservations at 800-233-1234, or 630-573-1234. The IRES convention rate is available until July 3, 1998 and on a space-available basis thereafter.

**SPECIAL NEEDS:** If you have special needs addressed by the Americans with Disabilities Act, please notify us at 913-768-4700 at least five working days before the seminar. The Hyatt Regency's facilities comply with all ADA requirements.

**SPECIAL DIETS:** If you have special dietary needs, please circle: Diabetic Kosher Low salt Vegetarian

#### CANCELLATIONS AND REFUNDS


Your registration fee can be refunded if we receive written notice before July 3, 1998. No refunds will be given after that date. However, your registration fee may be transferred to another qualifying registrant. Refund checks will be processed after Aug. 20, 1998.

**Seating for all events is limited. IRES reserves the right to decline registration for late registrants due to seating limitations.**



**Call for more details:  
913-768-4700. Or see IRES  
web site: [www.go-ires.org](http://www.go-ires.org)**

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## BULLETIN BOARD

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√ Welcome to these new IRES regulator members: Jeffrey W. Braden, IL; Jack Z. Bramlett, MD; Joseph G. Brooks, IL; Brenda L. Carlock, IL; Brett A. Gerger, IL; Bill Holmes, WV; John J. Hooker, IL; David L. Howe, KY; Jeanine Kosinski, IL; Chlora Lindley-Myers, NAIC; Donna J. Raffa, IL; Thomas E. Ratsch, IL; Mitch Rayborn, MS; Bernard Sullivan Jr., IL; Victor P. Villanveva, IL; Lloyd B. Wilder, WY

√ Due to a clerical error, the March issue incorrectly indicated that Gary W. Meyer, IRES Board Member, holds a CFE designation. Mr. Meyer is a CIE and an ACS.

√ The Kentucky Dept. of Insurance is seeking qualified individuals to provide financial analysis for the state's overall financial regulation and early warning solvency surveillance process. Compensation for those persons selected will be determined by applicant's experience and qualifications. Applicants must complete a Request for Proposal form

and a National Association of Insurance Commissioners Personal Resume Form. Information and these forms may be obtained by contacting Doreen Harrod, Personnel Administrator, Kentucky Department of Insurance, P.O. Box 517, Frankfort, KY 40602-0517 or by calling 502-564-6154.

√ CNA has an immediate need for Market Conduct Exam Coordinators to work within our Corporate Compliance area. We seek professionals to coordinate the overall market conduct exam process for our Strategic Business Groups. Duties will include managing the relationships between the Departments of Insurance and CNA, managing the required documentation for the exams, assisting our Business Unit reps during exams, recommending improvements to the exam process and providing training to individuals impacted by exams, negotiating final resolution of exam findings and assuring adherence to exam stipulations. Send resume to: CNA, CNA Plaza, Dept 98119, P.O. Box VV, Chicago, IL 60685. Or FAX: 312-822-7565