The Regulator®

INSURANCE REGULATORY EXAMINERS SOCIETY

State pension funds

How golden is your parachute?

by Scott Hoober
Special to The Regulator

Most everyone knows that one big reason U.S. automakers are unable to compete with the Japanese is too-rich American pensions. And it's not just Detroit. In the corporate world as a whole, it's become harder and harder to find an employer offering a good old defined-benefit pension plan.

Yet 88% of public employees — whether they work for cities, counties, school districts or state agencies — still are being promised defined-benefit plans just about as rich as their predecessors received years ago, even decades ago.

Wait a minute. If corporations are unable to afford traditional pension plans and retirement health coverage, how can governments?

The short answer is that they can't.

On paper, many states' plans are in dire trouble. In some areas, benefits already are being cut. In at least one case, former employees who've already retired have been forced to repay previous payouts. And no, the Pension Benefit Guaranty Corporation doesn't cover governmental pension plans, so don't count on a federal bailout.

Dire warnings

This is clearly a matter of professional concern to insurance regulators. After all, the skill set that allows a financial examiner to analyze the quality and appropriateness of an insurer's reserves would also be helpful in checking out whether pension-fund trustees are setting aside enough assets to meet future liabilities.

But since those examiners are in most cases state employees themselves, the issue is of more than professional interest. As grandpa used to say, when you have ham and eggs for breakfast, the hen is interested — but the pig is committed.

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Understanding the new Market Conduct statement

by Melissa Hull, Ohio
and Bruce Ramge, Nebraska
With contributions from NAIC staff

Some of the earliest insurance regulators recognized that data reported on a recurring basis would provide the best chance for early identification of solvency issues. Financial data was first collected in a standardized blank in 1879 and has been provided for regulators in a centralized collection of nationwide data for more than 25 years.

Imagine how challenging financial solvency regulation would be today if there were no financial annual statements. Regulators would be required to gain an understanding of a company's financial condition based on information that was available through sources other than the company itself, such as the media, rating agencies, or insurance consumers.

Obviously, this would be considered inefficient, ineffective, and downright silly. Yet that is

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From the President

Getting down to business

As I begin, on behalf of IRES, I would like to express my condolences to Paul Bicica on the passing of his mother and to Stephen Martuscello on the passing of his father. Please know that our thoughts and prayers are with you and your families.

Now down to business. Rest assured that this past month we have gotten the "wheels in motion" in terms of the Executive Committee. Committee chairs have filled their committees. Everyone is in place and fully functional. Goals and objectives have been identified and work has begun.

I would like to thank all of those who expressed an interest and volunteered for the various committees. It was very gratifying to me to see so many individuals stepping forward, many for the first time. There is no doubt that the new ideas that you bring to the table will make IRES a better organization.

Thank you for getting involved!

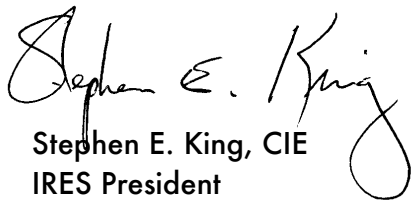
As planning gets underway for the 2006 CDS in Chicago, I would like to thank Michael Hessler (IL) and Stephen Martuscello (NY) for graciously agreeing to be our CDS Co-Chairs. (To use the term volunteer may be overstating the case.) Knowing Mike and Stephen as I do, I expect this CDS to be one of the best in recent memory. So, before your calendars fill up, I would ask that you set aside August 6 – 8 for the Chicago CDS.

The aftermath of Hurricane Katrina continues to make headline news. Specifically, I make reference to the tremendous challenges that have confronted and will continue to confront

the regulatory community and the insurance industry. As one who has monitored the post-hurricane events and continues to have more than just a casual interest, I am in awe of the tremendous amount of work that has been involved in this effort. It is clear that the many issues resulting from this catastrophe may not be resolved for years to come.

I am very proud of our fellow regulators in the Gulf States for their hard work and perseverance and all other regulators who have come to the aid of the consumer, providing assistance in a time of great need. You offer a great example to us.

Take care and may God bless.



Stephen E. King, CIE
IRES President

Looking back?

Visit www.go-ires.org

Click "newsletter" tab for back issues and subject index

Commissioners call special summit on catastrophe plan

Insurance commissioners from California, New York and Florida have called for a special two-day national catastrophe summit in San Francisco this fall. The objective of the summit, to be held November 15-16, is to develop approaches, such as a National Catastrophe Insurance Program, to more effectively spread the insurance risk associated with natural catastrophes and acts of terrorism.

Florida Insurance Commissioner Kevin McCarty, New York Superintendent Howard Mills and California Commissioner John Garamendi will be joined by various state insurance commissioners and regulators; insurer representatives; state and federal legislators; and representatives from public policy groups during the two-day discussions.

Although the session has been in the works for months, it has gained added importance as insurers begin to reassess their commitment to areas battered by storm-related losses over the past few months. In addition, the Terrorism Risk Insurance Act (TRIA), which provides a federal backstop for terrorism coverage, is scheduled to expire at year's end. Many believe that if TRIA is not extended beyond 2005, it would have a devastating impact on this nation's construction and development projects which depend on the continued availability of affordable terrorism coverage.

Welcome, new members

Dolores C. Arrington, CO
Ruth E. Davis, AIE, VA
Frank W. Kyazze, AIE, PA
Jeanette M. Plitt, WA
Jerri Robinson, KY

How safe is your pension?

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So, on behalf of state employees, we set out to find out how well (or poorly) the states are doing.

According to the National Association of State Retirement Administrators (NASRA), not so hot.

Its data found that on average, state pension funds (which typically include municipalities, school districts and the like) had a 101% aggregate funding ratio (the ratio of a plan's assets to liabilities) as recently as fiscal 2001. By last year, that number had dropped to a less-than-stellar 88%.That's a big drop in only three years, though the association says there's not yet cause for alarm.

A study by Barclay's Global Investors isn't so sanguine. Barclay's says that if public plans used the same accounting rules as private plans, their underfunding would total some $560 billion — about twice the official deficit.

And that's because of only one factor: public plans use the same interest rate assumption for investment returns and for the discount rate for calculating liabilities, as allowed by the Government Accounting Standards Board (GASB). When it comes to private pension plans, FAS 87 stipulates the use of different rates, enough all by itself to cause a big gap in expectations.

But the variation between public and private plans goes deeper than that.

When, because of too-optimistic assumptions, a tanking equities market or some other factor, a public fund finds itself in the red, it has two choices: raise the contribution amount or cut benefits. For a variety of reasons, a number of funds have chosen Door No. 3: Do nothing.

Of course, it's worse yet when the fund isn't independent of the rest of state government.

Illinois is widely regarded as having one of the worst-performing state pension funds, at least in part because the Legislature has access to fund assets.

State law requires balancing the budget each year, making the pension fund a too-handy alternative for the Legislature to use in place of seeking new revenue sources, according to Ralph Martire, executive director of the Center for Tax and Budget Accountability, a bipartisan think tank based in Chicago.

"They can raise taxes or raid the pension funds again," he said. "So they dip into the pension funds to avoid painful spending cuts.

"This year, they didn't fund the pension contribution at all. It saved them $2.4 billion."

That's why Illinois has the biggest pension underfunding of any state — $38 billion, greater than New York, Texas, Florida or California.

"This is not a partisan problem," Martire added. "Republicans and Democrats are equally culpable of resorting to feckless measures to balance the books. And their failure is haunting us now."

The Oregon experience

Down the road, state retirees in Illinois may face serious problems, as the gap between assets and liabilities grows too large to ignore.

One state that's chosen to confront the problem sooner rather than later is Oregon. The state's Public Employees Retirement System (PERS) has been in the news of late for a court decision requiring that retirees repay previous overpayments, in the form of a temporary benefit cut.

Though that case might not relate to actuarial inadequacies, another spate of headlines a couple of years ago did. They told of state retirees who were receiving pension checks 20% above their final salaries. None of the stories made it clear that only a few 30-year veterans actually came out that well, nor did they tote up how many years those employees had gone without even a cost-of-living pay hike, but they sure made the state's plan look incompetent.

Jann Goodpaster, a former IRES president who was until recently a senior staffer at the Oregon Insurance Division, says there have been other such rulings.

"There have been so many court rulings — in fact, we just had two more in the last month — that I'm not 100% sure which has done what," said Goodpaster.

That she is now director of market regulation for RSM McGladrey, parent company of American

Express, is a measure of what uncertainty — and out-and-out benefit cuts — can do to an insurance department.

What sent her into the private sector stemmed from that highly publicized, too-generous plan, which had been enriched by a healthy stock market.

"A good number of people retired at that time," Goodpaster recalls. "A lot of our old-time people, a lot of people who long-time IRES people might remember, had been there for 30 years. And even though they weren't ready to retire, they just left. They couldn't pass it up, because if you retired by a certain date you preserved your purse the way it was.

"Then what they did was start a new program."

PERS's new program cut benefits for mid-career people like Goodpaster. She came to realize that sticking around until retirement would slash her projected benefits by half.

Many city or state workers may not have a lot of options in the face of such a cut, but senior insurance regulators do. Goodpaster is far from the first regulator to make the leap to a remunerative position in the private sector. Nor will she be the last.

> ***"Illinois is widely regarded as having one of the worst-performing state pension funds, at least in part because the Legislature has access to fund assets."***

In general, the problems tend to be worse in the Northeast, where statewide programs are oldest — and their average employees and retirees tend to be older as well. Some Western states' funds were born a little more recently, and thus have a more youthful employee base.

Is Oregon the exception, or are they in the news because state and fund officials have made the hard choices that other states will soon wish they too had made?

It's about the governance

In New York, California and many other states, pensions are guaranteed, frequently in the state constitution.

In other words, even if the plan goes belly-up, even if there's simply no money on hand for pensions, the state will have to pay retirees no matter what.

"They would move to the head of the line," said Jim Everett, capital markets counsel for the New York Department of Insurance. "Other programs would have to be cut," including Medicaid, higher education, highway construction and all the rest.

Realistically, of course, no governor or legislator could survive slashing state spending just to give pension checks to former state and municipal workers (though that happened on a small scale in the '70s in New York and in the '80s in Cleveland). And of course for programs like Medicaid and transportation, you run into federal revenue-sharing requirements. So what other options are there?

The best option is of course to do it right the first time around: Match assets to liabilities, make realistic projections of future trends, and of the plan's risk profile and retirement liabilities, and then buy low and sell high (and, as an economist friend used to say, "if it won't go up, don't buy it").

As a state employee, that means paying attention to just who gets to be a trustee (were they appointed because of their investment savvy, or because of political connections or because they hold a state position with the right title?), to the mix and timing of investments and the rationale behind projections. And to how much of that kind of detail is made routinely available.

Goodpaster's experience in Oregon seems to indicate that approach might not help, since she felt well informed of PERS activities, including quarterly managers meetings. But it's better than relying on prayer.

After all, as New York's Everett put it, though it may seem futile to worry about the future when the past and present look so bad, "If it's not done, the problem will only get worse."

If problems do get worse, what about a default?

"In order for states or municipalities to default," said Everett, "they would have to declare bankruptcy, and since the 1930s, there have been very, very few municipal bankruptcies."

How about a lawsuit by beneficiaries?

"If there's legal liability," said Everett, "it's going

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How safe is your pension?

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to be beneficiaries saying that the fiduciary duties that the trustees and sponsors owed to them were violated."

But you couldn't sue just because the fund didn't make the kind of money you'd hoped.

"The law will not look at the investment results," Everett said.

"The investment results could be terrible, but if the board at least tried to stay aware and executed its duties with due care and with the skill necessary, and set up appropriate procedures, then a court won't look at actual investment performance."

Aside from state-to-state differences, there are also significant differences within the same state's fund. In general, cities, counties and school districts seem to be a little less likely to keep up with their payments to the statewide fund. (By coincidence, those entities, being smaller than the state, would perform far worse on their own and hence benefit most of all by being lumped into the statewide program.)

What can you do? Keeping an eagle eye on your state's fund may not be sufficient all by itself, but it sure is necessary.

If you're in Pennsylvania, though, good luck learning anything meaningful. The pension plans covering 450,000 current and retired Pennsylvania state employees and teachers don't report how well each investment manager is doing — and bills in the General Assembly would guarantee that such information would remain a secret, by suspending the state's right-to-know law.

Finding employees

The saddest sin of all is betrayal, whether of a parent who seemed to guarantee you a worry-free childhood, an employer going back on what you thought was a promise to keep paying a good salary and benefit package as long as you held up your end of the bargain, or a government reneging on its promises to the poor and needy — or its own people.

In this case, of course, it's two out of three.

After all, whether it was an illiterate immigrant in the 1920s who landed a job as a garbage collector, a returning veteran who joined the state police after Vietnam or a professional who chose ten years ago to work for a government agency, in return there was always that promise of long-term security. Especially when it came to insurance regulators, going to work for the state rarely meant top-notch pay, but it did mean a lifetime of service, rewarded at the other end with a better-than-average retirement package.

As Goodpaster and her peers have seen, shrinking pension funds have already driven away some of the top performers.

Worse yet, if this crisis continues, will it drive away the next generation of quality people? It hasn't been easy over the past few years to attract enough qualified applicants. Yet it could get worse.

Even if your state's plan is underfunded, NASRA points out, that doesn't mean the fund will be unable to pay its obligations. After all, before current employees retire, there will be new hires and new contributions, plus investment returns. But it sure isn't a good sign.

If nothing else, from now on individual and state contributions will have to be sufficient to cover current benefits plus the projected shortfall. In other words, no matter how you slice it, if there's underfunding, the shortfall will have to be paid one of these days.

But wait, there's more.

As of the end of '06, the Government Accounting Standards Board has told states and cities they must include the costs of retiree health and other long-term benefits on their balance sheets, just as they include the costs of promised pension benefits. Not only are these numbers not reported, they're often not tracked, even internally.

When a similar rule was imposed in 1992 on corporations — with no requirement that anyone do anything about the growing costs — the number of companies offering retirees medical coverage dropped from 40% to 21%. It's considered unlikely the change will be that severe in the public sector, but if not, how are states and municipalities going to balance the budget?

Wags at the Social Security Administration like to say that their wish, for the long-term viability of their trust fund, is that Americans would "live fast and die young."

For those of us who prefer to live well and die old, many states' pension funds are presenting some unpleasant choices. ■

How's it going? A look at selected public pension plans

Is your state's pension plan in trouble? If you don't know the answer to that question, you need to drop everything and go check it out.

Here's a crib sheet — detailing a few of the funds in especially bad shape, plus some points of light, courtesy of PLANSPONSOR.com *and* PLANSPONSOR *magazine – S.H.*

New Jersey — The $70 billion New Jersey Public Employees' Retirement System (PERS) faces serious trouble, with underfunding of about $25 billion, according to New Jersey State Treasurer John McCormac.

The trouble largely stems from a 1997 decision by then-governor Christie Whitman, then in the midst of a re-election campaign, to float $2.8 billion in 30-year bonds to pay off the state's underfunded pension. The idea: The state could use the proceeds to earn more in the then-hot stock market than the 7.64% it had to pay out in interest on the bonds.

"The plan was that it would wipe out pension contributions for the foreseeable future," McCormac says. "It was essentially a 30-year bet that you can earn more on the pension investments than the yield on the bonds." It worked well for a few years, until the stock market tanked. Now, the state not only owes the principle and interest on the bonds, but also faces big funding payments into the pension system. The actuary for the state's six pension systems estimates that the state will have to contribute $1 billion to the plans in 2007.

San Diego — The San Diego City Employees' Retirement System faces a $1.4 billion deficit, and Mayor Dick Murphy announced his resignation earlier this year as the criticism mounted. The Securities and Exchange Commission has issued subpoenas, the district attorney has filed criminal charges against seven pension board members, and a handful of city retirees has filed suit against the city's pension actuary for allegedly obfuscating the impact of changes in the program.

"The problem is not public employees," says Steven Erie, a professor of political science at the University of California, San Diego, and a long-time watcher of the city's political scene. "The real problem in San Diego is cheap voters and cowardly politicians."

Not to mention Proposition 13, which limited property tax rates. During that same time, local politicos also increased public workers' retirement benefits. "The chickens," Erie says, "have come home to roost."

Houston — Like San Diego, Houston made a dubious boom-time decision to raise city employees' retirement benefits. The Houston Municipal Employees Pension System went from 91% funded in 2000 to 60% funded in 2002. "It was a function of benefit enhancements," says Joseph Esuchanko, an actuarial consultant hired by the city.

In '98, the city set up a deferred retirement option plan (DROP) that let city employees take retirement when they were eligible — but stay on the job. Under this option, an employee's monthly retirement is credited to his DROP account.

While the employee continues to work, he or she earns no additional retirement credits. However, his DROP account is credited with the contributions he would otherwise make to the pension plan, interest at a minimum rate of 8.5% (compounded daily) plus an annual 4% cost-of-living adjustment. The pension the DROP participant receives over and above his DROP account when he retires is sometimes greater than what he would have received if he had not participated in the DROP.

Alaska — Alaska's voters put all new state and local government hires as of July 2006 into a defined-contribution plan. The reason: a $5.7-billion total funding shortfall in the Alaska Public Employees' Retirement System and the Teachers' Retirement System.

Esuchanko, hired by a legislative committee to study the situation, says the state's pension funds had poor investment returns as the stock market turned unpredictable, plus Alaska takes the unusual step of pre-funding its post-employment health care through the pension plan — a policy that cannot be changed. ■

This article, by Judy Wald, was excerpted from the August 2005 edition of PLANSPONSOR *magazine, the nation's leading authority on retirement issues.* PLANSPONSOR.com *provides comprehensive news and commerce services dedicated solely to helping employers and financial advisors navigate the complex world of retirement plans and benefit programs.*

Letter to the Editor

To the Editor:

I would like to provide you with some comments on the "Are Service Contracts Insurance?" article that appeared in the September 2005 issue of *The Regulator*. I was under the impression that the intent of the article was to provide your readers with factual accounts of events that occurred at "spotlighted" CDS sessions. I was, therefore, a bit confused to read what I believe are editorial observations that you included while describing some of the comments that I made during the session.

In your article, you added an editorial comment that Virginia was the only state in which home service contracts are treated as insurance products. Unfortunately, you must have read Mr. Chartrand's notes and not bothered to check your facts, because that statement is incorrect. While my state may be a leader in the amount of regulatory oversight it provides for the consumers of home service contracts, there are a number of other states that treat home service contracts as insurance or insurance-like products and such contracts (and the providers) are subject to varying levels of regulatory oversight by the insurance departments within those states.

You also provided an example of the type of components that are typically covered under a home service contract. Specifically, you mentioned a water heater or a dishwasher. The home service contracts written in my state not only provide coverage for appliances (as you mentioned), but also cover other significant and costly component systems, such as heating and cooling systems, plumbing systems and electrical systems. Loss of such critical household systems can cause significant hardships financially and in terms of quality of life issues. We believe that the potential for such losses deserves a higher level of regulatory oversight, both financially and in the area of consumer protections.

Finally, your article mentions that Mr. Chartrand and I had NAIC documents to support our respective views, but by session's end, the issue remained unresolved. I respectfully disagree that the issue is unresolved. Mr. Chartrand claimed that the NAIC had concluded that home service contracts were not insurance in 1995. As documentation, Mr. Chartrand points to copies of NAIC Proceedings that support his position. With that claim in mind, we requested that the NAIC General Counsel review the NAIC Proceedings and determine if the NAIC did, in fact, arrive at that conclusion.

On February 3, 2005, we received correspondence from Andrew J. Beal, the NAIC's General Counsel. Mr. Beal stated that he had reviewed the NAIC Proceedings from 1993 through 1996 and his conclusion was that the NAIC membership never adopted a formal position that service contracts were not insurance. In my mind, that statement resolves the issue and refutes Mr. Chartrand's claim.

I would also like to note that Mr. Beal's correspondence points out that a subgroup appointed to look at issues surrounding the regulation of service contracts discovered that some states regulated service contracts as contracts of insurance while others did not.

Douglas Stolte
Deputy Insurance Commissioner
Virginia State Corporation Commission
Bureau of Insurance

EDITOR'S RESPONSE: The information that Virginia is "the only state in which home service contracts are treated as insurance" was included in the aforementioned article not as an "editorial comment," but rather as what I believed at the time to be a factual statement. Including that statement in the same paragraph as Mr. Stolte's observations may have led some readers to believe that Mr. Stolte considers the statement a factual one. He most certainly does not.

I further observed in the article that the question as to whether the NAIC has adopted a position regarding home service contracts as insurance contracts had remained unresolved at the session's end. Mr. Stolte notes that he believes the issue had been resolved by NAIC Counsel Andrew Beal's February 2005 correspondence. What I was trying to convey in the article was that from the audience's perspective, the issue had remained unresolved. The observation was not intended as a criticism of either Mr. Stolte or Mr. Chartrand. In fact, it would have been, I believe, an inappropriate use of their time had they attempted to fully resolve that issue in the time allotted for their presentations. The issue was tangential to the focus of the session.

The article was intended to provide a general overview of this particular CDS session and perhaps engender a little controversy. I believe it was successful on both fronts.

— Wayne Cotter, Editor

IRES State Chapter News

WASHINGTON, D.C. — Our Chapter met in August. The agenda included a post-CDS discussion, which included feedback and highlights of the CDS. Also, points of interest from the various workshops and sections were exchanged. We are in the process of drafting an incentive proposal, which may attract additional members. **Betty Bates** was re-elected for a fourth-term as the D.C. IRES State Chair.
— Betty M. Bates; betty.bates@dc.gov

NEBRASKA — Our August meeting was presented by **Randy Raszler**, Manager of the Corporate Compliance Monitoring and Reporting Department of Mutual of Omaha. Randy gave an overview of anti-money laundering efforts and discussed the Office of Foreign Assets Control compliance. He also discussed the USA Patriot Act and presented Mutual of Omaha's Anti-Money Laundering Program. Details of upcoming meetings can be found on the IRES Web site.
— Karen Dyke; kdyke@doi.state.ne.us

OREGON — Our Chapter held a training session on August 19. An update on NAIC activities was presented by **Nancy Boysen**, Manager of Consumer Services and Market Regulation, and **Michael Morter**, Senior Policy Analyst. **Tim Hurly** of Huff & Associates delivered a presentation on Title Insurance and Captives. Our next training session was held on September 16, with **Joel Ario**, Administrator, Oregon Insurance Division, giving an update on the NAIC.
— Gary Stephenson; gary.m.stephenson@state.or.us

UTAH — The Utah IRES Chapter held an educational meeting during the month of August. Chapter members **Mickey Braun**, **Brian Hansen**, and **Randy Overstreet** of the Utah Insurance Department presented a summary of IRES Career Development Seminar workshops for those members who were unable to attend the CDS. The educational meeting was well attended and qualified for two hours of IRES continuing education credit.
— Randy Overstreet; roverstreet@utah.gov

VIRGINIA — Our quarterly IRES meeting was held September 12 with 32 regulators and Commission employees in attendance. **Al Battle** and **Sheryl Hines** spoke about topics covered during the recent IRES CDS held in Tampa, and **Julie Roper** discussed the new Virginia marketing regulation.
— Sheryl Hines; Shines@scc.state.va.us

"Quote of the Month"

"Suppose you walk into a restaurant and you don't get a menu, you don't get any choice of what food you'll eat, they don't tell you what it is when they're serving it to you, they don't tell you what it's going to cost. Then, weeks or months later, you get a bill that tells you all the food you ate and the drinks you had, some of which you remember and some you don't, and although you get the bill, you still can't figure out what you really owe."

—Dr. David Brailer, National Coodinator for Health Information Technology, using an analogy to describe the current state of medical billing in the U.S.

The new market conduct statement

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exactly what has been required of market regulators without the regular collection of market-related data.

While the current Market Conduct Annual Statement (MCAS) pilot project was not started until 2000, the concept has been around for quite a while. Illinois began requiring the submission of market conduct data from auto carriers in the late 1980s. In 1991, Illinois presented its data collection project to the NAIC's Market Conduct Examination Oversight (EX3) Task Force and it was unanimously adopted as the data collection model for states to implement.

At the time of the task force adoption, states recognized the significance of market data collection and wanted the product lines to be expanded and centralized data collection pursued. Even though the concept was well received by market regulators, there was no push to move forward.

The pilot project

In 2000, the momentum shifted and the MCAS pilot project was created. The goal was to provide a uniform system of collecting market-related information that could serve the needs of all participating states.

The first Life/Annuity MCAS was created in 2000. Ohio led nine other states in the implementation of a statement that provided key information, such as the number of replacements written by an insurer (which were compared to the total number of new policies written). This was the first time regulators had requested industry-wide reporting in multiple states.

Some companies and trades voiced concerns about the confidentiality of the information submitted. Other concerns included the cost of collecting and reporting the information, the fact that some of the requested information was already available, and the value of the information to regulators.

A key to the success of the existing project was involvement from regulators, the industry, and consumer representatives. The interests of all parties were given careful consideration and many compromises were made in order to provide the best opportunity for the success of the MCAS project. One of the earliest compromises was data collection by each participating state rather than through a central data collection agency. As the number of states receiving the market statement data grows, some companies are expressing concern about the burden of reporting to multiple states.

Early experiences with the annual statement involved data quality issues, which would be expected in a pilot project. To reduce the number of questions, the NAIC posted a Frequently Asked Questions (FAQs) document on its Web site. Additionally, as the program developed, Ohio regulators added several data-quality checks to assist with the process.

Data requirements

Currently, both the Life/Annuity and Property/Casualty statements capture information about the company, contact information, claims and complaint data. The Property/Casualty MCAS also includes information specific to the private passenger auto and homeowners lines, namely premiums, claims and underwriting. The Life/Annuity MCAS requires submission of supplemental data including statement specific information such as the number of policies in force, replacements, surrenders and withdrawals.

Although regulators desire as much additional information for market analysis as possible, they remain sensitive to the burden placed on insurers by additional data calls. In addition to creating a uniform MCAS, other NAIC working groups have developed uniform data requests for use by regulators when they are targeting specialized issues currently not captured in the annual statements.

Unlike financial statements, both the Life/Annuity and Property/Casualty MCAS are not actual forms, but Microsoft Access databases. In addition, states collecting the data must have an additional database to store the aggregate data collected from the companies. The additional database was also created by Ohio and can be downloaded from the NAIC's Web site.

Initially, regulators worked collaboratively to find insurers whose data results fell outside the normal range in several states. The states developed interrogatories to send to those companies as a way to identify reasons for the abnormal results. As the NAIC's market analysis program developed, it became a key tool in the NAIC's market analysis initiatives.

The project expands

In 2004 , NAIC membership voted to make the MCAS a permanent project. To limit the impact on insurers, the NAIC decided to add new states slowly, which also enabled states to get the needed resources in place to handle the MCAS data.

Since that time, Virginia (for P/C only), Colorado, Kentucky, New Hampshire, and New Jersey joined MCAS for the 2004 data collection while Kansas, Utah, West Virginia, Florida and Idaho agreed to collect 2005 data. Arizona, Iowa, North Carolina, Washington State and Washington D.C. are planning to join for the collection of 2006 data and the list continues to grow.

Over time, companies have gained a better understanding of the requirements of the MCAS. They are asking fewer questions such as "Do I need to file if my company only writes term insurance?" or "What is considered a dwelling?" Today, questions have become more technical in nature and are often company specific.

Regulators have also gained a better understanding of the requirements for the MCAS. The amount of time necessary to implement the MCAS has dropped dramatically. Factors contributing to the reduction in time include enhanced development of the application, general understanding of the project, and familiarity with the terminology. Increased efficiencies in implementing the MCAS at the state level have allowed states to better utilize their time to analyze the data.

The MCAS provides regulators with information not otherwise available for their market analysis initiatives. It promotes uniform analysis by applying consistent measurements and comparisons among companies, which allows all companies to be compared on an equal basis. Regulators can use the MCAS to develop and compare statewide industry norms and identify companies falling outside those norms.

With this "apples-to-apples" approach, companies can be compared in various performance areas without overlooking those companies with smaller market shares and less activity in a state. Regulators have indicated that information relating to life insurance replacements, claim denials, claim processing times and cancellations have been especially useful. Additionally, the MCAS also allows regulators to perform trend analysis on companies and compare data from different periods to determine if a company's performance is improving, deteriorating, or remaining the same over time.

Even if a company falls outside the norm, it does not mean further regulatory action will be taken. Regulators will generally perform further market analysis to determine the reason a company falls outside. This, in turn, will provide states an opportunity to address problems through mechanisms other than an examination. At the same time, just because a company participates in the MCAS is no guarantee a market conduct examination will not occur when issues that pose significant risks to consumers are identified.

Feedback

The cost to complete the MCAS varies widely. While some companies claim to have spent large amounts of money on programming for the MCAS, others say the cost is minor, especially in relation to the expense of providing separate data information to numerous states or the cost of an examination.

Companies gain a better understanding of where they fit in the insurance marketplace by receiving a "report card" from the state in which they filed the MCAS that includes information about the company ratios in relation to average industry ratios.

Currently, there are thousands of data items collected for the financial statements, while fewer than 30 elements are captured for the MCAS. If regulators are to be able to rely on the data provided by the MCAS, the number of data elements collected must continue to grow.

Additionally, if the MCAS is going to be a viable tool for regulators, both the regulators and the companies must take it seriously. The week the 2004 annual statements were due, regulators and NAIC staff received calls from several companies inquiring about the requirements of the annual statement. Several companies had allocated minimal time to prepare for the MCAS.

The NAIC has maintained a minor role in the market conduct annual statement data collection process. In 2005, the NAIC agreed to create a process that would enable the collection of contact information on behalf of participating states; continue to support inquiries from companies; and provide support for the mailing of information to companies by creating a process that allows a state to easily download contact and address information in annual statement mailings. It is important to note the NAIC will still not collect or access the MCAS data.

Reports from the participating states have been positive. Ohio Director of Insurance Ann Womer Benjamin called the market conduct annual statement an "important tool to ensure sound business practices on key consumer issues." She noted that the detailed policy, claims and underwriting data helped regulators "to better protect against inappropriate insurer conduct and potential financial insolvencies" and that she was

continued on next page

New market conduct statement

continued from previous page

proud of the work that Ohio and the NAIC had done in this area on behalf of consumers.

While most regulators agree the MCAS is successful, there are still opportunities for improvement. For example, several companies have complained about the market conduct annual statement's being burdensome and inefficient as it is currently handled. This is primarily due to the requirement to send the completed database to each of the participating states. While some states require that the database be sent to the regulator via e-mail, other states require that the database be sent via a floppy diskette.

As more states begin to require the annual statement, the burden will only increase. At some point in the future, a decision should be made about designating a centralized collection point for the data, similar to what currently exists for the financial annual statement.

Imagine a world where not having a market conduct annual statement would be just as unfathomable as not having a financial annual statement. ■

Melissa Hull is the Chair of the NAIC's Market Conduct Annual Statement Subgroup and the Assistant Director of the Market Regulation and Licensing Division for the Ohio Insurance Department's Office of Investigative and Licensing Services. Bruce Ramge, CIE, is the Vice-Chair of the NAIC's Market Analysis Working Group and Chief of Market Regulation for the Nebraska Insurance Department. The Regulator *would like to thank Craig L. Leonard, Market Analysis Manager, Shelly Schuman, Tanya Sherman, Trish Skahan and Aaron Brandenburg of the NAIC for their assistance in preparing this article.*

Updating the news . . .

by Scott Hoober

Here are recent developments on a couple of *Regulator* articles from past issues.

Asbestos — While the federal government tries to come up with a way to reduce claims of harm from inhaling asbestos (July '05 *Regulator)* — especially from those who claim exposure but can't demonstrate any actual symptoms — the states are increasingly stepping up to the plate.

Pennsylvania's General Assembly is the latest to debate legislation that would require claimants to show actual impairment before they bring actions for asbestos exposure, in an effort to give priority to genuinely impaired workers.

Similar legislation has passed recently in Ohio, Georgia and Florida, and a similar law took effect in September in Texas.

In six other states — Arizona, Delaware, Hawaii, Maine, North Carolina and Pennsylvania — the unimpaired are forbidden to litigate asbestos tort claims.

In a related action, federal judge Janis Graham Jack has made waves in Texas — and across the nation — by documenting the fraudulent ways that class-action lawyers have "manufactured" claims of silicosis. Her 249-page decision found that of nearly 10,000 cases brought to her court, 99% had been diagnosed by the same nine doctors, and declared that "these diagnoses were manufactured for money."

Prodded by the widely publicized action in Judge Jack's courtroom, two Republican members of the U.S. House opened a hearing into the asbestosis and silicosis issues. And now the U.S. attorney for the Southern District of New York has convened a grand jury to look into possible abuses in asbestosis and silicosis litigation.

In Japan, meanwhile, several corporations have admitted harming workers, and the government is belatedly banning new exposure (but doing nothing to prevent exposure to fibers during demolition or repair of existing asbestos sources). Class-action lawsuits are outlawed in Japan, preventing a repeat of the U.S. legal experience — but leaving asbestos victims and their families with little recourse.

Welding fumes — Another target of the trial bar is welders exposed to fumes that are alleged to cause neurological harm (July '04 *Regulator).*

Now a federal court in Cleveland is allowing lawsuits to go forward alleging that manganese and other fumes caused Parkinsonism.

Some 10,000 lawsuits have been filed nationally, and an estimated half a million workers have been exposed to the fumes — though the magnitude of the exposure is at best (if you're a lawyer) or worst (if you're a manufacturer or insurer) nowhere near the size of the pool of workers at risk of asbestosis. ■

Additional online CE options now available to IRES members

by Jo-Anne G. Fameree, CIE
independent contractor
IRES Accreditation & Ethics Committee

In an age of Internet education, IRES felt it was essential to provide its members with viable online continuing education options, while maintaining the highest of educational standards. With this goal in mind, the Accreditation & Ethics (A&E) Committee reviewed the content of a wide range of online insurance programs.

As a result of the research conducted, the A&E Committee has determined that the online courses offered by CEU.com will be pre-approved for continuing education credits. Find out all about the CEU.com program on www.ceu.com.

For insurance professionals requiring licensing and continuing education credits, CEU.com has courses that have been approved for CE credits in all 50 states and the District of Columbia. The CFP Board of Standards, the CPCU Society, and the American College have also approved CEU.com courses for CE credits.

Costs range from $35 - $138 per course, which includes:

- Up-to-date content on the most relevant topics
- Easy-to-use, flexible navigation
- Engaging narration and print capability
- Full money back guarantee
- Free exam re-takes
- Toll-free assistance

CEU also offers the option to purchase unlimited course access. The fee for unlimited access is normally $559. For a limited time, CEU is offering unlimited access for $129.

For each course successfully completed, you receive the number of credits assigned by CEU.com up to a maximum of 12 credits per course.

The following is a list of courses currently available under the CEU.com program and approved for IRES continuing education credits.

continued on next page

Course Name	Maximum IRES Credits	CEU Credits
Annuities	12	12
Businessowner Policy	12	14
Commercial Property	12	21
Disability Lost Income	12	12
E-Coverage	12	12
Ethics and the Insurance Industry	8	8
Group Life Insurance	12	12
Intro to Homeowner Insurance	12	16
Intro to Personal Auto	12	16
Managed Care and Group Health	12	29
Long Term Care	12	24
Social Security, Medicare, MediGap & Gov. Pensions	12	15
Terrorism and its Impact on Insurance	12	15
Toxic Mold & Homeowner Insurance	12	15
Workers Compensation	10	10
Management Process of Insurance Professional	12	15
Intro to Life Underwriting	2	2
Intro to Personal Umbrella	6	6
The Insurance Policy	3	3
Unauthorized Entities	2	2
The Emergence of Alternative Healthcare	12	15

Additionally, as in the past, you will be granted credit for the NAIC online courses listed in the NICE manual.

For online non-proctored courses other than CEU and NAIC, IRES members need to submit detailed information regarding the course content as well as the online organization offering the course. Courses will be reviewed by the A&E Committee on an individual basis and credits will be granted accordingly.

The A&E Committee encourages you to submit information prior to taking the course — at least two to three months prior — so that credit eligibility can be determined.

C.E. News

The 2004-2005 compliance year has come to a close as of Sept.1. Those who have not met the continuing ed requirements for their AIE and CIE will soon receive a letter from IRES advising that their designation has been lapsed. If you have any questions about the status of your designation, don't hesitate to call IRES.

Regulators from the Gulf Coast states and others affected by recent natural disasters will be given extra time to meet their CE reporting deadlines. For questions, contact IRES continuing ed coordinator, Susan Morrison.

What counts as "documentation" for attending courses and seminars? In general, the IRES continuing ed program requires designees to submit an official attendance certificate, if available. Such an attendance/completion document should include your name, the course name and date, a brief desccription of the course or seminar, and the number of credit hours being requested. See your NICE continuing ed program manual for the proper submission forms. If attendance certificates were not provided by the vendor, please contact Susan at the IRES office to discuss what other types of documentation are available. In some cases, other forms of documentation can be utilized, such as a letter from your employer confirming your attendance.

N · I · C · E

National IRES Continuing Education

The mandatory continuing ed program for AIE and CIE designees

Regulatory Roundup

by
Stroock & Stroock &
Lavan LLP

ALASKA – Division of Insurance adopts regulation exempting some commercial rates and forms issued from prior approval requirements

On August 12, the Alaska Division of Insurance issued Bulletin 2005-06 detailing recently adopted regulations (3 A.A.C. 29.500-29.550) that exempt from prior approval requirements rates and forms issued to policyholders who qualify as exempt commercial policyholders. For purposes of exempt commercial policyholder filings, commercial insurance includes property and casualty insurance but excludes workers' compensation insurance. The regulation defines an exempt commercial policyholder as an entity that has sufficient insurance buying expertise to negotiate with insurers independently of rate and form prior approval requirements and that meets any two of the following criteria: (1) has a net worth of over $30 million; (2) has net revenues or sales of over $75 million; (3) has more than 300 employees per individual company or 800 per holding company aggregate; (4) procures its insurance through use of a risk manager, employed or retained; (5) collects annual aggregate premiums of over $250,000; (6) is a nonprofit, or public entity with an annual budget or assets of at least $30 million; or (7) is a municipality with a population of over 25,000. Although exempt from prior approval requirements, an insurer providing insurance coverage to an exempt commercial policyholder must submit an informational rate filing to the Division of Insurance no more than 30 days after the proposed effective date of the filing, which must include, inter alia, a statement indicating whether the same rate structure has been filed for approval to be used with policyholders who do not qualify as exempt commercial policyholders. To view Bulletin 2005-06, visit **www.dced.state.ak.us/insurance/bulletins/B05-06.pdf.**

DELAWARE – Governor signs bill designed to enhance Delaware's appeal as a domicile for captive insurance companies

On July 12, Governor Ruth Ann Minner signed House Bill 218, which, through a series of incentives, seeks to spur the growth of the captive insurance industry in Delaware. HB 218 declares that captive insurance companies can serve a valuable risk management function, and that their responsible utilization and the growth of the captive insurance industry in Delaware are in the best interests of the State. The Bill provides for tax incentives whereby two or more captive insurance companies under common ownership and control will be taxed as though they were a single captive insurance company with a flat premium tax capped at a maximum of $125,000 for direct premiums collected and $75,000 for assumed reinsurance premiums collected. The Bill also expands the choices of the legal form of organization that a captive insurer may take by permitting a pure captive insurance company to be incorporated as a stock corporation or as a nonstock corporation, or to be formed as a limited liability company, partnership, limited partnership or statutory trust. In addition, the Bill provides that a pure captive insurer will not be subject to any restrictions on allowable investments whatsoever, provided, however, that the Insurance Commissioner may prohibit or limit any investment that threatens the solvency or liquidity of any such captive insurance company. Additionally, a captive insurance company is not required to join any rating organization. The Bill became effective on July 12, 2005. To view HB 218, visit the Delaware General Assembly's Web site at **www.legis.state.de.us.**

FLORIDA – Department of Financial Services issues guidelines on new insurance agency licensing

The Florida Department of Financial Services (the "DFS") issued an August 30, 2005 notice providing implementation guidance to insurance agents with respect to Florida Senate Bill 1912, which sets forth new licensing and registration requirements for insurance agencies. The notice reiterates that, effective October 1, 2006, an individual, firm, partnership or association may not act in its own name or trade name, directly or indirectly, as an insurance agency unless it files with the DFS an application for licensure or, in the enumerated exceptions below, registration for each place of business at which it engages in any insurance activity. An insurance agency may file an application for registration in lieu of licensure where the agency

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The New York-based Stroock & Stroock & Lavan LLP Insurance Practice Group includes partners Donald D. Gabay, Martin Minkowitz, William D. Latza and William Rosenblatt. The Insurance Practice Group also includes insurance finance consultants Vincent Laurenzano and Charles Henricks. They gratefully acknowledge the assistance of Todd Zornik and Robert Fettman, associates in the group. This column is intended for informational purposes only and does not constitute legal advice.

has been engaged in business in Florida since before January 1, 2003 and where (i) the agency is wholly owned by insurance agents currently licensed and appointed in Florida, (ii) the agency is an incorporated agency whose voting shares are traded on a securities exchange, or (iii) the agency's primary function is offering insurance as a service or member benefit to members of a nonprofit corporation. However, the DFS suggests that an agency that qualifies for registration might prefer to obtain a license instead of the registration where an agency is seeking licensure in another state other than Florida, because the Florida license will be recognized through reciprocity, whereas the registration may not be honored for agency licensing in another state. While a registration is perpetual and does not have to be renewed, an insurance agency may lose its registration and be required to obtain a license if any of the principals of the agency are found to have violated any part of the insurance code or where a registered agency ceases to remain wholly owned by licensed and appointed agents. Furthermore, while an agency is no longer required to file the primary agent form with the DFS, each agency must have a licensed and appointed agent in full-time charge of each location, and the full-time agent may not be in charge of more than one location. As part of the implementation of the new agency licensing requirements, beginning Oct. 1, 2005, the DFS will begin accepting the NAIC uniform application for nonresident agency licensure. To view the agency licensing and registration requirements, visit **www.fldfs.com/agents/SB1912.pdf.**

NEW JERSEY – Governor signs individual annuity nonforfeiture law

Governor Richard Codey signed into law on August 18 New Jersey Public Law No. 194-2005, known as the "Indexed Standard Nonforfeiture Law for Individual Deferred Annuities." The Act revises New Jersey's existing standard nonforfeiture law applicable to individual deferred annuities and is based in part on the NAIC Standard Nonforfeiture Law for Individual Deferred Annuities Model Act, according to a statement by the Assembly Financial Institutions and Insurance Committee. One noteworthy provision of the Act is a flexible annual interest rate for use in calculating minimum nonforfeiture amounts. The flexible interest rate is the lesser of 3% per annum or 1.25% below the five-year Constant Maturity Treasury Rate reported by the Federal Reserve Board, specified in the annuity contract no longer than 15 months prior to the contract issue date or redetermination date, where the resulting interest rate is no less than 1% per annum. The Act also provides guidance regarding the determination of various minimum annuity contract values, such as paid-up annuity benefits, cash surrender benefits and death benefits. In addition, the Act sets forth required annuity contract provisions. For example, upon the termination of annuity payments or at the written request of the contract holder, the insurer must grant a paid-up annuity benefit in accordance with the Act, subject to limited exceptions. The Act also provides that cash surrender benefits or paid-up annuity benefits (for contracts that do not provide cash surrender benefits) calculated on or after the stated or deemed maturity date shall not be reduced by any surrender charge. The Act became effective on August 18, 2005. The Act will apply prior to August 18, 2007 with respect to annuity contracts for which an insurer has filed with the New Jersey Commissioner of Banking and Insurance a notice of election of applicability. A company that does not elect before August 18, 2007 to file using the Act may continue to use contract forms that use the interest rate of 1.5% per annum for minimum nonforfeiture values. In all other instances, the Act shall apply to all subject annuity contracts issued on or after August 18, 2007. To view the Act, visit **www.njleg.state.nj.us/2004/Bills/AL05/194_.PDF.**

NEW YORK – Insurance Department to modify application of finite reinsurance Circular Letter after adoption of NAIC disclosure requirements

The New York Insurance Department announced in its August 3 Supplement No. 1 to its March 29, 2005 Circular Letter No. 8 that it will exempt authorized property/casualty insurers from compliance with Circular Letter No. 8's reinsurance contract attestation requirement following formal adoption by the NAIC of certain financial disclosure requirements. The original Circular Letter requires the Chief Executive Officer of every New York authorized insurer to attest with respect to cessions under any reinsurance contract that (i) there are no separate agreements that would reduce or otherwise affect any loss to the parties of the reinsurance contract, and (ii) the reporting entity has an underwriting file documenting the economic intent of the transaction and the risk transfer analysis evidencing the proper accounting treatment. Supplement No. 1 to Circular Letter No. 8 was issued in acknowledgment of the adoption by the NAIC Blanks Working Group of additional disclosures in the annual statements of property/casualty insurers regarding finite reinsurance, effective as of the 2005 annual statement filing. Until such filing, the attestations will be required on examination of property/casualty insurers. The attestation requirement in Circular Letter No. 8 will remain in effect with respect to all New York authorized insurers other than property/casualty insurers, although the continuing application to life and health insurers is under review by the Department. To view the Circular Letter, visit **www.ins.state.ny.us.**

Noah in the 21st Century

The following story has been making the rounds on e-mail. We thought IRES members might appreciate it.

In the year 2005, the Lord came unto Noah, who was now living in the United States, and said, "Once again, the earth has become wicked and over-populated, and I see the end of all flesh before me. Build another Ark and save two of every living thing along with a few good humans." He gave Noah the blueprints, saying, "You have six months to build the Ark before I will start the unending rain for 40 days and 40 nights."

Six months later, the Lord looked down and saw Noah weeping in his yard - but no Ark. "Noah!" He roared, "I'm about to start the rain! Where is the Ark?" "Forgive me, Lord," begged Noah, "but things have changed. I needed a building permit. I've been arguing with the inspector about the need for a sprinkler system. My neighbors claim that I've violated the neighborhood zoning laws by building the Ark in my yard and exceeding the height limitations. We had to go to the Development Appeal Board for a decision.

Then the Department of Transportation demanded a bond be posted for the future costs of moving power lines and other overhead obstructions, to clear the passage for the Ark's move to the sea. I told them that the sea would be coming to us, but they would hear nothing of it. Getting the wood was another problem. There's a ban on cutting local trees in order to save the spotted owl. I tried to convince the environmentalists that I needed the wood to save the owls - but no go!

When I started gathering the animals, an animal rights group sued me. They insisted that I was confining wild animals against their will. They argued the accommodation was too restrictive, and it was cruel and inhumane to put so many animals in a confined space. Then the EPA ruled that I couldn't build the Ark until they'd conducted an environmental impact study on your proposed flood and Immigration and Naturalization is checking the green-card status of most of the people who want to work.

The trades unions say I can't use my sons. They insist I have to hire only union workers with Ark-building experience. To make matters worse, the IRS seized all my assets, claiming I'm trying to leave the country illegally with endangered species.

So, forgive me, Lord, but it would take at least ten years for me to finish this Ark." Suddenly the skies cleared, the sun began to shine, and a rainbow stretched across the sky. Noah looked up in wonder and asked, "You mean you're not going to destroy the world?" "No," said the Lord. "The government beat me to it."

Cheers for Chan in California

California Commissioner John Garamendi recently presented the department's Gold Superior Accomplishment Award to Polly Chan for regulatory work during the year 2004-2005. Chan is chair of the IRES California chapter as well as Education Chair for the IRES Executive Committee.

Casual Observations

. . . And what do you do?

If you're like us, you tend to wince every time somebody inquires about your line of work at a cocktail party or similar social gathering. It's not that we're ashamed of being a state insurance regulator, it's just that our response invariably elicits either (1) total disinterest or (2) far too much. We can deal with ennui, but when some lout demands to know why their auto rates are so high or their health plan won't pay for a tummy tuck, we want to run to the cloak room for cover.

It's not that we mind legitimate inquiries from friends and acquaintances. In fact, we're pleased to help in those situations. It's just that we rarely get such questions.

Instead we are bombarded by "Should I" questions. You know, should I get flood insurance in light of Katrina, should I buy long term care coverage, should I buy term or whole life. People who fully comprehend that an OB-GYN may know very little about gastronomical problems somehow can't come to grips with a health insurance regulator who knows squat about auto insurance. And if you plead ignorance regarding a particular line, they think you're holding out on them. (We're not sure what prompts such reasoning. Do they think we want to keep all the good coverages for ourselves?)

In desperation, we've devised a more nuanced response. It's a brief tutorial in which we explain the nature of risk, that some people are more risk-tolerant than others, and that individual circumstances can vary widely. Thus, we conclude, what would seem appropriate coverage for one person might be totally unacceptable for others. Nine times out of ten this approach fails miserably.

We've learned the hard way that one can be punished for trying to answer even the most straightforward questions. Years ago, our parents asked if they should terminate the collision coverage on their ten-year old car. "Absolutely," we confidently shot back, "that's a no-brainer." Of course, two weeks after dropping their coverage, they totaled their car. Our subsequent attempts at discussing with them the law of large numbers fell flat.

One way we've learned to deal with nettlesome questions is to devise fantasy answers, answers we'd love to offer if only we had the nerve. For example, to the fellow asking about the need for long term care coverage, our fantasy response is: "Based on the way you're downing those cocktail weenies, maybe boosting your life insurance is the better bet." Or to those asking about coverage for surgically trimming an oversized midriff: "If I were you, I'd be happy my health insurer doesn't charge by the pound. Can you say S-A-L-A-D?"

As we said, these are fantasy answers — we'd never actually use them in any social gathering. Instead we'll just keep smiling, nursing our drink, and hoping against hope that the guy who just approached us doesn't ask what we do.

— *W.C.*

BULLETIN BOARD

√ Want to write a guest article for *The Regulator?* Send a brief description of your idea to Wayne Cotter, at quepasa1@optonline.net Don't write the article – just tell us your idea. Someone will get back to you.

√ If you'd like to be a speaker or panelist at the next Career Development Seminar (Chicago, August 2006), now is the time to speak up. Send us information about the topic or topics that interest you, and your credentials. We will forward it to the Section Chairs planning the program. Send to: ireshq@swbell.net

In the next REGULATOR:

- **The Impact of Katrina**
- **Brokers: How Much Disclosure is Too Much Disclosure?**
- **Examining Title Insurance**

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