

# The Regulator<sup>®</sup>

INSURANCE REGULATORY EXAMINERS SOCIETY

## *Past IRES Presidents Agree: It's Been a Wild Ride!*

**Editor's Note:** We recently asked a number of former IRES presidents to reflect on the organization's 20<sup>th</sup> anniversary and to share some of their most treasured moments over the past two decades. The following are some of the responses we received.

**Describe the most important issue you faced during your tenure as president?**

The most important issue facing IRES during my year as President was to recognize that IRES had grown to a point where there was a need for establishing more procedures and documenting existing processes so that each of the committee chairs did not need to reinvent the wheel each year with each new set of officers. (Kirk Yeager, 2004-2005)



Yeager

There were really two: First, we lost our President-elect shortly into my term, and it fell upon me to find someone to take that position. After much soul-searching, along with the usual threats of bodily harm, it was my honor to select Christel Szczesniak, CIE, of Colorado to have the distinction of becoming the first woman to serve as IRES President. Second, and as has been the case for every IRES President, I begged, pleaded, cajoled, wheedled, inveigled, and every other synonym you can think of to get more people to take an active role in IRES. We needed more people to serve on the various committees, to work on the CDS, to act as section chairs, and to act as state chairs. From what I can see at the CDS each year and in reading *The Regulator*, that's still the case. (Gerry Milsky, 1996-1997)



Rogers

I was President back in the early years when IRES was forming an identity. We struggled with issues relating to SOFE, the Society of State Filers and the IRES Foundation. (Richard Rogers, 1991-1992)

A few weeks after my election, America woke up to the news of 9-11. Our members, much like the rest of the nation, sought each other out for comfort and to assure themselves that everyone was safe. We soon

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## *Our 'interesting' times: IRES at 20*

*by Scott Hooper  
Special to The Regulator*

Everyone has heard stories by now about IRES's founding 20 years ago, how it started out as a home for market conduct examiners and has grown from there.

But looking back over those two

**IRES 20th  
Anniversary,  
1987- 2007**

*A special birthday issue*

decades, something immediately jumps out: The period from 1987 to 2007 has without question been about as interesting a time as can be imagined for the insurance industry.

"Interesting" in the sense of the ancient Chinese curse, "May you live in interesting times."

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## From the President

### Happy 20<sup>TH</sup> Birthday, IRES! 20-20 Vision for the Future

Thanks to *The Regulator* editor Wayne Cotter; IRES Publications Committee Chair Wanda LaPrath and her committee members; and especially IRES Past Presidents for helping create this special commemorative 20<sup>th</sup> Anniversary issue! I highly recommend the page-one piece featuring the recollections and musings of our Past Presidents. Their thoughts about the past and future of our organization make for fascinating reading. Also, please register for the Aug. 12-14, 2007, Pittsburgh Career Development Seminar (CDS). The registration form is on page 23 and on our Web site, [www.go-ires.org](http://www.go-ires.org).



IRES has many reasons to celebrate its accomplishments over the past two decades. In fact, in order to have some fun and mark this special occasion, Betty Bates and Angela Ford are heading up a "Project 20" task force that has already done a wonderful job of creating entertaining historical tidbits to incorporate into the Pittsburgh CDS agenda.

However, as a "dreamer," I must urge that IRES not just celebrate its past, but build on it by looking to the future. We must dream anew, but, more importantly, we must pledge to become more active in IRES.

Let us face facts. Our membership numbers are down from the peak growth years. Our dedicated veteran members are retiring at a faster rate than new regulators can take their place. Moreover, the regulatory landscape has changed more in the past five years than it had in our organization's first fifteen.

Change will occur with or without IRES' involvement. Let us take an active role in shaping those changes and making our Society's "dreams" a reality. I know IRES members have the talent and drive to meet that challenge.

In implementing the Chicago CDS "Winds of Change," IRES has been working to fulfill the Pittsburgh CDS theme of "Building Bridges to Tomorrow: The Next 20 Years." Our organization is like a rowboat in the ocean. We all need to work together as much

as possible, discuss and decide where we want to go, and row together in unison and high spirits. If we do not ride the waves of change, we are destined to find ourselves buried beneath them. We are uniquely qualified to help steer the nation's insurance regulatory ship, along with the combined talent and skills of our sister regulatory organizations.

This is why I have insisted on setting and implementing three top goals: expand membership and revenue, complete the Market Conduct Certification (MC+) Program, and enhance the CDS.

In order to meet our goal of increasing membership and revenue, IRES recently has been providing more tangible benefits. Our Membership & Benefits Committee — chaired by Jo LeDuc, — changed the content and look of the IRES Web site, organized annual membership campaigns, worked on developing more pro-active State Chapter meetings, created new membership categories, and provided a variety of new benefits for IRES members.

With respect to the MC+ Program, IRES just contracted with Human Dynamics of Overland Park, Kansas to complete the MC+ textbook by the August CDS. This has been one of our top goals for 2007. This MC+ textbook was made possible due to the generous financial assistance of the IRES Foundation. The MC+ Program supplements our Accredited Insurance Examiner (AIE) and Certified Insurance Examiner (CIE) designations and provides continuing education benefits for IRES regulatory and insurance industry members.

Led by Gary Domer, Kate Bergan, Cindy Davidson, IRES Accreditation & Ethics (A&E) Committee Chair Polly Chan, and A&E Committee and MC+ Subcommittee members —with the assistance of scores of IRES and IRES Foundation volunteers — MC+ is an IRES educational project that will provide hands-on training for IRES members on how to effectively run market conduct examinations. Human Dynamics' task is to ensure that the 24-chapter, 700-page textbook — drafted by IRES volunteers — meets professional textbook standards and has consistent style and substance. IRES plans to conduct its first MC+ pilot class this fall. IRES continues to consult with the NAIC on this project, with the goal of having MC+ become part of the NAIC new designations program.

Our final top goal is a revitalized and rejuvenated CDS. IRES Education Committee Chair Mike Hessler and Pittsburgh CDS Co-Chairs Steve Martuscello and

Dennis Shoop are leading a great group of Section Chairs, IRES Education Committee members, and other volunteers to put together a fabulous, entertaining, and educational conference. And, as mentioned, Betty and Angela are leading the effort to celebrate IRES' 20<sup>th</sup> Anniversary in style during the CDS.

All of these top goals and IRES' many other activities require funding. IRES Treasurer Karen Dyke and her Finance & Budget Committee have done a fabulous job this year in lining up the needed funds and balancing the books.

IRES Meetings & Elections Committee Chair Katie Johnson and Wanda LaPrath are working with our Education Committee and the Society of Financial Examiners (SOFE) to try to arrange joint or back-to-back annual meetings with SOFE starting in 2012. In addition, Katie and her colleagues are reviewing Society by-laws and actively recruiting IRES members to run for our Board of Directors.

Last, but certainly not least, throughout all of IRES' 20 years, Chartrand Communications has been there to professionally manage IRES activities with passion and integrity. So, thanks David, Art, Susan, Joy, Elaine, and Scott!

In building bridges to other organizations, IRES is fortunate to provide and receive cooperation from various entities, including — but not limited to — the Association of Insurance Compliance Professionals (AICP), the IRES Foundation, SOFE, and the NAIC.


IRES looks forward to continuing to work with these and other organizations to try to pool resources to promote the most effective, efficient, and professional regulatory environment possible.

Each of you can actively participate in this process as well. The more volunteers we have, the sooner we can achieve our goals. So, let us look to the future with 20-20 vision. Please grab an oar and help us row forward together! It is your Society and your future too!

As always, please call me at 636-236-9642 or e-mail me at [dafreeman18@aol.com](mailto:dafreeman18@aol.com) with any questions, comments, or suggestions.

Happy 20<sup>th</sup> Birthday, IRES!

Take care,

  
Douglas A. Freeman, CIE  
IRES President

# Past IRES Presidents Agree: It's Been a Wild Ride

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learned that no IRES members had been killed in New York but some members had been in the World Trade Center and others had been in nearby buildings in New York. So many of the businesses in the World Trade Center were connected to the insurance industry that it seemed everyone knew someone who had been impacted by the attack. Our lives went on, but the year was overshadowed by the events of 9-11. (*Jann Goodpaster, 2001-2002*)

## What was your most memorable moment as IRES president?

The most memorable event for me was surprising Susan Morrison with the President's Award. David Chartrand had filled me in on several personal details concerning Susan and even as I read the lead, Susan had no idea I was talking about her. After I announced her name, David had to tell Susan she was the one being honored. Susan truly is the heart and soul of the organization and I was so happy that the rest of IRES showed their agreement by giving her a standing ovation. (*Jann Goodpaster*)

Q & A

The most memorable moment as IRES President was definitely the 2004 Denver CDS. The turnout was excellent and the sessions proved to be a great success. (*Bruce Ramge, 2003-2004*)

The 2004 CDS in Denver — I was the first incoming President to be installed in his home state. Colorado Commissioner Dean gave the opening remarks for the session and participated in the Commissioners Roundtable. There was a great turnout from Colorado staff and examiners. Additionally, Bruce Ramge (the outgoing President), Stephen King (the new Vice President) and I had all started together in regulation at the Nebraska Department of Insurance about a thousand years before. (*Kirk Yeager*)

My farewell/closing speech at the 2006 CDS in Chicago with my family at the podium with me. (*Stephen E. King, 2005-2006*)

There were so many. I think, though, that the most fun for me was presenting the President's Award to the late Frank Seidel. For those of us who worked with him over the years, Frank was a royal pain in the neck, but with the possible exception of Gary Domer, I can't think of



**Gerry Milsky (left) shocks the house by presenting the 1997 President's Award to Frank Seidel**

anyone who worked harder for IRES or who cared more about its growth and reputation. The look on Frank's face when it became clear who I was talking about is something I'll always remember along with the looks on the faces of a bunch of other people who couldn't believe I was going to present the award to Frank! (*Gerry Milsky, 1996-1997*)

Developing a regulator member base, an industry (sustaining) member base, the CDS and *The Regulator*. (*Tom Reents, 1987-1989*)

## What was your most significant achievement as IRES president?

Developing a firm accreditation program. (*Brad Connor, 1989-1990*)

Encouraging some of our members to step up to assist IRES and to become active participants. I also think that I did a pretty good job in sounding the alert to our membership that insurance was due for some drastic changes because of the enactment of the Gramm-Leach-Bliley Act. (*Angela Ford, 1999-2000*)



**Brad Connor**

One of my achievements was to enhance the relationship between IRES and the NAIC. (*Kirk Yeager*)

I proposed and was happy to see the Board adopt my proposal to institute an annual recognition for individuals in the form of the “IRES President’s Award.” I was very pleased to be able to select the recipients for the first IRES President’s Award in 1990. I am happy that this award is still given to deserving regulators. (*Howard Spence, 1990-1991*)

Getting through the year as president. (*Gerry Milsky*)

***Describe a humorous episode from your IRES experience.***

I met Dudley Ewen’s boss, Maryland Commissioner Steve Larsen at an NAIC training meeting. Since I love Dudley, I suggested to Commissioner Larsen that there were quite a few things that Maryland could do to ramp up its market conduct program. I suggested that Dudley was just the man for the job. When Commissioner Larsen returned, he handed Dudley enough assignments to keep him busy for years. Dudley was puzzled since he thought he had successfully convinced Commissioner Larsen that he was the market conduct expert and that things were running smoothly. Commissioner Larsen advised Dudley that he had met me and that I had some really good suggestions for change and had recommended Dudley as the person to implement those changes. I don’t believe Dudley will ever forget that. By the way, they were good suggestions! (*Angela Ford*)

During my speech as outgoing President in Tampa, I had included remarks to thank Jann Goodpaster who had for years been a very good friend and IRES mentor. I had made it a priority to recognize Jann because in my incoming address, I simply forgot to thank her. This had bothered me all year, so I probably went overboard in my comments trying to make up for my past oversight. After making my effusive comments, I asked her to stand, but she wasn’t even in the room. Weeks later, I was working with a new employee who was an IRES member and had been at the Tampa conference. She wasn’t aware I had been IRES President. Jokingly, I asked her “Didn’t you see me as outgoing President at the luncheon in Tampa?” Her response, “No, I was in the hallway talking to Jann. That’s why I’m working here now.” It’s all about networking. (*Kirk Yeager*)



**Christel Szczesniak passes the President’s gavel to Gary Meyer in August 1998**

I think I really messed up Christel Szczesniak’s last name at the changing-of-the-presidents ceremony at the CDS. (*Gary Meyer, 1998-1999*)

***If you had to name one individual who helped you the most during your time as president, who would that be?***

Unquestionably, that has to be David Chartrand, and it is inconceivable to me that anyone who is a member of IRES would need me to explain why. Susan Morrison would come in a very close second. (*Gerry Milsky*)

It would be very difficult to single out one person. Everyone on the Board, IRES staff and past presidents were very helpful. Three standouts were Dave Chartrand for making sure the trains ran on time, Don Koch for all his guidance, and perhaps more than anyone else Brad Connor for ensuring I had the time and resources to fulfill my responsibilities. (*Gary Meyer*)

There are far too many people to name just one, however, at the risk of slighting someone, there were two individuals who mentored me before and during my presidency: Gerry Milsky and Gary Domer. (*Stephen E. King*)

During the time I was on the Board, I was especially encouraged and “educated” by Tom Reents of Nebraska and Missouri’s Brad Connor. I also received additional insight about the market conduct function from Frank Seidel from Pennsylvania. (*Howard Spence*)

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# Past IRES Presidents Agree: It's Been a Wild Ride

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Dave Chartrand helped us get off the ground.  
(Brad Connor)

I could actually name two. The first person would be my boss, Commissioner Jim Long. I received total support from him during my presidency. Whenever I would ask to travel on behalf of IRES, or requested that DOI staff be allowed to attend an IRES function,



**Past Presidents Gary Domer (left) and Stephen King**

I always received a positive response. He also took time out during an election year to travel with me to New Orleans when my term as President ended. I was exceptionally fortunate to have him in my corner. The other person had to be Wayne

Cotter, editor of this publication. Whenever I submitted something to him that I described as the President's column, he managed to transform it into something that came off as well written and insightful. (Angela Ford)

In addition to the executive committee, Gary Domer was a great help during my term and truly deserved the President's Award. He has worked diligently in developing the MC + program. (Bruce Ramge)

## ***How has IRES helped make you a better regulator and/or better person?***

During the late 1980s and early 1990s it seems as though I spent almost as much time working on IRES projects as I did working on projects related specifically to the Michigan Insurance Bureau. I made many valuable and beneficial professional contacts across the country as a result of my participation in IRES. (Howard Spence)



**First President: Tom Reents, 1987-1989**

IRES gave me the ability to call any insurance department and instantly have a connection. North Carolina experienced severe flooding in 1999. I called one of my IRES friends (who had previously faced similar issues). He overnighted me an extremely useful manual. The contacts IRES offers are invaluable and those who don't avail themselves of such opportunities miss out on an important aspect of membership. (Angela Ford)



**Angela Ford: 1999 President**

IRES has helped me to realize the importance of professional relationships and mentoring. Success is measured not so much by what we do ourselves, but by how much we teach and mentor others so that they can exceed our abilities. Through IRES, I understand the importance of having a supportive network of people with which to share ideas and concerns. (Kirk Yeager)

IRES provided me with the opportunity, the notoriety, and the forum to interact with other regulators. (Stephen E. King)

## ***How has the organization changed since you were president?***

The organization has gone from having its primary focus on market conduct issues to offering seminars and classes on all facets of insurance regulation and attracting top-of-the-line speakers. (Angela Ford)

It's now a larger, more multi-faceted organization, representing a wider range of interests. (Brad Connor)

## ***What direction do you see state-based regulation going over the next five to ten years?***

In my opinion, state-based regulation has improved over the past ten years, but we still have a long way to go. It seems as though states have recognized the desirability of uniformity, without compromising their ability to protect consumers and to maintain strong

financial regulation. States have also made enormous strides in communication and working together. In addition to uniformity, the states need to simplify regulatory compliance and reduce the administrative costs associated with compliance wherever possible. I believe we make great improvements through technology and by reviewing existing processes. Education will continue to play an important role in state regulators' ability to stay ahead of the curve. IRES can help in that regard. *(Bruce Ramage)*



**Past Presidents: Bruce Ramage, Nebraska, and Jann Goodpaster, Oregon**

I think we are going to see more encroachment by the federal government into state-based regulation. I don't believe this will be caused by the failure of states to regulate; rather I think some issues are global in nature and beyond the capacity of any individual state. I also envision more joint activities by the federal and state governments. *(Angela Ford)*

IRES has long been an association that resembles a large family. The family aspect is one of the reasons I love IRES, but we can't forget that we are also a

business. We must face the future as a business that needs to grow and change with the times. I encourage all members to consider getting involved by becoming a committee chair or running for the Board. New faces bring

new ideas to keep the organization fresh. *(Jann Goodpaster)*



***What initiatives should IRES undertake during the next five to ten years?***

The current challenge to state regulation is not new, we all learned that in our first insurance course. Years ago conducting business was largely a personal process. It made sense to have small regionally based businesses and to regulate those on a state-based platform. Technology has changed all that. It is easy

to conduct business in multiple jurisdictions and even on an international basis. The challenge to states is to continue to show that state-based regulation makes sense in the current environment. *(Jann Goodpaster)*

The next five to ten years are very unpredictable.

In order for IRES to remain a vibrant organization, its leaders and members need to remain flexible and see change as an opportunity and not as a threat. To continue to grow, the organization should look to other state and federal agencies that are involved in regulation of other aspects of insurance and financial services. *(Kirk Yeager)*

Exactly what Doug Freeman is doing now — coordinate with other like organizations; implement the MC+ program and work to increase membership. *(Stephen E. King)*

***Any final comments?***

IRES is an incredible organization. The key to getting something back from IRES is to make certain that you are giving as well. Commitment and involvement is what makes it meaningful. *(Kirk Yeager)*

Happy Birthday, IRES! Here's to the next 20!  
*(Jann Goodpaster)* ■

“

***[IRES] has gone from having its primary focus on market conduct issues to offering seminars and classes on all facets of insurance regulation and attracting top-of-the-line speakers.***

**— Angela Ford, North Carolina** ”

# Looking back: The ‘interesting’ life and times of IRES

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If we were to try to come up with another period that’s as fraught with peril and threats and, worst of all for the human psyche, constant change, the only time that compares will probably be the next 20 years.

## Choices, choices

Back in ‘86, for instance, if you wanted to buy life insurance, your choice was between term and whole life. Sure, whole life contained an investment component, but most consumers bought it as life insurance, not as part of their investment portfolio.

Why were so many new products introduced in not only the life line, but in P&C and health as well?

Two reasons. First, companies have gotten smarter about targeting smaller slices of the insurance marketplace. Second, technology allows them to segment their risk.

“We’re way past the day of choosing a whole life policy or a term policy,” said Joel Ario, Oregon’s long-time insurance administrator.

“We have every variation in between, with combinations of death benefit and investment vehicle — and annuities are even more bewildering.”

For all the complexity, though, no one wants to go back to the good old days. Choice, most people would agree, is good.

“It would not be a good proposal to say that we need to go back to a system where you basically only have a couple of choices,” said Ario.

Alfred W. Gross, CIE, Virginia’s commissioner, points out that technology has changed regulators as much as it’s changed insurers — and it’s wrought big changes in consumers’ expectations as well.

“The industry obviously is selling over the Internet,” Gross said, “and customers expect to be communicated with through electronics.”

“And regulators too: We’ve got to deal with that E-marketplace, and that’s also how we reach our constituents. Departments around the country have set up Web sites. In consumer complaints, people expect their e-mails to be answered; they expect to be able to get complaint forms online. Where we have to get authorized signatures because of privacy concerns, people expect they’ll be able to print it off the Internet.”

At the same time, though, it’s regulation’s role to put on the brakes when companies go too far.

How much of the segmentation is beneficial for

consumers, and how much is only aimed at dodging risks that insurance has always been supposed to take on?

“It’s probably a little bit of both,” said Gross. “We’ve seen developments in the securities markets that have enabled new ways of financial planning. And insurance is part of that. The problem is that there are dangers, new opportunities for abuse that come with it all.”

“

**Everybody in the industry would grant that, yes, the Legislature has the authority to prohibit socially odious variables. Nobody says let’s go back to race-based insurance pricing.**

— Joel Ario, Oregon Insurance Administrator

”

## The new regulation

The growth in market segmentation and product innovation has been reflected in many aspects of how regulators do their job.

Twenty years ago, even faxing was a fairly new technology, and no one had ever heard of e-mail. Computers were still in the era of big iron, ratios were calculated by hand (remember adding machines?), examiners who worked exclusively on market conduct issues were still rare, and financial examiners spent way more of their time on the road, looking up data on paper files stored at company offices.

“Technology has really changed the way we do business,” said Gross.

“For instance, now the company can supply you with data electronically, and you can analyze it in the office before you do field work.”



The same technology that makes the job easier — for field examiners and underwriters alike — also raises a host of new questions for state regulators. One of the big issues in recent years has been how much is too much.

“I’m told that Fair Isaacs has 460 different variables that they say they can aggregate in whatever combination an insurance company might want — kind of a menu,” said Oregon’s Ario.

“Progressive is the leader in this. One of the reasons they can say ‘Compare our rates to other people’s is because they think — probably correctly — that they’ve segmented the risk better than almost anybody. Where they’re going to make their money is where their refined number of cells offers people who are the best risks a better deal.

“But at some point [as you add more variables], it would cease being insurance.”

The problem, as both Ario and Gross agree, is that, generally speaking, there is no requirement that insurers segment the market — nor is there anything that allows the regulator to say, “Whoa, you’ve gone too far.”

It’s all about actuarial science. If a new underwriting or rating factor is predictive, then it’s OK to use it.

“Clearly, anybody who’s a regulator thinks that it’s possible to go too far,” Ario said. “Pooling is part of insurance, and segmenting the risk too much is undercutting the pooling principle.”

What’s the bottom line?

Whether you’re a commissioner or a line regulator (or a company executive) you’ve had to become more flexible, nimble and proactive over the 20 years since IRES’s founding. And it’s not going to get any easier.

### **The social cost**

Yet even if a new standard is actuarially sound, it might not fly. Take race, as the most obvious example.

No matter how good the data, no matter how certain you were that African-Americans live shorter lives than whites, no company would even consider segmenting by skin color, even if it were still legal.

As Ario points out, insurers today also shy away from using income as a variable, and for the same reason (though there are a lot of other factors that are pretty good proxies for it).

“Everybody in the industry would grant that, yes, legislatures have the authority to prohibit socially odious variables,” he said. “Nobody says let’s go back to race-based insurance pricing.”

Yet the same basic issue — is it fair, or are we going too far? — keeps coming up.

The latest example is credit scoring, which is clearly predictive. So why have some legislatures banned it? Clearly because they feel it goes too far.

(A recent pro-credit-scoring study, “Biological and Psychobehavioral Correlates of Credit Scores and Automobile Insurance Losses: Toward an Explication of Why Credit Scoring Works,” published in March in the Journal of Risk & Insurance, probably doesn’t help the cause any,

since it argues that risky behavior is probably inherent, and hence not under the individual’s control.)

“Insurers tend to say, in the absence of a clear legislative prohibition, everything else should be on the table,” Ario said. “Basically, the model is, you can use them all until somebody says, ‘There’s a variable we don’t like,’ and they pass a law prohibiting it.”

He recalls that when a conservative radio host defended credit scoring, his equally conservative callers castigated him, saying insurers had gone too far this time. Yet insurers continue to love credit scoring.

“There’s not even a ‘Gee, we understand the problem, but we need to use it anyway,’” he added. “It’s more like: ‘If we’ve identified a variable that is

“

***IRES has remained true to the course that was set when it was founded. The importance of that part of the regulatory scheme has grown — and IRES has been there.***

**— William Bailey, Boston attorney and insurance industry analyst**

”

*continued on next page*

## *'The world came to IRES. We responded.'*

*continued from previous page*

actually predictive, then it would be wrong of us to continue to allow cross-subsidization by not using that variable.' Not only a right, almost an obligation."

Virginia's Gross says that insurers seem to feel that correlation is enough, whether or not there's any causality. But correlation without causality is the stuff of astrology and other pseudo-sciences.

### **The future**

Along with the technology-based growth in the complexity of the insurance industry, another big change in companies' and regulators' mindset — dating to Hurricane Andrew in 1992 — is the spate of big catastrophes.

"If you ask somebody today what's your biggest concern, what keeps you awake nights, the answer's going to be another major storm," said Bill Bailey of the Insurance Information Institute. "We're just waiting for the \$100-billion-plus storm."

There have been a host of other changes over the past two decades — the rise and subsequent fall of product liability suits, such as those over asbestos, for instance.

But in Bailey's view, the impact of Andrew wasn't just its dollar cost (the second biggest insured catastrophe of all time, dwarfed only by Katrina), but the way it exposed weaknesses through the system, from agents and adjusters on up the food chain.

He sees additional catastrophes, both hurricanes and earthquakes, in the industry's future. Ario and Gross see a future of continued innovation and change and complexity — i.e., more of the same.

Interestingly, all three industry observers see IRES as playing a big role to date, and continuing to do the same. After all, the Society's founding was based on the growing importance of companies' marketplace behavior. Not to the exclusion of financial measures, but as the start of an era in which market conduct exams, and increasingly, a more sophisticated form of market analysis, are in the ascendancy.

As Bailey put it: "The number crunchers used to be in charge [of insurers], but now it's the conduct guys

who are being watched: the claims department, the underwriters."

Ario too sees market analysis in the fast lane and with it state-by-state regulation.

"It's not as simple on the market side," he said, "because State Farm may comply with Illinois' credit scoring law, but that may not have a lot to do with how well they comply with Oregon's.

"Even if Oregon's law were the same, on the market side, behavior could be different in different parts of the country, because of the way insurance companies are set up. That's true of life insurance, certainly true of health — companies behave in different ways because the state laws are different."

Not that regional or national enforcement issues can't be pursued jointly. Just look at Prudential or UnumProvident.

Gross, the only commissioner with a CIE, is a big fan of continuing education, both in-house and in face-to-face sessions involving other states. And he both encourages CIE and other certification programs (if they meet the division's standards) and has the budget to send people to the Career Development Seminar and other major meetings.

Bailey, a regular CDS session leader, is high on the Society.

"IRES has remained true to the course that was set when it was founded," he said. "The importance of that part of the regulatory scheme has grown — and IRES has been there."

"I would say IRES has played an increasingly important role. Not because IRES went out and tried to persuade the world, 'You need us, and you need more of us.' But because the world came to IRES and said, 'We need to make sure we're really doing the job properly.'" ■



## Nebraska's Ramge receives DeAngelo Teaching Award



**Bruce Ramge (right) with John Mancini**

HILTON HEAD ISLAND, SC, April 16 — The IRES Foundation awarded the 2007 Paul L. DeAngelo Memorial Teaching Award to Bruce Ramge, Market Regulation Chief at the Nebraska Insurance Department.

“Bruce clearly meets all qualifications for this award,” said John Mancini, IRES Foundation Board Member. “He has participated on the faculty at the IRES Foundation school many times. Having worked in the same insurance department for over 20 years, he is considered one of the most knowledgeable experts on market regulation.”

Mancini added that Ramge is “known to all as a regulator always willing to listen and give his thoughtful insight.”

Presented annually by the IRES Foundation, the award honors Paul DeAngelo, who was Assistant Commissioner at the NJ Insurance Department and a frequent participant at the IRES Foundation Market Conduct School.

DeAngelo passed away in 2000 while returning home from the School. The IRES Foundation established the award to annually honor a current or former insurance regulator who is committed to excellence in insurance regulatory education and to improving insurance regulatory knowledge.

## C.E. News

The IRES Accreditation & Ethics Committee has approved two new procedures for the NICE continuing education program.

1. NICE forms that do not require documentation for submission can be placed on the all-new IRES Web site behind the “members only” area (coming soon) and used for direct submission to IRES.
2. Online courses provided by LOMA may be submitted for continuing education credit without proof of proctoring (assuming 50% or more of the content is insurance related). Required documentation includes a course description and test score (to verify course completion). Any other online courses will require individual review.

The NICE Annual Summary Transcripts were mailed May 1 to all designees. This transcript is a reminder of what you have submitted thus far for the September 1, 2006-2007 compliance year. Designees still have until Sept. 1, 2007 to fulfill continuing education requirements for the 2006-07 period.

Those who need additional C.E. hours might consider attending the 2007 IRES Career Development Seminar this August in Pittsburgh, PA. Those who stay until the end of the seminar and receive a full-attendance certificate, receive an automatic 15 C.E. hours that will fulfill your yearly requirement.

***Can I continue my IRES membership and my designation if I take a job in the insurance industry or a business unrelated to government regulation of insurance?***

YES, as long as you continue to pay your dues and comply with the Society’s mandatory continuing education program. In return, you will retain many of the benefits of regulator members, such as attending the annual CDS at the lower regulator registration level, subscription to *The Regulator*, and informational mail and e-mails from IRES. As a non-regulator, however, you will no longer cast a vote in the Society’s annual Board of Directors elections.

**N · I · C · E**

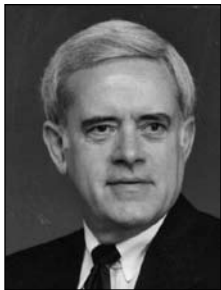
**National IRES Continuing Education**

The mandatory continuing education program for AIE and CIE designees

# Two Decades of IRES Achievements ...



Looking presidential (left to right):  
Freeman, Martuscello, Goodpaster



Bob Flege, 1995



Roger Langley,  
1992



Steve Martuscello, then and now



Jann Goodpaster passes  
the President's gavel to  
Paul Bicara in 2002



Dick Rogers of  
Illinois, 1991

## IRES Presidents: 20 years

- |  |  |
|--|--|
| 2006-2007<br>Douglas A. Freeman,<br>Missouri<br>CIE, JD          | 1997-1998<br>Christel L. Szczesniak<br>CIE, CPCU, AIM,<br>ARM, CPIA                          |
| 2005-2006<br>Stephen E. King<br>CIE                              | 1996-1997<br>Gerald A. Milsky<br>CIE, JD, ACS, FLMI  |
| 2004-2005<br>Kirk Yeager<br>CIE, FLMI, CPCU                      | 1995-1996<br>Robert D. Flege,<br>Florida<br>CIE, CFE, FLMI, ARA,<br>ALHC, CCP, AIRC,<br>LPCS |
| 2003-2004<br>Bruce R. Ramge,<br>Nebraska<br>CIE, CPCU            | 1994-1995<br>Gary L. Domer<br>CIE  |
| 2002-2003<br>Paul Bicara, Vermont<br>CIE                         | 1993-1994<br>Donald P. Koch<br>CIE   |
| 2001-2002<br>Jann Goodpaster<br>CIE, CPCU                        | 1992-1993<br>Roger Langley<br>CIE  |
| 2000-2001<br>Stephen Martuscello,<br>New York<br>CIE, CLU, CPCU  | 1991-1992<br>Richard D. Rogers<br>CIE, CPCU  |
| 1999-2000<br>Angela Ford,<br>North Carolina<br>CIE, CPCU, FLMI   | 1990-1991<br>Howard T. Spence<br>CIE   |
| 1998-1999<br>Gary W. Meyer<br>CIE, FLMI, ALHC,<br>ACS, AIC, CPCU | 1989-1990<br>Brad Connor<br>CIE  |
|  | 1987-1989<br>Thomas L. Reents<br>CIE   |

# ... and Achievers: 1987-2007

## President's Award

Jo LeDuc, CIE, 2006  
 Douglas A. Freeman, CIE, 2005  
 Gary L. Domer, CIE, 2004  
 Jann Goodpaster, CIE, 2003  
 Susan Morrison, 2002  
 Paul Bicica, CIE, 2001  
 Christel Szczesniak, CIE and Wayne Cotter, CIE, 2000  
 Paul A. Synnott, 1999  
 Angela Ford, CIE, 1998  
 Frank Seidel, CIE, 1997  
 Paula Kitt, 1996  
 Stephen E. King, CIE and Gerald Milsky, CIE, 1995  
 W. Bradford Connor, CIE, 1994  
 Thomas L. Reents, CIE, 1993  
 John Reiersen, CIE and Jorge Sandoval, 1992  
 Lewis Melahn, Arthur J. Chartrand, Robin Campaniano, 1991  
 Earl Pomeroy, William McCartney and James Long, 1990

## Schrader-Nelson Publications Award

Rebecca Westmore, 2006  
 Mark Gardner, 2005  
 California Rate Regulation staff, 2004  
 Gerald A. Milsky, CIE, 2003  
 Robert Hunter, 2002  
 Vincent Laurenzano, 2001  
 George Nichols, 2000  
 William Creel, 1999  
 Kathy A. Steadman, 1998  
 Dick Rogers, CIE, 1997  
 Wade Harrell, 1996  
 Robert Willis and Howard Spence, CIE, 1995  
 Tony Schrader, CIE, and Ben Nelson, 1994



The late Frank Seidel, former Publications Chair

## Al Greer Achievement Award

Lynette Baker, Ohio, 2006  
 Dale Emerson, Illinois, 2005  
 Michael D. Gibbons, CIE, Missouri, 2004  
 R. Weldon Hazlewood, CIE, Virginia, 2003  
 Shirley Robertson, AIE, Nevada, 2002  
 John Hartley, CIE, Oklahoma, 2001  
 Charles Elgin, CIE, Kentucky, 1999  
 Mary Lou Clack, CIE, Missouri, 1998  
 Al Greer, CIE, Oklahoma, 1997



The late Al Greer



Gary Meyer of Missouri



Don Koch (right) presents the 1994 President's Award to Brad Connor



John Reiersen, then and now



Kirk Yeager (left) and Doug Freeman

# A Very Special Time

by Howard Spence

I served as President of IRES during 1990-91. I had not been involved with IRES during its original formative stages, but happened to “stumble” into an IRES meeting being held in conjunction with an NAIC meeting in the late 1980s.

At that time I had been in insurance regulation for about 13 years. I was one of the deputy commissioners in the Michigan Insurance Bureau with responsibility for supervision and executive management of all licensing and enforcement activities. In that role, I was responsible for making sure that insurers and producers complied with the requirements of the insurance code. I also had responsibility for supervising the investigation units at the Michigan Bureau as well as a fledgling market conduct function. The consumer complaint responsibility as well as licensing functions also fell under my purview.

When I first joined IRES I managed to get elected to the Board of Directors at the urging of one of my Michigan colleagues. As we all know, every deputy commissioner is a politician of sorts. Although my knowledge of market conduct functions may not have matched that of some of my IRES colleagues, I was a quick study. It helped that the organization’s goals were so important to me and that members helped me to focus my attention on this relatively new area of insurance regulatory responsibility.

## A Collegial Group

The members of IRES have always been a collegial and gregarious group. I think that on a national basis a lot of that collegiality derives from the fact that at that time many of the state insurance departments collaborated to conduct joint market conduct audits. Many market conduct examiners came to know each

other — not only within the context of IRES or the NAIC, but also “on-the-job” as they worked with one another in the field on examinations.

During the time I was on the Board, I was especially encouraged and “educated” by Tom Reents of Nebraska and Missouri’s Brad Connor. I also received additional insight about the market conduct function from Frank Seidel of Pennsylvania. These three exceptional individuals had a lasting impression on me and on the development of the market conduct

function in the Michigan Insurance Bureau during that time. I spent many hours on the telephone and in meetings with them at NAIC and IRES functions across the country. I also spent many hours with Dave Chartrand, who was the first “association executive” we hired to help organize IRES and who remains an integral part of the organization.

I also had the pleasure of being a planner of and presenter in some of the initial market

conduct training classes offered by IRES in conjunction with the NAIC. I must confess that although I focused my attention on the enforcement/legal prosecution or compliance aspects of market conduct regulation, I continued to learn a lot about the field audit and investigation functions from my colleagues.

I had a lot of fun with my IRES colleagues during the years I was actively affiliated with the organization. In retrospect, I’m sure a lot of the knowledge I developed about the market conduct function derived from my interaction with my IRES colleagues. While we did not always agree about the best methods for serving the public and protecting the consumers who relied on the insurance regulation function, I am happy to say that almost all of the market conduct regulators who I encountered had a sincere and deep desire to serve the public and protect their interest.



Spence (left) and the late Frank Seidel

## My Tenure

During my tenure the organization was focused on growing — both in terms of membership and developing a sustainable mission. We expended a lot of time attempting to design and implement educational and training opportunities for market conduct examiners and related consumer protection staff at the various insurance departments. There was tremendous “soul searching” and agonizing as market conduct examiners and consumer protection specialists attempted to gain for themselves some of the status and respect that financial examiners enjoyed in many departments.

During that time a palpable “tension” existed between IRES and the Society of Financial Examiners (SOFE). Many financial examiners were not quite ready to recognize the importance of the market conduct and consumer protection functions that were relative “newbies” in the insurance regulation area. I was happy to observe that over time a significantly greater degree of cooperation and respect between the two organizations seems to have developed. I would like to think that at least some of the greater respect derived from the development of a stringent, demanding, and meaningful education program.

During my tenure as President of IRES, we struggled mightily as a Board and organization to develop standards for certification of our specialized expertise as market conduct examiners and consumer assistance specialists. Although I earned my CIE designation through an initial “grandfathering” process, to this day I am proud of my designation, which reflects my long-standing interest and efforts in the market conduct and consumer protection fields.

During the late 1980s and early 1990s it seems as though I spent almost as much time working on IRES projects as I did working on projects related specifically to the Michigan Insurance Bureau. I made many valuable and beneficial professional contacts across the country as a result of my participation in IRES.

I enjoyed my tenure as IRES President immensely. I also would like to think that the organization took positive steps towards maturity and more meaningful regulatory and professional education activity during my tenure. One of my most memorable contributions to the organization was encouraging the Board to enact a system for annual recognition of persons who

made great contributions in the area of market conduct regulation or consumer protection.

## President’s Award

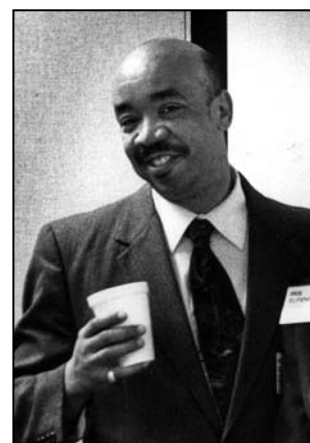
I proposed and was happy to see the Board adopt an annual recognition for such individuals in the form of the “IRES President’s Award.” I was also very pleased to be able to select the recipients for the first IRES President’s Award in 1990. I am happy to see that the President’s Award continues to reward deserving regulators each year. I guess my only disappointment is that I never earned the right to be a recipient of the award.

Shortly after my tenure as IRES President I left my position as Deputy Insurance Commissioner and concluded my State service over the next ten years as an Administrative Law Judge for the State of Michigan. Although I did hear some cases relating to insurance regulation and consumer protection, my ties with insurance regulators, the industry, and that aspect of consumer protection gradually diminished.

I retired from the State of Michigan in 2002.

I continue to have an interest in administrative law, consumer protection in commercial regulation, and also litigation and executive training. I am presently an arbitrator and mediator. I also focus a considerable amount of my spare time to employment relations and serve as a University of Phoenix faculty member, teaching law and management courses.

It has been a number of years since I have been actively involved with IRES or my insurance regulator friends from the market conduct and consumer protection areas. I retain fond memories of them and that experience. I continue to wish IRES and its members well. I hope I can once again attend an IRES annual meeting and/or educational training conference — hopefully in a warm and exotic location. ■



**Howard Spence**

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**Howard Spence served as IRES President in 1990-91.**

# Twenty years with IRES: All in the Family

by *David Chartrand*  
IRES Executive Secretary

I don't have many fond memories of the 1980s.

As far as I'm concerned, the highlights of that decade are a short list:

- I got married, had a child, and bought my first Apple computer (in that order)
- Bruce Springsteen prospered and Captain and Tennille did not
- The Kansas City Royals won a World Series
- IRES saved my life

That last one is only a slight exaggeration. After a long career as a Kansas journalist, I began the eighties running a regional public and media relations firm that tried to make insurance companies look good. Don't even ask. Three years later the clients slashed their marketing budgets, leaving me with a child in diapers, a wife in medical school, a mortgage, college loans, and a business with no clients.

Just when things couldn't get any worse, Cher made a musical comeback. Not long after that, my brother Art called from his office at the Kansas City headquarters of the NAIC, where he was associate legal counsel. He had an idea.

It wasn't really Art's idea. I think he got it from Tom Reents of Nebraska. Or maybe it was Brad Connor of Missouri, or even Dick Rogers and Mike Hessler of Illinois. Tanya Ask of Montana was there, too, as were Gerry Polenz of North Carolina and John Reiersen of New York. and a host of others. From the background noise on the phone, I think they were all huddled in Art's office at the NAIC, which was roughly the size of a small dumpster without the charm.

The others asked Art to help them form a new professional society for regulators, especially those not working solely in solvency surveillance.

"No way," Art said. "But I know someone with lots of free time on his hands."

Art told me that his regulator friends were market conduct examiners. But they wanted to reach out to those who worked in all areas of regulation, both property-casualty and life-health.

"We have a new generation of insurance regulators," he said, "They need a new organization."

"Sounds great," I said. "Tell your friends I'm their man."

"Already did," he said. "How soon can you start?"

"Right now. Just one question."

He waited.

I said, "What's a market conduct examiner?"

It turned out to be an

irrelevant question though I didn't know it at the time. Despite the word "Examiner" in its title, IRES opened its doors to complaint handlers, policy analysts, rate and form reviewers, enforcement staff, attorneys, and fraud investigators.

But the goal was more than just creating a new organization that collected dues and published newsletters. The IRES pioneers had something bigger in mind. They wanted to be seen as *professionals*, and treated like professionals.

State insurance regulators had been coming under increasing scrutiny. The questions came from Congress, consumer groups, the news media, and regulators themselves. Was the business of policing insurers and protecting consumers simply a paperwork chore that any clerk or computer — or federal bureaucrat — could



**The IRES/Chartrand Family at the 2006 Chicago CDS: Susan Morrison, David Chartrand, Joy Moore, Arthur Chartrand, Elaine Bickel**



perform? Was local regulation necessary in order to protect the insurance-buying public?

And if protecting consumers required highly educated professionals, who would educate them? And what happens if the California regulators are trained differently from the Kansas or Texas regulators?

The thinking behind IRES was that consumers were entitled to the same level of protection no matter where they lived. And that could happen only if there existed a nationwide campfire around which regulators gathered to share information and exchange solutions. Good thinking.

Art and his friends had offered me the chance to help a bunch of public servants create something important from whole cloth. How could I refuse? I had nothing better to do with the rest of my life.

IRES was chartered in 1987 as a Missouri non-profit corporation. It contracted my company for administrative and staff services, a fancy term for answering phones, editing newsletters, collecting dues and fielding 250 phone calls a day from Brad Connor, Missouri's chief market conduct examiner. We had the time of our lives. To this day I consider Brad one of the finest and most loquacious men I've ever known.

As the Society grew, IRES business became family business. Members of my family joined the company, as did wonder-women like Susan Morrison, Joy Moore, and Elaine Bickel. Susan is now the IRES office administrator and continuing education coordinator. Her talents are many. She once drove from our offices to her home in Tonganoxie, Kansas — 35 miles of interstate gridlock and winding country roads — with her house keys resting on the bumper of her pickup. I had some structural engineers run this through a computer model and they concluded that Susan was, technically, not human. But I already knew that.

All families suffer rough times and setbacks. As states slashed budgets, IRES membership dropped slightly during the late 1990s, then slowly began to rebound. The old names retired, changed jobs, or passed away. We lost early visionaries like Al Greer of Texas, Frank Seidel of Pennsylvania, Charlie Elgin of Missouri, Bev Creager of Nebraska, Don Koelker of Florida -- and more.

My father, Arthur A. Chartrand, handled the Society's financial matters for many of its early years. A retired banker, he often attended the annual CDS

and supervised the cash collections. Dad was as comfortable handing out name badges or packing boxes as he was running a neighborhood bank. When IRES attendees asked what he did for a living, he laughed and said he worked for his son, David. Then he'd add: "Chief cook and bottle washer." Dad passed away in June 2004, three days before Father's Day. If he were still alive, I'm certain he'd want me to mention that his affiliation with IRES was one of the highlights of his working career.

The Society survived its adolescence. The growing pains are mostly behind it. In 2007, IRES is all grown up — a mature organization facing complicated issues that require ever-increasing resources.

The next 20 years will challenge the Insurance Regulatory Examiners Society as it will challenge state regulation itself.

IRES, its members, and its staff must prove that IRES is still relevant, a strong family that can still make a difference in the professional lives of its members. The next generation of regulatory leadership must carry on the dream of the last generation, namely, to produce men and women who can truly, and proudly, call themselves professionals.

Good riddance to the eighties and nineties. The 21st century is where the fun begins. IRES is set to launch new programs and educational products that its members have long sought and so richly deserve. It is forging partnerships with organizations that once were competitors. And check out the new IRES Web site, which premiered last month.

The future has never looked brighter. IRES is reborn. My baby boy just turned 21 and still thinks he has the funniest dad in the world. Cher has quit touring (I think). Springsteen has a new CD.

It doesn't get any better than this. ■



**Art Chartrand, Sr. (left) with Al Greer during the 1994 CDS**

# 2007 IRES Foundation Market Regulation School



The “faculty” of senior state insurance regulators fields questions from insurance compliance officials during the Hilton Head school.

More than 300 insurance compliance professionals and insurance regulators attended the 14th Annual National Insurance School on Market Regulation in Hilton Head, SC, April 15-17.

This year’s attendees had numerous opportunities to visit with state regulators face to face. More private appointments this year along with an organized lunch with regulators were highlights of this year’s School.

Sessions on federal regulation, workers’ compensation, the Market Conduct Annual Statement and Handbook were well attended and provided students with current and up-to-date information to take back home with them.

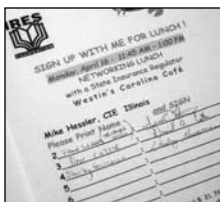
The Foundation’s 2008 School will be April 13-15 at the incredible Red Rock Resort in Summerlin, NV.



IRES President and Missouri examiner Doug Freeman during a private consultation



Craig Dixon of the California Department (far right) briefs industry officials on his state’s compliance rules.



Attendees sign up for private appointments and lunches with state regulators



TOP: Leslie Krier and Don Koch. LEFT: School Chairperson Sue Stead with Lynette Baker, and Bruce Ramage

 **IRES STATE CHAPTER NEWS**

**ALABAMA** — The Alabama Chapter provided educational training for members on February 12-13. The training was provided by **David Vacca** and **Dan Daveline** of the NAIC.

— *Cristi Owen; Cristi.Owen@insurance.alabama.gov*

**LOUISIANA** — Our Chapter held a meeting on March 29 to discuss the upcoming election of officers. Dates were set for receiving nominations and confirming those nominated. The election results will be announced at our annual business meeting on June 14.

— *Larry Hawkins; lhawkins@ldi.state.la.us*

**NEBRASKA** — **Lori Glasscock** of Arbitration Forums, Inc. made a presentation at the February chapter meeting. Ms. Glasscock is a panel administrator for Iowa, Kansas, Missouri and Nebraska. She explained the history of her company and discussed the firm's operations and procedures. Details of upcoming meetings can be found on the IRES Web site.

— *Karen Dyke; kdyke@doi.state.ne.us*

**UTAH** — On March 28, Chapter President **Brian Hansen** welcomed 9 new members to their first IRES Chapter Meeting. **Sandra Halladay** was elected Education Chair and **Tara Buehner** was elected Secretary of the Chapter. We voted that IRES meetings would be held quarterly.

At the meeting, we discussed the importance of protecting driver licenses and other personal information. In addition, Assistant Commissioner **Mickey Braun** discussed the legislative changes that have most affected the Department during the most recent legislative session. He also discussed viatical settlements and whether bail bond licensees are qualified to sell immigration bonds. Medical discount plans, which are now regulated by the Department, were also discussed.

It was further suggested that all members regularly read *The Regulator* to stay abreast of industry developments. We also noted that it would be helpful to invite others in the Department to attend IRES meetings.

Topics and possible speakers will be chosen for each meeting based on recommendations from the Education Chair. Future meetings may feature discussions led by division heads and a session focusing on statute interpretation. Our next meeting is scheduled for June 5 at 8:30 a.m.

— *Brian Hansen; bhansen@utah.gov*

**VIRGINIA** — On February 26, nineteen regulators voted in three new Virginia Chapter officers. We are pleased to announce **Julie Fairbanks**, AIE, AIRC as President; **Carly Daniel**, AIE, AIRC as Vice President-Treasurer; and **Andrea Baytop** as Vice President-Secretary.

— *Andrea Baytop; andrea.baytop@scc.virginia.gov*

## *Welcome, new members!*

**Norlyn D. Baker, Unaffiliated**  
**Latasha Brown, VA**  
**Frank M. Fricks, AIE, AL**  
**John R. Kissling, Jr., AIE, IN**  
**John A. Lamke, LA**  
**M. Elayne Santangelo, LA**  
**Joycelyn A. Spriggs, LA**  
**Kristen A. Swartz, MD**  
**Lorna L. White, AIE, OR**

*If you have state  
chapter news, send it to  
Larry Hawkins at  
lhawkins@ldi.state.la.us*

# Regulatory Roundup

## Oregon – Legislation to permit private actions for unfair claim settlement practices is introduced

On March 6, the Oregon House of Representatives introduced House Bill 3075, which would create a new private legal cause of action, including a claim for punitive damages and attorney fees, against insurers for an alleged violation by the carrier of unfair claim settlement practices. A person bringing such an action must at the same time mail a copy of the complaint or other initial pleading to the Oregon Department of Consumer and Business Services (the “Department”). Under the Bill, a court may award reasonable attorney fees to the prevailing party except where the action is maintained as a class action lawsuit.

In addition, any civil or administrative penalty that the Department imposes on an insurer in a final order for a violation of Oregon’s unfair claim settlement practices statute is *prima facie* evidence in an action brought under the Bill that the insurer committed such practice. The Bill provides that any such action must be commenced within two years after the date on which the person discovers the unlawful practice provided, however, that the two-year period does not begin while any unfair claim settlement complaint is pending before the Department, if the action is based in whole or in part on any matter that is also a basis for the Department’s complaint. House Bill 3075 would become effective upon passage. To view House Bill 3075, visit the Oregon House of Representatives’ Web site at [www.leg.state.or.us](http://www.leg.state.or.us).

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The New York-based Stroock & Stroock & Lavan LLP Insurance Practice Group includes 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 Robert Fettman and Rachael Newman, associates in the group. This column is intended for informational purposes only and does not constitute legal advice.

by  
Stroock & Stroock &  
Lavan LLP

## North Dakota — Legislature passes use-and-file bill

On March 13, the North Dakota Legislature passed SB 2296 establishes a presumption of market competition and creates a use-and-file system for most commercial and personal lines of insurance. Under the Bill, rate filings with respect to commercial risks (other than crop hail, farmowners, and medical malpractice insurance) and private passenger automobile or homeowner rate filings in which the average rate change is less than five percent are deemed approved until such time as the Insurance Commissioner reviews the filing and determines otherwise.

The Insurance Commissioner after notice and hearing may determine that a commercial risk market is noncompetitive and therefore not automatically deemed approved by reviewing such factors as (i) the existence of financial and other barriers that prevent insurers from entering the market; (ii) the extent to which any insurer or group of affiliated insurers controls the market; and (iii) whether the total number of companies writing the line of insurance in the state is sufficient to provide multiple insurance options. To view SB 2296, visit [www.legis.nd.gov/assembly/60-2007/bill-text/HRDG0200.pdf](http://www.legis.nd.gov/assembly/60-2007/bill-text/HRDG0200.pdf).

## Mississippi – Governor signs wind pool premium relief bill

On March 22, Governor Haley Barbour signed HB 1500, a new law designed to stimulate the economic growth and redevelopment within all areas of Mississippi by promoting the availability of affordable commercial and residential casualty

loss insurance. The Bill will create a special fund called the Mississippi Windstorm Underwriting Association Reinsurance Fund (the "Fund"). Monies in the Fund will be used by the Mississippi Department of Insurance, with approval from the Legislature, to defray the cost for reinsurance, lowering the risk for insurance companies writing policies in Mississippi.

The Bill requires the Commissioner of Insurance to file an annual report with the joint legislative budget committee, recommending the amount of assistance, if any, needed by the Fund for reinsurance expenses and costs and recommending the amount necessary to be appropriated for deposit into the Fund.

Furthermore, the Bill necessitates the State Tax Commission to annually deposit \$20 million from insurance premium tax revenue into the Fund and issue a tax credit in an amount equal to 10% of the gross premium receipts on new policies written for essential property insurance within the Mississippi coast area on or after January 1, 2007, provided, however, the credit allowed does not exceed \$100,000 during any calendar year. To view HB 1500, visit <http://billstatus.ls.state.ms.us/documents/2007/pdf/HB/1500-1599/HB1500SG.pdf>.

### **North Carolina – North Carolina Senate proposes Bill to eliminate Insurance Commissioner’s authority to set rates**

On March 19, Senate Bill 901 was introduced in the North Carolina Senate. The Bill would revise the automobile liability insurance rate filing review process to include the use of a special judge to resolve rate filing disputes.

Under current law, the North Carolina Insurance Commissioner holds hearings on rate filing disputes and issues rulings that determine the maximum rates insurers can charge for automobile, homeowners and workers’ compensation policies. The Bill would rescind the Insurance Commissioner’s sole authority to set rates for automobile policies and calls for a superior court judge to hold hearings and rule on rate disputes.

Any order or decision of the special judge that the premium rates charged or filed are excessive, inadequate, unreasonable, unfairly discriminatory or are otherwise not in the public interest may be appealed to the North Carolina Court of Appeals by any aggrieved party. To view SB 901, visit [www.ncga.state.nc.us/Sessions/2007/Bills/Senate/HTML/S901v0.html](http://www.ncga.state.nc.us/Sessions/2007/Bills/Senate/HTML/S901v0.html).

## **“ Quote of the Month ”**

*“The key to getting something back from IRES is to make certain that you are giving as well.”*

**— Former IRES President Kirk Yeager**

## Casual Observations

# It Was 20 Years Ago Today . . .

Since IRES was born — in those pre-Clinton, pre-Seinfeld, pre-Google days of the late '80s — what do you think has had the biggest impact on rank-and-file regulators?

Certainly insurance issues are more complex these days. Carriers have introduced all kinds of variables, such as credit scores, to “enhance” the underwriting process. And the increased use of derivatives and other arcane investment strategies have kept regulators on their toes, but did these issues really impact the regulatory community more than any other during the past two decades?

Some would submit that the move toward federal regulation has had the biggest impact. Sure, it seems like the voices calling for federal regulation have grown more strident over the years, but the threat has hovered over many of us for decades (remember U.S. Representative John Dingell’s 1990 manifesto, *Failed Promises?*). No, the federal v. state debate, although crucial, is not at the top of our list.

Instead, we would argue that the biggest impact on state regulation has been technological. This was brought home to us last month when U.S. BlackBerry service was disrupted for ten long hours. Devoid of their endless supply of messages, *Crackberry* addicts throughout the country panicked, freaked out and even wept.

Back in 1987, the jury was still out on whether computers had actually led to higher productivity. Those doubts have vanished. Younger examiners, we’re sure, could not envision conducting an examination without a PC or laptop. And Dave Chartrand certainly couldn’t imagine planning a CDS without his.

Although computers have certainly helped boost efficiency, multi-tasking now threatens to offset

those gains. A recent study at Microsoft revealed that it took workers an average of 15 minutes to return to their major tasks once they had been distracted by e-mails or instant messages.

This rings true because it happens to us — all the time. Whenever an e-mail arrives, its first few lines emerge on our screen for several seconds.

It’s a tease that we could easily remove forever by changing our default, but we won’t. We simply can’t resist the tease. Once we’re distracted by the pop-up, we might check the full message or make a phone call or get a cup of coffee — you get the picture.

Multi-tasking experts advise that for optimum efficiency one should check e-mail no more than once an hour. That’s a stellar idea unless you have a boss who wants to know why you have yet to respond to the message she sent 15 minutes ago.

Since IRES was formed, computers have transformed the workplace. When was the last time you heard someone say: “Take a letter”? (Come to think of it, when was the last time you received an actual letter?) But we must all work to ensure technological advances do not impede our capacity for critical thought, dehumanize our relationships or strip us of cherished personal freedoms. We’re still at the beginning of the computer revolution — and we’re all learning together.

— W.C.



# PITTSBURGH

## The 2007 IRES Career Development Seminar

AUGUST 12-14, 2007 HILTON PITTSBURGH

Fill out and mail to IRES: 12710 Pflumm Rd, Suite 200, Olathe, KS 66062

### Registration Form

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

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

PAID Spouse/Guest name

**Hotel Rooms:** You must book your hotel room directly with the Hilton Pittsburgh. The room rate for IRES attendees is \$139 per night for single-double rooms. Call group reservations at 800-445-8667 or 412-391-4600. The IRES convention rate is available until July 20, 2007 and on a space-available basis thereafter. Our room block often is sold out by early June, so guests are advised to call early to book rooms. See the hotel's web site at [www.hilton.com/en/hi/groups/personalized/pitphhh\\_ire/index.jhtml](http://www.hilton.com/en/hi/groups/personalized/pitphhh_ire/index.jhtml) to book a room online.

#### CANCELLATIONS AND REFUNDS

Your registration fee minus a \$25 cancellation fee can be refunded if we receive written notice before July 20, 2007. 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 Sept. 1, 2007.



#### Seminar Fees

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

##### Check box that applies

- IRES Member (regulator)..... \$320
- Industry Sustaining Member ..... \$520
- Non-Member Regulator ..... \$460
- Retired IRES Member ..... \$125
- Industry, Non-Sustaining Member ..... \$805
- Student Sustaining Member..... \$80
- Spouse/guest meal fee..... \$80

If registering after July 20, add \$40.00. No registration is guaranteed until payment is received by IRES.

A \$25 cancellation fee will be assessed if canceling for any reason.

**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 hotel's facilities comply with all ADA requirements.

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

**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)



## BULLETIN BOARD

✓ 2007 CDS tuition waiver “scholarships” are available for all those who have received an AIE or CIE since last year’s CDS. Apply by contacting the IRES office at 913-768-4700.

✓ **Association of Insurance Compliance Professionals (AICP) members:** Please note that IRES CIE and AIE courses can now be used to attain AICP designations of Associate Compliance Professional (ACP) and Certified Compliance Professional (CCP). More details will follow in our July issue.

✓ **Let IRES Take You Out to the Ball Game:** As a part of the IRES 20th birthday celebration, four tickets to the Pittsburgh Pirates/New York Mets game on Tuesday, August 14 will be raffled off at the Career Development Seminar (CDS). The

### In the next REGULATOR:

- *The Lowdown on Risk-Based Exams*
- *Confidentiality and Work Papers*

BULLETIN BOARD items must be no more than 75 words, and must be accompanied by the sender’s name, e-mail address and phone contact information. Submit plain, unformatted text without special font stylings, underlined hyperlinks or special margins and headings. A submission will be posted in the next edition of *The Regulator* as well as on the IRES Web site.

game begins at 7:05 p.m. You will be automatically entered into the raffle when you register for the CDS. Two lucky winners will be announced during the lunch on Monday, August 13. You must be present to win. Good luck!

## The Regulator®



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## Twenty

Celebrating 20 years of service to  
insurance regulators and consumers

*See stories, photos inside this issue!*