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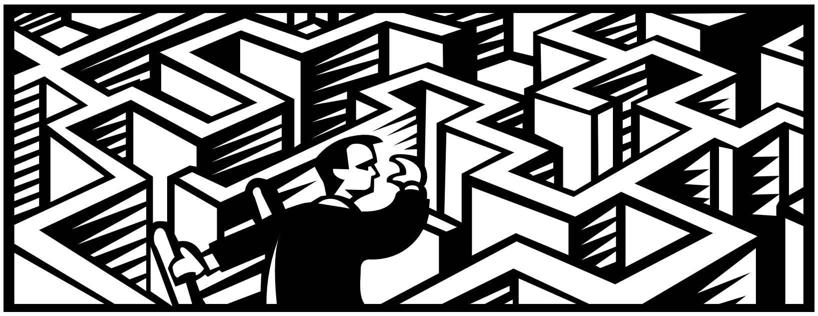

Who leads senior citizens through the annuity maze?

By Scott Hoober
Special to The Regulator

If you need to insure your car or home, you call an insurance agent. If you want to buy life insurance, same deal. But if you wish to invest your life savings in an instrument that will give you lifetime income, why, that's not insurance. And if you don't know a financial planner personally, why not talk to your friendly neighborhood banker?

That line of thinking has led many senior citizens to have their money moved into annuities — in many cases, into risky variable annuities or other instruments that aren't appropriate for their present and future needs.

Stories about seniors' funds being tied up and not available for, say, medical costs are rife. And, this being America, the class-action lawsuits have proliferated too.

Trouble is, this isn't just a story about unscrupulous or poorly trained bankers looking out for their own interests ahead of their customers'. It's also about insurance, since those annuities — however much some of them may look like mutual funds or other investments — are in fact insurance.

The annuitant's funds may be invested in a mutual fund, but only because the insurer invested some of the premium dollars in a mutual fund.

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Maintaining confidentiality during the exam process

by Gary Land, CIE

Editor's Note: *This is the first in a series of* Regulator *articles based on IRES' forthcoming Market Conduct Certification (MC+) textbook. MC+ is an educational program to provide hands-on training for IRES members on how to effectively run market conduct examinations. "Confidentiality and Workpapers" is one chapter of the MC+ textbook and, like all topics in the MC+ Program, was developed in accordance with NAIC guidelines. The following summarizes a portion of that chapter.*

The computerization of company data has given the examiner analytical tools that could only be imagined a few years ago.

Reviewing data once meant examining mounds of paper. To review more than a handful of individual entries would have amounted to a lifetime assignment. But, with conversion of data into a digital format, one can now literally hold millions of files in the palm of one's hand.

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JULY 2007

The Regulator

Wayne Cotter, CIE, Editor
quepasa1@optonline.net
Kathleen McQueen, Associate Editor

PUBLICATIONS COMMITTEE: Wanda M. LaPrath, Chair • Kathleen McQueen • Christel Szczesniak • Thomas Ballard • Gerald Milsky • Gary Boose • Janet Glover • Mary Darby • Bruce Ramge • Kashyap Saraiya • David Langenbacher • Joe Bieniek

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www.go-ires.org
e-mail: ireshq@swbell.net

12710 S. Pflumm Rd., Suite 200 Olathe, KS 66062
913-768-4700 FAX 913-768-4900
IRES Continuing Education Line: 913-768-NICE

David V. Chartrand, executive secretary
Susan Morrison, office manager and continuing ed coordinator

From the President

Leadership, fiduciary duty, persistence

Wow, how time flies — as my mentors and IRES Past Presidents Bruce Ramge, Kirk Yeager, Jann Goodpaster, Steve Martuscello, Gerry Milsky, Gary Domer, and Stephen King advised me would happen! As I wrap up my year as IRES President, it is clear to me that the qualities of leadership, fiduciary duty, and persistence are central to the long-term success of any association, including IRES.

My long-range goals for IRES have been consistent throughout the year, namely to (1) increase IRES membership and benefits; (2) complete the Market Conduct Certification (MC+) Program; and (3) enhance the already fabulous Career Development Seminar (CDS). The IRES Executive Committee and professional staff are to be congratulated for helping us achieve real progress in meeting these goals.

Moreover, I would like to thank IRES Executive Committee members Polly Chan, Jo LeDuc, Karen Dyke, Katie Johnson, Mike Hessler, and Wanda LaPrath. Their considerable leadership skills and talents allowed me more time to promote IRES with the IRES Foundation, the NAIC, AICP, SOFE, and other groups.

Exercising fiduciary duty is a responsibility that each of the IRES Executive Committee members demonstrated throughout this year, and the IRES professional staff — led by the dedicated David Chartrand and the amazingly talented Susan Morrison — have embraced and encouraged this aspect of IRES' development as a Society. IRES always has been a professional organization. Yet, it has grown to an even higher level of professionalism than I believe our Founding Fathers and Mothers envisioned 20 years ago.

Never giving up is easier said than done. The best way I have found to deal with difficult situations is to focus your energy into constructive action to solve problems. Several instances of inspiration encouraged me to persist over the past year — whether it was through special conversations with Tom Reents (the George Washington of IRES); assistance from new and veteran IRES members like Betty Bates, Angela Ford, Don Koch, Dennis Shoop, and my Missouri colleagues; or the wonderful out-of-the-blue “aha” suggestions from individuals reading *The Regulator,* which is so professionally edited by Wayne Cotter.

As a result, I — like my predecessor Stephen King — can confidently say I leave IRES a better and stronger organization. Reflecting on the remembrances of IRES Past Presidents featured in the recent special 20th Anniversary issue of *The Regulator*, I realized again how fortunate I am to count myself among this group of exceptional individuals.

Most of all, however, I want to thank my wife Rochelle for all her support, understanding, and unconditional love. Rochelle always inspires my best ideas, while many of the mistakes I made were probably because I failed to take her advice.

So now I prepare to turn over the reins of leadership to Polly Chan, who has earned my respect and admiration for her hard work, dedication to IRES, and passion to “do the right thing.” She is blessed to have a strong IRES Executive Committee by her side to assist her through her year as IRES President.

In closing, thank you IRES for making this Society a great place to meet new friends, develop and refine professional skills, and work to promote effective and efficient insurance regulation. I am proud to have served an organization whose members are dedicated to ensuring that consumers receive fair and honest treatment from their insurance companies.

I look forward to seeing you at the CDS in Pittsburgh August 12-14, 2007!

Take care,

Douglas A. Freeman

Douglas A. Freeman, CIE
IRES President

C.E. News

Coming to the CDS in Pittsburgh to get your IRES continuing ed credits?

Then be careful with your travel arrangements.

The only way to obtain a full 15 credit hours from CDS is to stay until the bitter end and pick up your attendance certificate. The certificate handout room will open at 3 pm Tuesday — and no sooner.

There are no exceptions for travel or work schedules. The only way to obtain all 15 hours is to stay until the certificates are handed out on Tuesday.

It goes quickly, however, so don’t be alarmed by the long line that materializes outside the certificate room at 3 pm. Once the doors are open, virtually all certificates are distributed within 15 minutes.

Those who leave the CDS early may apply for C.E. afterward, but the maximum granted will be 12 hours.

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Protecting the elderly from annuity scams

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Growing problem

This isn't to say that annuities are always a bad idea. Sometimes they're the perfect solution.

For instance, month after next, when you win $10 million in your state's lottery, you'll be offered the option of 20 annual checks of $500,000 apiece. The state will then buy an annuity guaranteeing you that payout — for which it will pay considerably less than $10 million.

Or a working person who's maxed out his or her 401(k) and wants additional retirement money could create an annuity with current income that will pay out starting at retirement.

In fact, as an agent of our acquaintance put it, simply, so-called nonqualified annuities are nothing more than glorified CDs.

" You say, 'I'm going to take $10,000 and put it in this account, and I don't want to see it for ten years, and I want it to earn 4-5% tax-deferred,'" said our source. "It's a perfect vehicle, because your principal is never at risk and you have a minimum of 3% guaranteed."

By one estimate, of the $12 trillion in investment and insurance accounts that Americans have earmarked for retirement, fully $1.35 trillion is in variable annuities alone, not to mention those plain vanilla nonqualified annuities and all the other flavors.

Such accounts can have their own problems (one big mistake: moving money into an annuity from existing 401[k] funds), and some complain that fees are too high. Yet the problems seem to arise mostly from sales to seniors, and particularly sales to seniors by agents working for the bank where they keep their funds.

The watershed year for bank sales of insurance products was 1999, with passage of Gramm-Leach-Bliley, the act that expanded the ability of banks to market such products. In 2002 alone, bank insurance sales increased 26% to an estimated $69.5 billion, according to a 2003 *Study of Leading Banks in Insurance* by the American Bankers Insurance Association (ABIA), an affiliate of the American Bankers Association (ABA).

Yet the bloom is off the rose.

Citigroup's acquisition of Travelers was the most visible manifestation of unbridled bank-insurance optimism. But by '04, Travelers' P&C division had been sold to St. Paul, and a year later, Citi sold its life and annuity business to MetLife. In general, banks have stopped doing their own underwriting and now mostly limit themselves to the agency or brokerage role.

And though ABIA likes to brag about the growth, a recent article in *USBanker* points out that even profitable insurance operations rarely earn the kind of margins the rest of a bank's operations do.

Besides, much of that growth has come from the sales of products that are simply inappropriate.

We know of a 79-year-old retired woman who had a $10,000 CD come due for rollover — and her trusted banker persuaded her to put the cash into an annuity that wouldn't start to produce income for ten years. An earlier annuity, bought through a financial planner, did indeed provide needed retirement income. But the new one was less appropriate — and the funds weren't available before age 89 without a hefty penalty (and the last payment wasn't slated until she was 99).

The Web site of a law firm that specializes in suing banks for insurance bad faith tells of a 73-year-old man whose $43,000 annuity from Midland National Life Insurance Company wouldn't start paying off until his 115th birthday.

One potential problem: The bank employee selling annuities has access to prospective clients' financial information, so he or she knows just who to target: who has large balances, who's got a jumbo CD coming due for renewal.

This is what bankers call "synergy." Before you call it "conflict of interest," though, remember that in accordance with Gramm-Leach-Bliley, those customers have probably signed a piece of paper that says the bank may share their information with subsidiaries.

Even so, as one regulator put it: "Between you and me, if you were to ask whether the agent is always acting with the best interest of the consumer, I would say the answer is probably no."

Complicated, expensive

Some people argue that annuities are complex enough that seniors, in particular, should avoid going anywhere near them. Some states even put limitations after a certain age.

Yet the original idea was a good one: providing life-long income. Makes sense, since insurance companies have experience predicting the life expectancy of a large group of people with a fair degree of accuracy.

As usboomers.com puts it on its site, “With life insurance, you collect if you die. With a life annuity, you collect if you live. It’s the life insurance ‘bet’ in reverse.”

From that simple beginning, annuities have proliferated. There’s fixed vs. variable, immediate vs. deferred vs. fixed period. And they can come with a cash payment, term certain, joint and survivor provisions and a bewildering combination of the above. They can be funded by a single fixed premium, or they can be funded over a period of time. A portion of the value can even be handed down to a beneficiary.

Then there are the very significant tax implications. To cite just one example, mutual fund profits are taxed at the 15% capital gains rate. But profits from the same fund in an annuity, though they stem from the same capital gains, are considered ordinary income when they are paid to the annuitant, and are taxed at a rate as high as 35%.

The biggest questions seem to surround single-payment deferred annuities (SPDAs), in which, as the name implies, you create the annuity with a single payment and begin receiving payments at a later date, after it’s matured.

SPDAs are extremely appropriate in some situations. For instance, you’ve just gotten an inheritance, or perhaps you’ve sold your business, and you want a reliable source of funds at a later date, when you’re closer to retirement. The deferral period isn’t just convenient, it’s responsible, since it allows the funds in the annuity to gain additional value before they’re annuitized, i.e., paid out.

But what if that lump sum is the annuitant’s life savings, and the investor sitting across the desk from the agent is at or beyond retirement age, has no other source of income (except Social Security) and was counting on those savings to pay the bills?

Some of the annuities sold to seniors don’t even begin paying out, much less finish, until long after the actuarial tables say the annuitants will most likely be dead. Why, you’d have to be a fool or a crook to sell an SPDA to someone like that.

“There is a significant commission typically paid on these deferred annuities,” often in the vicinity of 10%, said Minnesota Solicitor General Al Gilbert. “It’s a huge motivation for the agents to sell this policy.”

Some companies pay commissions as high as 50% of first-year premiums, though that’s for a ten-year continual annuity, one into which the annuitant will keep making payments for ten years.

Interestingly, in New York — and apparently only in New York — commissions are capped. When it comes to annuities, the maximum is 7% for the agent and another percent and a half for the agency. Peter Kreuter, assistant chief actuary with New York’s life bureau, says a lot of companies actually file for lower commissions, in the range of 5%.

Yet the widely publicized problems with seniors almost entirely center on SPDAs. Exactly what incentive do agents have to push deferred annuities instead of the kind that begin paying out sooner — even immediately?

“I would like to think the banks are doing it because they’re trying to do what’s right for the customer,” said our agent friend.

Since commissions for deferred annuities aren’t as a rule any higher than they are for immediate annuities, there’s no real financial incentive. Perhaps the highly publicized instances of unsuitability are the exception, rather than the tip of the iceberg. Or perhaps it’s a case of inexperienced agents selling what they know best.

If it is just a matter of a few — to use a cliché — “rogue agents,” no problem, insurance regulators can easily clean that up with a few investigations and a few disciplinary actions.

As our anonymous agent put it: “If they’re preying on the elderly and selling products that are not appropriate, I really think the regulators should put a stop to it.”

Are regulators up to it?

Instead, he feels regulators are looking the other way.

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Protecting the elderly from annuity scams

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"I can tell you where insurance regulators are really putting their efforts: in health insurance regulation," he said. "The annuities, auto, home insurance and everything else is being overlooked, those problems are being looked upon as minor compared to the health insurance crisis."

With all these complications, annuities clearly need strong, consistent regulation. Yet since they fall between insurance and securities, there's sometimes confusion over just which department has primary responsibility. After all, insurance agents who sell deferred annuities, the ones that look like investment products, must also be licensed as securities dealers.

Never mind for a moment whether insurers purposely created a product that might fall through a regulatory crack. Are annuities in the end being regulated well?

Joe Belth, editor of *The Insurance Forum,* is one of many who doubts it.

"Most of the actions that have been taken have been by state attorneys general, state securities regulators or attorneys," he said. "You'll notice I didn't mention state insurance departments.

"Insurance regulators are not doing diddly-squat in terms of enforcement."

(Belth has done one article on annuities recently in his newsletter and is planning another soon. If you don't subscribe, check out his publication at www.theinsuranceforum.com.)

Massachusetts and Minnesota are two of the states where strong enforcement of deferred annuities to seniors has come from someone other than insurance regulators.

In Massachusetts, a 2004 administrative action by Secretary of State William Galvin against seven banks and five broker-dealers led to a settlement with Bank of America (BofA).

Though BofA and several other banks had to make restitution to elderly customers who were put into inappropriate annuities (BofA agreed to offer refunds to customers who were 78 or older when the annuity began, and to waive surrender fees; those 75 to 77 were offered an expedited review into whether their investments were appropriate), the practice clearly continues elsewhere.

In Minnesota, AG Lori Swanson's January 2007 lawsuit against Allianz Life Insurance Company of North America, American Equity and American Family Legal Plan accuses them of selling products to senior citizens that were unsuitable for their financial needs.

"The Insurance Department has separate authority, and they obviously haven't brought a case," said Minnesota's Gilbert, who's handling the cases. "We thought it was important to bring one, so we did it."

He added: "These annuities are definitely regulated by the Commerce Department," which in Minnesota is where insurance regulation resides.

New York's Kreuter says his agency is working with the legislature to draft suitability legislation.

Kill 'em off?

If annuities are such a problem, perhaps the solution is to forbid them altogether.

No one is advocating such drastic action. And with good reason. Used properly, sold to people for whom they're suitable, they're very useful products. Even for some seniors.

"I would have no problem whatsoever selling a 70-year-old a single-premium annuity," said the agent, "[but it would be] a single-premium immediate annuity."

That way, the annuitant would get a known return on his initial premium starting in the first year. Plus the policy could designate a beneficiary, so if the policyholder died before all the funds were paid out, a portion could go to an heir.

Why aren't more policies like that being sold, instead of SPDAs?

"You've got some annuity salespeople out there who will tell somebody, 'Oh, the deferred is perfect for you,' when they don't ask the question, 'How soon will you need this money?'

"That's the first question that any annuity salesperson should ask."

If they aren't asking, it sure sounds like an argument for more aggressive enforcement. ■

Maintaining confidentiality during the examination

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With appropriate programming, one can search for anomalies in the entire database and get far more accurate documentation of a company's operations. The examiner now has the ability to scan information on all insureds with a particular type of policy, or review all claims relating to an individual current procedural terminology (CPT) or ZIP Code, or to see how many policies a company has written on an individual over time. Analysis is no longer limited to a miniscule sample of a large universe, but the examiner must be conscientious about the confidentiality of the data he or she accesses.

The media has reported with increasing frequency about stolen or lost computers containing critical consumer data. The IRS, FBI, credit card companies, and many other entities have acknowledged that computers and/or software containing thousands of personal records have ended up in the hands of unknown parties. The last thing that an examiner needs is to add his or her name to the list of persons responsible for releasing confidential company data, such as policies issued or claims handled.

Stop and think for a moment, then ask yourself the following questions:

- At the present time, how much confidential insurance company data resides on your computer?
- How many files on your hard-drive contain databases with privileged or confidential information?
- Which files are password-protected? Which are not?
- Do you have a password logon on your computer?
- How often do you change the password?
- When you leave a job site for the day or weekend, what do you do to secure the computer and the data on it?
- Have you ever had a virus invade your computer from the Internet?
- Could your data files be uploaded by a hacker?
- Have you ever e-mailed databases without password or encryption protection?
- Have you ever analyzed the security of the servers you use when e-mailing databases?
- Rather than allowing material to remain on your hard-drive, have you thought of transferring the data to a compact disc or a thumb drive, i.e., a USB flash drive?
- What would be the possible negative outcome from a breach of confidentiality of the names, dates of birth, Social Security numbers, addresses, and/or medical histories of thousands of people?
- If you were responsible for a data breach, how could this affect your future employability as a market conduct examiner?

Crunch Time

While the ability to "crunch" large numbers of files has become an important tool to the examiner, there is another "crunch" — this time on the examiner. This "crunch" is an absolute duty to have viable procedures in place to protect the integrity of the data made available to that examiner. The examiner should be aware of what policies and procedures his employer, (the state DOI, firm, or independent contractor) has implemented for data security. The examiner should also review how these requirements compare to NAIC guidelines.

Additionally, when starting an examination, the examiner should ask the company for its written policies and procedures regarding confidential material. The examiner should become familiar with the types of information and documents that the company considers "confidential." Also, the examiner should be aware of the policies and procedures that are in place at the company regarding the protection of confidential material. At a minimum, an examiner's own procedures to maintain the confidentiality of the material should be equivalent to or more restrictive than those of the company. In fact, if the confidentiality policies of the examiner's employers are more restrictive than the company's standards, then those should be the examiner's minimum standards.

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Maintaining confidentiality during the examination

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Remember, not only must these policies and procedures be in place, but it is also necessary to abide by them. Data retained on a laptop or in unprotected storage media is like keeping a loaded handgun in a drawer. If there is a danger of someone getting to the handgun, you need to have a trigger lock in place and a separate, secure area for the ammunition. Similarly, you must have appropriate safeguards in place to protect privileged and confidential information on your computer. In all instances, the burden is on the examiner to have appropriate safety measures in place and to maintain them at all times.

> ***While data security will not guarantee job security, the failure to adequately protect data could certainly lead to job insecurity.***

In some cases, flash drives come with software installed that allows one to password protect or encrypt the data. Similar software can be added to compact discs.

Password protection means that the file cannot be accessed unless a password is entered. Encrypted data is data that cannot be read (is illegible) unless a "key" is provided. Further protection can be provided by separating the data. Separating the data from the computer allows tighter control over the data, provided the data is secured in a locked file drawer or other equally limited access storage facility.

Passwords

One brief comment about passwords: There are many passwords that you can use that only someone with intimate knowledge of your personal history could uncover. For example, the initials of your first grade teacher with the year you entered that grade; the name of the character in your favorite movie; the name of the first person you kissed; odd names of cities you have visited, such as Walla Walla, Washington, or Phlox, Indiana; your neighbor's dog's name; etc. Use passwords you can remember, but that cannot be linked directly to you or your discernable history.

Birth dates of children or a spouse as well as anniversary dates are easy targets and should never be used. Remember, if someone hacks into your computer, they will also have access to all your personal information entered on that computer.

This article represents only a sample of the material that will be covered in the MC+ chapter on confidentiality. Confidentiality covers treatment of not only the companies' data, but examiner data as well. The full chapter also discusses what an examiner can do to protect the integrity of the data collected and maintain confidentiality when compiling market conduct examination work papers. The legal issue of maintaining "chain of custody" is also reviewed in this chapter.

While data security will not guarantee job security, the failure to adequately protect data could certainly lead to job insecurity. After all, your future as an examiner could be at issue following a serious security breach. ■

Gary Land is a CIE, IRES member, and an employee of the Missouri Department of Insurance, Financial Institutions, and Professional Registration (DIFP).These are Gary's views and do not necessarily reflect DIFP, NAIC or IRES opinions. Editor's Note: The MC+ textbook will provide the framework for the MC+ classes, scheduled to begin this fall. The 700+ page textbook is currently in the final stages of editing. When completed, its 24 Chapters will cover the entire market conduct examination process. The MC+ classes will be open to all IRES members (i.e., regulators, independent contractors, insurance industry personnel, and attorneys).

Are you ready for risk-focused exams?

by Tim Nauheimer

Editor's Note: *The New York State Insurance Department chairs the NAIC's Risk Assessment Working Group (RAWG). Author Tim Nauheimer has been working with New York's Michael Moriarty, Chairman of the Working Group, along with representatives from 19 other states, to develop the revised Financial Condition Examiners Handbook.*

In 2006, the NAIC adopted revisions to the Financial Condition Examiners Handbook (Handbook) incorporating a revised risk-focused examination approach for the 2007 edition. The new examination approach will be required for all examinations beginning on or after January 1, 2010 in order for states to maintain their accreditation status.

Q&A

However, states may choose to begin implementing the revised exam approach this year. The revised approach is meant to broaden and enhance the identification of risk inherent in an insurer's operations. Regulators will use the approach as part of their ongoing surveillance of insurers. The revised Handbook incorporates a seven-phase process for conducting an examination using the risk-focused approach.

One of the major differences between the traditional approach to examinations and a risk-focused one is that under the risk-focused approach, regulators place more emphasis on a company's risk management culture, corporate governance structure, risk assessment programs and control environment.

Important changes in the risk-focused approach include interviews with key members of management, verification of additional internal control documentation (including Sarbanes-Oxley compliance documentation, if available), and an increased level of importance in coordinating with external and internal auditors. The new exam approach is anticipated to increase the overall effectiveness and efficiency of the examination process.

The following are some frequently asked questions about the new risk-focused approach:

Q: *When did this project begin?*

A: In 2001, the Risk Assessment Working Group of the Financial Condition (E) Committee was formed to review and enhance the utilization of risk assessment, including the review of risk management practices employed by insurance companies, in the regulation of financial solvency.

The Risk Assessment Working Group established three subgroups in November 2002 in order to accomplish its objectives. The first subgroup, the Risk Assessment Development Subgroup, developed the Risk-Focused Surveillance Framework (adopted June 14, 2004) to describe the NAIC's proposed risk-focused financial surveillance process. Upon adoption of the Framework, the second subgroup, the Handbook Revisions Subgroup, convened to incorporate the concepts from the Framework into the Handbook. The third subgroup is the Risk Implementation Subgroup organized to address issues arising in the roll-out of the revised Handbook.

Q: *Generally speaking, what is this new exam approach?*

A: It's a seven-phase process whereby the exam team will identify key activities performed by an insurer, identify and assess inherent risk within those activities, identify and assess the controls that mitigate or reduce inherent risk, determine the amount of residual risk (i.e., the amount of risk that has not been reduced or mitigated) and define the nature and extent of examination procedures to perform.

Q: *Does the process rely more heavily on controls?*

A: Yes. The process does call for greater reliance upon and testing of controls that mitigate or reduce risk. However, the process is risk driven and assessing controls is an integral part of assessing overall risk.

Q: *Is the balance sheet still being examined?*

A: The balance sheet is still being examined with a greater emphasis on the controls that are in place for activities that generate financial statement line items.

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A risk-focused approach to exams

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One can gain comfort that a financial statement line item is not materially misstated by substantiating that the controls surrounding the process of generating the line item are designed properly and operating effectively, for example, verifying the controls in place to calculate investment values. By verifying there is a regular process in place that automatically downloads prices from a vendor such as Bloomberg, one can have comfort that investment values are correctly stated.

> ***The new examination approach will be required for all examinations beginning on or after January 1, 2010 in order for states to maintain their accreditation status.***

Additionally, operational controls that do not directly relate to the generation of a specific line item, but may have a significant impact if not properly functioning, may be substantiated as well. An example may be controls in place to monitor credit risk in the investment portfolio. This is a process that does not generate a line item, but if not properly monitored may have significant detrimental effects.

Q: *What role do outside, internal and other auditors play?*

A: The revised approach calls for reliance not only on external audit work but also on internal audit and Sarbanes-Oxley initiatives, when appropriate. If an examination team has determined that control or substantive testing is necessary, they should consider any existing external audits, internal audits and/or Sarbanes-Oxley reviews that may help meet their objectives. It is important to note, however, that professional judgment should always be exercised before relying on the work of others.

Q*: Can you compare the old exam approach with the new approach?*

A: The old approach emphasizes substantiating the balance sheet by verifying account balances with numerous substantive procedures. All the numbers could tie-out in the end, but if one does not take into consideration how well managed an organization is, how can one have any comfort such results will continue in the future? The revised process takes into consideration the risk management processes of an insurer to provide a more informed assessment of financial solvency.

Q: *What are some of the key changes in the new process?*

A: One of the most significant changes in the revised process is the assessment of prospective risk. That is the risk that something will emerge after the examination date. The traditional balance sheet exam approach does not capture this type of risk because such risk is not reflected in any line-item number. Failure to identify and remedy prospective risk could lead to financial insolvency. A prime example is an insurer that significantly underprices the market and thus lacks the ability to pay future claims.

Q: *What are some other key changes?*

A: The risk matrix is introduced as an exhibit in the revised Handbook as a new tool to guide the exam team through the seven phases of the exam. The risk matrix documents the seven phases of the exam and shows the linkage between key activities, risks, controls, exam procedures and findings in a clear and concise manner. The risk matrix also helps keep the exam organized in a logical manner and houses the supporting documentation for the exam.

Q: *What's the interview process all about?*

A: The revised exam process emphasizes a top-down approach, meaning in order to assess high level management and begin to identify and assess risk, interviews with senior management are conducted. Interviews start with what we termed "C" level personnel, such as the CEO, CFO, COO, etc. The interview process then moves down to middle management and lower if necessary. The interview process helps the examiner scope the exam by helping steer the exam towards areas of higher risk and away from areas of lower risk.

Q: *What are some challenges that lie ahead?*

A: The RAWG has identified training examiners on the new process as the biggest challenge, especially interviewing skills. The RAWG worked closely with the NAIC to develop a 2 1/2 day training class providing overall training on the revised risk-focused exam approach that is currently being offered throughout the country to accommodate all states. Future specialized training modules are also being developed on various topics, such as assessing investment risks, control testing, assessing overall corporate governance, etc.

Q: *Can this approach be used on market conduct exams?*

A: Yes. When the Financial Condition Examiners Handbook is successfully implemented, the application to market conduct exams might gain more traction. The revised exam approach is very portable, can be applied to most industries and is used by many other regulators both in the U.S. and around the world.

Q: *Where can I get more information about this process?*

A: Reading the 2007 edition of the Financial Condition Examiners Handbook is the best place to start. Additional questions about this new approach may be addressed to the NAIC support staff of the Risk Assessment Working Group or any member of the RAWG. Michael Moriarty, Deputy Superintendent of the New York State Insurance Department and Chair of the RAWG can be reached at **mmoriart@ins.state.ny.us**, while the NAIC's Bruce Jenson is reachable at bjenson@naic.org. The author's e-mail address is **tnauheim@ins.state.ny.us**. ■

Tim Nauheimer is a Supervising Risk Management Specialist in the Capital Markets Bureau of the New York State Insurance Department.

Come to the CDS and discuss ...

Here are just a few of the programs you can attend at the 2007 CDS Aug. 12-14 in Pittsburgh. See registration form, page 19.

For a listing of all the Pittsburgh programs, visit **www.go-ires.org**. At the Home page, click on "07 Career Development Seminar."

Innovative Life and Annuity Products — We will discuss the pros and cons of owning these products, the products that are available and what consumers should know to determine whether the product is suitable for their situation.

Life Settlements, Viaticals and Investor-Initiated Insurance: What Are They? — Insurable interest, who regulates them, differences between the products, whether disclosure is enough.

To Issue or Not to Issue: Producer Licensing 101 — Presenters from different states will share their handling of requirements for producer compliance.

OFAC: Compliance Requirements for everyone — Some people remain confused with Office of Foreign Assets Control (OFAC) requirements. OFAC applies to all lines of business, and it applies to many things besides claim payments. Learn what the requirements are and what tools companies are using, including software programs, to help be compliant.

Ins and Outs of the Market Conduct Annual Statement —How insurers are handling the market conduct annual statements, including the challenges that are faced and some proactive steps to meet those challenges.

Who's Been in your Wallet? Insurance Aspect of Identity Theft — The woes of identity theft and how they affect the insurance industry, as well as consumers and policyholders.

Just How Good are an Insurance Company's Investments?— A presentation by the SVO of the NAIC on evaluating an insurer's investment portfolio. Learn of the risks associated with high-yield investments.

Reinsurance, Past, Present and Future—After all the publicity reinsurance received as a result of New York's recent investigations, what is the state of the reinsurance marketplace today?

Federal Impediments to State Health Reform —The recent recommendations of the NAIC's Federal Relief Subgroup Task Force, followed by a roundtable discussion of the challenges and impediments in federal law that limit states' ability to innovate in health care.

Cost-Saving Trends in Health Care: Consumer-Driven Products and Wellness Programs — This session will explore two major trends in employee benefit health plans: Consumer-driven health care products and wellness programs.

IRES Members: Your CIE/AIE coursework may qualify for credit under AICP's accreditation program

by Bill Douglas, AICP

Many of you know the history of the Association of Insurance Compliance Professionals (AICP). The AICP was formed in 1985 as the Society of State Filers. Its goal was to provide opportunities for P&C insurance industry filers to meet and discuss common issues.

The association has grown since then, adding Life & Health in 1997, changing its name to the AICP in 1998 in order to recognize the expanding roles of insurance compliance professionals, and reaching out to include all diverse occupations associated with insurance compliance. Today the AICP is comprised of more than 1,500 members representing P&C and L&H backgrounds, and its membership includes industry, regulators, trades, and third-party providers.

IRES and the AICP align very well in terms of their respective missions and what they provide to their memberships. And, in fact, representatives from IRES and the AICP have been working collaboratively on a number of initiatives that bring benefits to members of both organizations.

The AICP routinely reviews its Associate Compliance Professional (ACP) and Certified Compliance Professional (CCP) designations. As membership grows and continues to diversify, the AICP's Education Committee identified the need to review the AICP's professional designation coursework in terms of educational pursuits of its regulator members and to enhance the ACP and CCP programs as needed. Hence, an ACP/CCP Designation Regulator Track Subcommittee was formed.

The main objectives of the Regulator Track Subcommittee were: (1) to provide recognition of insurance regulator educational coursework for purposes of attainment of ACP and CCP designations; and (2) to enhance the value of the AICP's professional designations by ensuring viability and applicability to a broader segment of its membership and the insurance compliance community.

The educational programs designed for regulators that were reviewed are the AIE and CIE designations administered by IRES and the Associate Professional in Insurance Regulation (APIR), Professional in Insurance Regulation (PIR) and Senior Professional in Insurance Regulation (SPIR) designations administered by the NAIC. The Subcommittee identified the following tenets in terms of building regulator tracks:

1. Expand current ACP/CCP coursework recognition if regulator educational pursuits require regulator-specific coursework to obtain educational goals.
2. Recognize commonalities and differences between industry and regulator educational programs.
3. Recognize similarities and differences among P&C and L&H regulators in terms of educational pursuits.
4. Maintain the rigor, vitality and robustness of the current designation requirements.
5. Build on the current program rather than a revamping of the current program.

The result was (1) a recognition of coursework pursued by regulators as we work on our continuing education and professional development and (2) the need to incorporate such coursework into the AICP's professional designation program. AIE and CIE designation coursework offered by IRES and the APIR, PIR and SPIR designation coursework offered by the NAIC were reviewed, and regulator tracks have been added to the AICP's professional designation program that is in keeping with the tenets noted above.

So, now as you pursue your AIE and CIE, you will find that many of the courses also fulfill requirements for the ACP and CCP designations and provide continuing evidence of the common goals shared by IRES and the AICP. We encourage you to take a look at the AICP's updated program under the "Career Center" portion of the AICP website at www.aicp.net.

Bill Douglas, FMLI, FFSI, AIRC, AAPA, ACS, CCP, is a Compliance Manager with the Standard Insurance Company and a past president of AICP. He authored this article as a representative of the Association of Insurance Compliance Professionals.

The IRES CDS is in Pittsburgh? YES, PITTSBURGH

by Nick Marrangoni

As IRES prepares to celebrate its 20th anniversary and begins to look forward to the next 20 years, Pittsburgh, the Renaissance City, is an excellent example of how you can cherish and celebrate your past while looking to the future.

Take it from someone who went to college in Pittsburgh, grew up just north of the city and visited countless times growing up, Pittsburgh of the 21st century surprises many first-time visitors. The first and most awe-inspiring surprise comes on your way into the city.

The usual and most direct route from the airport will take you through the Fort Pitt tunnel. The tunnel goes through the side of a mountain blocking your view of the city up to this point. As you exit the darkness of the tunnel, it is a breathtaking sight to see the city skyline suddenly appear before you.

Visitors to the city are often surprised by how many things there are to do. For those seeking a cultural experience, the Carnegie Museums (www.carnegiemuseums.org), the Carnegie Science Center (www.carnegiesciencecenter.org/), the Heinz Western Pennsylvania History Center (www.pghhistory.org/), the Andy Warhol Museum (www.warhol.org/) and the Phipps Conservatory (http://www.phipps.conservatory.org/) are all great choices.

For what is a cultural experience for some, the Pittsburgh Brewing Company (www.pittsburghbrewingco.com/), brewer of Pittsburgh's hometown beer, Iron City, offers tours. In addition, The Church Brew Works (www.churchbrew.com), a brewpub in a 105-year-old former Catholic Church, is also worth a visit.

For those looking for entertainment, Station Square (www.stationsquare.com) is a large shopping/eating/entertainment complex. Unique to Pittsburgh are its "inclines" (http://incline.pghfree.net/). There are two inclines that take passengers up Mount Washington in a small trolley car on a railroad track. You get an amazing view of the city on the ride up and from the lookout points on top of Mount Washington.

As a bonus, some of the finest restaurants in the city are on top of Mount Washington, including The Georgetowne Inn (www.georgetowneinn.com), the Coal Hill Steakhouse (www.coalhillsteakhouse.com), Le Mont (www.lemontpittsburgh.com) and the Tin Angel. Each restaurant offers great food and spectacular views of the city.

No visit to Pittsburgh would be complete without a trip to the Strip District where you'll find authentic Italian specialties, fresh meat, fish, cheese, produce and an interesting variety of stores and restaurants. The Strip District also has several nightclubs and is home to the main location of a venerable Pittsburgh institution in eating, Primanti Brothers Restaurant. Primanti Brothers is a sandwich shop, whose Strip District location is open 24 hours and is probably busiest between 1:30 and 2:30 a.m. when the nightclubs close.

If the late night scene is not for you, don't worry, Primanti Brothers has several other locations around town that cater to the lunch and snack crowds. Be warned though, your sandwich from Primanti's is supposed to contain meat, cheese,

continued on next page

So much to do in Pittsburgh, so plan ahead!

continued from previous page

french fries and cole slaw stacked in between two thick cut slices of fresh Italian bread and served on a piece of wax paper!

Sports enthusiasts will be happy to note that Pittsburgh's Major League baseball team, affectionately known as the Buccos, is scheduled to play the New York Mets on Tuesday night as well as a make-up doubleheader against Barry Bonds and the San Francisco Giants on Monday. The Pirates play in PNC Park, a fabulous new ball yard, just a short stroll across the river from your hotel.

PNC Park is considered one of the best major league baseball stadiums in the country. It is comfortable, has numerous dining options, including Primanti Brothers, and offers incredible views of the city skyline. Heinz Field, home of the five-time World Champion Pittsburgh Steelers is adjacent to PNC Park and offers tours.

For those arriving early or staying a day or two after the conference there are many unique things to do and see within an hour of Pittsburgh. Some include; Fallingwater, a Frank Lloyd Wright house (www.paconserve.org/index-fw1.asp); the Laurel Caverns Geological Park, containing Pennsylvania's largest cave (www.laurelcaverns.com); Mountaineer Race Track and Gaming Resort, featuring live and simulcast thoroughbred racing along with slots, restaurants and entertainment (www.mrtgaming.com); and several historical villages, such as Ligonier (www.ligonier.com), Old Bedford (www.oldbedfordvillage.com) and Volant (www.volantshops.com).

Whether you have an hour of free time or an entire day, you'll find Pittsburgh a colorful town with plenty to experience. By the end of your stay, you'll know why IRES chose Pittsburgh! ■

Nick Marrangoni, CPCU, ACP, API, is a Lead Compliance Analyst with the Liberty Mutual Insurance Group.

Pittsburgh Ramblings

They're really rockin Boston
In Pittsburgh, P. A.
— Chuck Berry
Sweet Little Sixteen

I come into Pittsburgh
At six-thirty flat.
I found myself a vacant seat
An' I put down my hat.
— Bob Dylan
Lo and Behold

I don't ever remember having any
bad times here in Pittsburgh.
— Barry Bonds

It's cloudy out in Pittsburgh
It's raining in Saigon
Snow's fallin' all across the Michigan line
Well she sits by the lights of the Christmas tree
With the radio softly on
Thinkin' how a good man is so hard to find
— Bruce Springsteen
A Good Man is Hard to Find

I can't let go now
Even when darkness surrounds
But if I hold on, yeah
I will show the world
All the things that you never expected to see
From little old me, this Pittsburgh girl
— Christine Aguilera
I Will Be

IRES State Chapter News

LOUISIANA — On May 3**, Thomas Clemons**, Assistant Director of the Louisiana Health Care Commission, spoke on "Initiatives on Addressing the Uninsured." Mr. Clemons discussed those parties most affected by limited or no insurance coverage. Thirty-one regulators attended.
—Larry Hawkins; lhawkins@ldi.state.la.us

NEBRASKA — Our speaker at the May chapter meeting was **John Rink**, Actuarial Assistant with the Life and Health Division of the Nebraska Department of Insurance. John addressed the Long-Term Care Insurance Partnership Program. Details of upcoming meetings can be found on the IRES Web site, as they are scheduled.
—Karen Dyke; kdyke@doi.state.ne.us

OREGON — At our April meeting, a panel including representatives of the Insurance Division and the State's Department of Human Services discussed Oregon's new law mandating parity in payment for mental health services by health insurers. At our May meeting, we heard from the Division's Senior Policy Team on the status of legislation concerning P&C, health and life insurance in this year's Legislative session. Also presenting was **Greg Lathrop**, the Division's Financial Examiner-in-Chief. Greg's presentation was entitled, "An Introduction to Financial Regulation."
—Cliff Nolen; Cliff.Nolen@state.or.us

VIRGINIA — Twenty-six regulators attended our quarterly Chapter meeting on April 30. **Suzanne Gore**, Senior Policy Analyst with the Department of Medical Assistance Services gave a presentation on Virginia's Long-Term Care Partnership, specifically why Virginia is initiating this program and what benefits the program will offer to Virginia consumers. This program was new to most of the attendees and prompted numerous questions. Overall, it was a very informative and interesting meeting on a topic that Virginia regulators will be hearing about more and more as the launch date of September 1, 2007 approaches.
—Julie Fairbanks; julie.fairbanks@scc.virginia.gov

"Quotes of the Month"

"[Credit Scoring is] a tool that helps insurers make more precise decisions. It makes it fairer for everyone."
— Eric Englund, Wisconsin Insurance Alliance.

"They had even given me the 'gold policy' discount for being a long-term customer and a discount for being claims-free, then they stick me with this credit crap."
— Wisconsin policyholder Scott Campbell on how his homeowners premium rose from $700 to $951 after his insurer implemented a new credit scoring policy. Campbell said he has never filed a homeowners claim, but did declare bankruptcy in the early 1980s.

Regulatory Roundup

by
Stroock & Stroock & Lavan LLP

New York — Governor signs executive order creating a commission to identify ways to improve financial regulations

On May 29, Governor Spitzer signed Executive Order No. 15 establishing the New York State Commission to Modernize the Regulation of Financial Services (the "Commission"), which will be led by Insurance Superintendent Eric Dinallo.

The Commission was created to respond to allegations by various financial services companies that unnecessary, burdensome and inconsistent regulation by multiple state regulators has stunted creativity and growth in many aspects of the financial services sector in New York, resulting in higher business costs and lost opportunities.

Various consumer advocacy groups have also alleged that New York's regulation of financial services companies is outdated and does not adequately protect consumers.

The Commission is charged with: (i) identifying ways in which regulatory powers may be integrated, rationalized, and changed in order to promote economic innovation and protect consumers; (ii) recommending specific changes in statutes and regulations that promote competition and the growth of business, while effectively protecting both consumers and businesses from unfair or unethical practices; and (iii) ensuring that all statutes and regulations serve a beneficial purpose and do not impose costs higher than any benefits they provide. Executive Order No. 15 requires the Commission to conduct a comprehensive review of New York's financial services statutes, regulations, rules and policies and issue recommendations for modifications by June 30, 2008. To view Executive Order No. 15, visit **www.ny.gov/governor/executive_orders/exeorders/15.html.**

Louisiana — House passes bill that offers grants of up to $100 million to insurance companies willing to write policies in Louisiana

On May 16, the Louisiana House of Representatives passed House Bill No. 678, which established the Insure Louisiana Incentive Program (the "Program").

The Bill declares that, as a result of widespread industry losses due to Hurricane Katrina, many insurers have greatly reduced their participation in the voluntary market for residential and commercial property insurance resulting in a substantial increase in the number of Louisiana property owners forced to obtain insurance coverage from the Louisiana Citizens Property Insurance Corporation ("Citizens"), the state insurer of last resort, which is operating at a steep deficit.

Under the Program, the Commissioner of Insurance may grant up to $10 million in matching funds to a qualified property insurer (i.e., having capital and surplus of $25 million dollars and in stable financial condition) for every dollar of newly allocated capital funds that such insurer commits towards writing property insurance in Louisiana, with a maximum of $100 million to be granted under the Program. Insurers who receive the matching capital fund grants must write property insurance with net written premiums at a ratio of at least two dollars of premium for

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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.

each dollar of newly allocated insurer capital and the matching capital fund grant. Thus, if the insurer allocates $2 million in capital and receives a matching capital fund grant of $2 million, the insurer must write property insurance with net written premiums of at least $8 million.

In addition, during the first 24 months after receipt of matching grants, insurers must write 25% of the net written premium for policyholders whose property was previously insured by Citizens. To view House Bill No. 678, visit the Louisiana House of Representatives' Web site at **www.house.louisiana.gov.**

Oklahoma — Governor signs bill to expand health coverage for small businesses

On June 4, Governor Brad Henry signed House Bill 1225, a bill established to lower the number of uninsured, assist businesses in their ability to afford health care benefits and coverage for their employees and eliminate barriers to providing health coverage to eligible enrollees under federal law.

Under the Bill, the Oklahoma Health Care Authority (OHCA) will provide coverage under the state Medicaid program to children under the age of 18 whose family income does not exceed 185% of the federal poverty level. In addition, OHCA will develop and implement a premium assistance plan to assist small businesses and/or their eligible employees to purchase employer-sponsored insurance in a state-sponsored benefit plan.

The premium assistance plan will expand eligibility in the program from employers with 50 employees to employers with 250 employees and from those employers whose employees earn 185% of the federal poverty level to a 250% threshold. In addition, a revolving fund will be created to aid OHCA to implement the premium assistance plan. The Bill will become effective November 1, 2007. To view House Bill 1225, visit **www.sos.state.ok.us/documents/Legislation/51st/2007/1R/HB/1225.pdf.**

California — Assembly passes bill requiring insurance companies to obtain approval before increasing premium rates

On June 1, the California Assembly approved an amended Assembly Bill 1554, a bill requiring insurance companies to obtain approval by the Department of Managed Health Care ("DMHC") or the Department of Insurance before they can increase the amount of premiums, copayments, coinsurance obligations, deductibles, and other charges under a health care service plan or disability insurance policy.

Under the Bill, proposed rate increases would be denied if they were deemed excessive, inadequate or unfairly discriminatory. In considering whether a rate is excessive, inadequate, or unfairly discriminatory, the DMHC will consider whether the rate mathematically reflects the health care service plan's investment income and is reasonable in comparison to coverage benefits. The Bill will apply to applications for rates starting in January 2009. To view Assembly Bill 1554, visit the California Assembly's Web site at **www.assembly.ca.gov/defaulttext.asp.**

Welcome, new members!

Maryellen Baker, Ohio
Candace B. Pickens Delaware
Kimberly T. Robinson, Maryland
Veronica Cid, Wisconsin
Mary Firmin, Louisiana
Jessica R. Luff, Delaware
Theresa A. Morfe, Delaware
Shemeddra Thomas, Texas
John E. Hyde, Maryland
Terence J. Hall, Florida
Brian Maynard, Kentucky
Marcy A. Kreoger, Illinois
Michael B. Lydon, Oregon

Casual Observations

Sicko

Spend time with any insurance department consumer services rep worth his salt and you're likely to hear your fill of health insurance horror stories. It doesn't take a cinematic auteur to ferret out such heartbreaking tales.

That said, Michael Moore's new movie, *Sicko*, is an important, powerful film, likely to pull at the heartstrings of even the most jaded regulator. Moreover, it's the first time we've heard people actually discussing health insurance in a movie theatre men's room.

On the downside, Moore's examples of the best and worst in health care are largely anecdotal, and he occasionally wanders off track by discussing college costs and pension plans. However, when he returns to the basic shortcomings of this nation's health care system, he seldom misses his target.

As those Depression-era musical trailers used to promise: "You'll Laugh! You'll Cry!" at this highly entertaining film (perhaps Moore's best). You'll also get angry, frustrated and outright disgusted.

Moore begins with the premise that it's not just the uninsured getting a raw deal from our current health care system — it's all of us. We're all caught up, he says, in a perverse system that offers incentives to health care practitioners who deny claims and discourages those who actually help people feel better.

A State Regulator's Perspective

As a regulator, we were frustrated that *Sicko* never adequately explains the role of the states in regulating health insurance, particularly in the individual market. For example, the film offers a laundry list of ailments for which an individual can be rejected for health insurance coverage, but fails to mention that not every state permits such practices.

In an extensive interview with a former investigator for a health insurer, Moore does manage to touch on state regulation. The investigator explains how he used to review sick policyholders' applications with a fine-tooth comb looking for misleading statements. Even the smallest pre-existing condition discrepancy, he said, could lead his employer to rescind the policy from inception and deny all claims.

The investigator goes on to confess that he helped retroactively cancel policies of sick people who didn't even know they had pre-existing conditions. These rescissions were permitted, he said, based on a "prudent person" pre-existing condition denial standard.

The rule allows insurers to retroactively cancel a policy if the applicant fails to inform the company of a pre-existing condition *even if the applicant was unaware of the condition when filing his application*. Such rescissions are allowed in some states, according to the film, if a reasonably prudent person would have sought treatment for such a condition prior to applying. Ignorance, it seems, is hardly bliss when dealing with health insurance.

To the best of our recollection, this exchange was the sole reference to state regulation in the film. Thus, for those who are clueless regarding the role of the states in regulating health insurance, *Sicko* certainly is not a source of enlightenment.

Many state regulators and legislators are probably breathing huge sighs of relief that *Sicko* didn't point any fingers at them. They shouldn't be. Those who understand our health care financing system know states certainly are not blameless for the current health care morass.

Perhaps Moore sees state regulators as inconsequential cogs in a larger, more twisted system or maybe he just doesn't fully appreciate the state regulatory role. Regardless of the reasons behind Moore's decision to disregard the states' responsibility for the shortcomings of the U.S. health care system, *Sicko* is must-see viewing for every state regulator who grapples with health insurance issues on a regular basis.

—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

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

PAID Spouse/Guest name

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.

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 to book a room online.

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

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.

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

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Call for more details: 913-768-4700. Or see IRES web site: www.go-ires.org

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In the next REGULATOR:

Highlights from the Pittsburgh Career Development Seminar

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.

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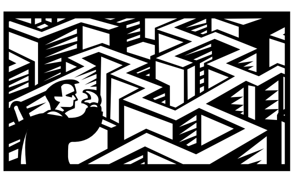

Leading the elderly through the annuity maze. *See story, page 1.*

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