# The Regulator®

INSURANCE REGULATORY EXAMINERS SOCIETY


*The CDS Commissioners' Interview*

## The Consumer Comes First

*Below is Part 1 of an interview conducted following the Commissioners' Roundtable at this year's Career Development Seminar (CDS). Editor Wayne Cotter conducted the interview with the assistance of Scott Hoober. We thank* ***Kansas Commissioner Sandy Praeger****,* ***Pennsylvania Commissioner Joel Ario****,* ***Nebraska Director Tim Wagner*** *and* ***Missouri Director Douglas Ommen*** *for participating. Part 2 will appear in the November issue. Note that due to space limitations, some responses have been abbreviated.*


**Regulator:** *Commissioner Praeger, you've said that an optional federal charter approach would lead to a national agency that would be unable to provide effective oversight of insurers? Can you expand on that?*

**Commissioner Praeger:** From a financial standpoint, they probably could provide effective oversight, but what I have said is that the hallmark of state-based regulation is the consumer protection aspect. Insurance products are there to provide security for us. So when something unforeseen happens — whether it's an unexpected death, a car accident, or a tornado —these are stressful events anyway. The ability to get your questions answered quickly and efficiently is what state-based regulation will always do better than federal regulation.

When we were doing our credit-scoring legislation, we had companies that were sending out inaccurate notification forms based on the Fair Credit Reporting Act. Well, until we had the statutory authority to look at how credit scoring was being used, we didn't know that a problem existed. The Fair Credit Reporting Act requirements had been out for 30

continued on page 5

Happy birthday to IRES! See pages 8-12 for scenes from the 2007 CDS, and the Society's 20th anniversary celebration in Pittsburgh.


## Polly Chan of California is new IRES President

PITTSBURGH, Pa — Polly Chan faced the crowd of 450 in the massive ballroom of the Pittsburgh Hilton and made her first official announcements as President of IRES.

First, she commended outgoing president Doug Freeman of Missouri for a year of leadership and courage.

In her second official act, she smiled broadly and dispelled the myth that leadership positions are available only to the privileged or influential.

**Polly Chan**

"If Polly Chan can do it, anyone can do it."

During acceptance remarks in the ballroom of the Pittsburgh Hilton, Ms. Chan reminded her fellow regulators that each of them has the power to shape IRES to meet the needs of modern regulators.

continued on page 4

SEPT 2007

The Regulator

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

PUBLICATIONS COMMITTEE: Douglas A. Freeman, Chair • Kathleen McQueen • Christel Szczesniak • Thomas Ballard • Gerald Milsky • Gary Boose • Janet Glover • Mary Darby • Bruce Ramge • David Langenbacher • Joe Bieniek





*THE REGULATOR is published every other month by the*

INSURANCE REGULATORY EXAMINERS SOCIETY



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

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




# From the President

## Building on a Strong Foundation

It's because of all of you that we recently celebrated our 20th Anniversary in the beautiful city of Pittsburgh! Because of your diligence and dedication, IRES has grown remarkably. However, building a strong regulators' society is neither a burden nor a chore, but an honor and privilege for every one of our members. With our unique talents and expertise, just like our founding and establishing members, each one of us can contribute to the legacy of IRES and build a bridge for the next 20 years.

Doug Freeman, our immediate past president, has shown his exemplary leadership to challenge us. He has achieved his goals, and in many instances, he has gone above and beyond our expectations. He has certainly built a solid foundation for his successor to follow.

As the current President, I pledge to continue Doug's excellent work to promote the IRES mission to ensure professionalism and integrity among insurance regulators. The 2007 to 2008 goals fall under two categories: "Local" and "Global" growth of IRES.

### Local Goals

When I say "Local," I am referring to growth within our IRES family. We want to:

- **I**ncrease our membership
- **R**efine the AIE and CIE curriculums
- **E**nlarge benefits and use of Technology
- **S**timulate participation in IRES committees

Our 2006-07 Membership Committee, led by Jo LeDuc, has done a fantastic job with their membership drive and the enhancement of the IRES Web site. The Accreditation & Ethics Committee has been working on expanding the AIE and CIE curriculum to include title insurance courses. Also, IRES will be using technology to enhance our communications.

On the human side, many members have

contributed much to the success of various projects. However, I will still challenge every member to participate on a committee/subcommittee in the coming year. I encourage you to talk to a committee chair, contact IRES, or indicate your interest on the evaluation form. You may even consider being a Board member, which may lead you to be an Executive Committee member.

When I obtained my CPCU designation in 1988, I proclaimed "If Polly Chan can do it, anyone can." Now, I am proclaiming again: "If Polly can be president, everyone can." I encourage everyone to GET INVOLVED.

**Global Goals**

When I say "Global," I am referring to outreach. This includes:

- **I**nvigorate the CDS programs
- **R**ealize the MC+ Program
- **E**xplore other learning opportunities
- **S**tart the IRES-NAIC Research Pool

The Education Committee will continue to invigorate the CDS programs. Gary Domer and many volunteers have done a magnificent job in developing the MC+ program. However, IRES still needs your support. IRES needs your support to put the class into full gear. We will explore other learning opportunities, such as joining and collaborating with other professional associations.

We will start the IRES-NAIC Research Pool. We will poll our members to create a list of insurance subject matter experts, and share that list with the IRES members, who also serve on NAIC Committees (task forces, working groups, and/or subgroups). Yes, we will pool our resources to educate regulators, industry and consumers. Our overall goal is to build a better insurance world for tomorrow to protect our most important clients, our consumers.

In addition, we welcome any suggestion, idea and comment from each one of you. Please do not hesitate to contact IRES at 913-768-4700 or e-mail your input by accessing the following Web site address: **http://64.78.60.34/contact.cfm**

God Bless,

Polly Chan

Polly Chan, CIE
IRES President

# C.E. News

The 2007-2008 chair of the IRES Accreditation & Ethics Committee is Jo LeDuc, CIE, from Wisconsin.

It's that time of year again when your CE hours are due. The compliance period runs 9/1/06-07, but IRES gives you 30 days past the compliance period to submit your needed hours. Don't risk the lapse of your designation due to failure to comply.

If you went to the IRES Pittsburgh CDS and picked up your certificate, you received an automatic 15 CE hours and there is no need to submit a compliance form. If you were at the CDS and did not pick up your certificate, you will need to submit a compliance form showing how many hours you attended up to a max of 12 CE hours.

Common mistakes when filing a compliance form:

- Submitting more than the maximum 12 CE hours for a single course/seminar
- Failing to attach documentation
- Submitting courses/seminars that do not fall in the 9/1/06-07 compliance year
- Waiting until the last minute and sending forms in late

Compliance forms and Reachback forms can be found on the IRES Web site: **www.go-ires.org**

N · I · C · E

**National IRES Continuing Education**

The mandatory continuing education program for AIE and CIE designees

# *Polly Chan of California elected new president of IRES*

*continued from page 1*

Ordinary, career regulators, she said, developed the Society's new "Market Conduct-Plus" certification program and recently created NAIC-IRES "research pool."

And the best, she said, is yet to come.

"I pledge to continue Doug's excellent work, to promote the IRES mission to ensure professionalism and integrity among insurance regulators ... Our overall goal is to build a better insurance world for tomorrow to protect our most important clients, our consumers."

**Doug Freeman with newly elected IRES President Polly Chan**

Doug Freeman agreed. In his final President's address, Freeman said that tomorrow's regulation would depend on partnership and cooperation between IRES and other organizations.

Much time was spent the past year, he said, "building bridges" between IRES and such groups as the Association of Insurance Compliance Professionals (AICP), the Society of Financial Examiners (SOFE), and the National Association of Insurance Commissioners (NAIC). He also cited the fundraising efforts of the industry-managed IRES Foundation, which has provided grants and seed money for the Society's educational programs.

"IRES is just beginning to learn how to fly," Freeman said. "IRES has the capability to build any bridges to the future that it sets its sights upon."

Ms. Chan — whose personal motto is "Go the Extra Mile" — holds a CIE, CPCU, and AU. She joined IRES in 1988. Since then she has served on the IRES Board of Directors since 2002 and its Executive Committee since 2003. She has served on the Meetings and Election Committee, chaired the Property and Casualty Section for the annual CDS, and chaired the Publications, Education and Accreditation-Ethics Committees — all while acting as California's longtime IRES state chair.

Ms. Chan's regulatory career began in 1980 at the California Insurance Commissioner's Conservation and Liquidation office. She joined the California Department of Insurance in 1982 in Field Rating/Underwriting Examination and Consumers Services. She pioneered the development of premium and rate-related surveys and received several achievement awards from the department. She currently is a Senior Insurance Rate Analyst in the Rate Filing Bureau of the Rate Regulation Branch, where she specializes in personal line rates and forms filings.

Ms. Chan is a graduate of the University of Western Ontario of London, Canada, and member of the First Chinese Baptist Church, Los Angeles. Her civic activities have included evangelical missions, teaching English, and singing Cantonese (gospel) operas in Southeast Asia.

Her hobbies include line dancing, traveling, visiting museums, and attending American and Cantonese operas.

In addition to Polly Chan, the members of the Society's Executive Committee for the coming year, and their committee assignments, are:

- **President-elect:** Jo A. LeDuc, Wisconsin (Accreditation & Ethics)
- **Vice President**: Katie C. Johnson, Virginia (Meetings & Elections)
- **Secretary**: Wanda LaPrath, unaffliated (Membership & Benefits)
- **Treasurer**: Karen L. Dyke, Nebraska (Finance & Budget)
- **At Large**: Michael W. Hessler, Illinois (Education and the annual CDS)
- **Past President**: Douglas A. Freeman, Missouri (Publications)

Elected by membership balloting to new four-year terms on the IRES Board of Directors were: Je LeDuc, Wisconsin; Dennis Shoop, Pennsylvania; Stephen Martuscello, New York; Paul Bicica, Vermont; Joseph Bieniek, NAIC; Anne Marie Narcini, New Jersey.

The following were elected by the Board of Directors to one-year, at-large board positions: Thomas Ballard, Georgia; Martin Hazen, Kansas; Gary Kimball, Missouri.

# *The CDS commissioners' interview*

continued from page 1

years, yet *nobody* at the federal level was [uncovering] these misuses of the Act. So I just think that the one-on-one consumer assistance that is provided by state-based regulation cannot be duplicated at the federal level.

**Commissioner Ario:** I think you're seeing the landscape change. The move for federal regulation was primarily driven by the industry seeking de-regulation and now that the Democrats have taken control they're saying things like "Well, if we take over property/casualty [regulation], we might have to toughen the regulation and go to all-perils policies."

So I think the p/c industry in particular may be re-thinking what type of federal regulation they may get, and how that might play out. For the life industry, I think they are more interested in federal regulation for uniformity purposes even if it does mean a higher consumer protection bar. My question is at what point are the life and p/c industries going to part ways in their discussion of federal regulation and I think you'll see that at some point.

**Commissioners' Roundtable (left to right): Panel moderator Brett Palmer of NAIC, Joel Ario, Doug Ommen, Sandy Praeger, Tim Wagner**

**Director Ommen:** I think insurance fits well at the state level because of the contact with so many of our citizens. By and large, all professional licensing is maintained at the state level. We have 100,000 agents in Missouri that sell insurance. To move that to the federal government makes absolutely no sense.

So really you're talking about trying to figure what pieces could be moved to the federal level. Frankly, until the federal government demonstrates they can do the job better than the states, I don't think a case has been made that it can be done better at the federal level.

**Regulator:** *Your background is in securities, which has a bifurcated system to some extent.*

**Ommen:** Yes, you could look at that industry or the banking industry and try to draw some conclusions as to what would work well in the insurance business. Insurance is a negotiated product between the buyer and the company that wrote that contract, unlike a market trading circumstance like you have with Wall Street.

I don't think . . . the FDIC — other than providing insurance — is monitoring the way products are sold to consumers, they don't have 800 numbers for people to call. It's just a very different industry than insurance.

**Regulator:** *Look at the ERISA experience. Departments are always getting calls from consumers that they can't effectively complain through ERISA.*

**Ommen:** Right, that's why the federal government has to make the case for federal regulation.

**Praeger:** Those self-insured plans that are *supposed* to be regulated by the Department of Labor — I heard someone say that if the Department of Labor were to do the same sort of financial analysis of the self-insured plans that we do of the private marketplace, it would take them something like 300 years to get through them all.

**Ario:** And if they had to take up individual consumer complaints the way we do, they'd need a huge staff. They just don't do it. They do not handle individual complaints. You will not get the federal government's attention on ERISA unless you're talking about an organized fraud of some sort. That's why state insurance departments are handling ERISA complaints in some cases because the insurance companies are the third-party administrators.

**Praeger:** We still handle them.

**Regulator:** *But some states don't. I know, some states say "no, that's a federal problem," while other states do attempt to handle them but they don't have much authority.*

continued on next page

contined from previous page

**Director Wagner:** There's a paper I wrote on this issue in 2002 that I think stands today. We seem to be conceding the issue that financial regulation would be better at the federal level, but I have some concerns that that might not necessarily be the case. I think we saw that [with] the savings and loan debacle under the responsibility of the Office of Thrift Supervision. What are we doing today with the mortgage meltdown? How did that occur? Why did it occur? And why didn't somebody step in and [establish] some prudent limits to the lending process?

**Ario:** Let me just clarify that I wouldn't concede the financial regulation turf to the federal government either. I would say that in areas where there is uniformity in the financial risks across the states, the federal government would have a better shot. But I would certainly agree with Tim that the track record even on those sorts of regulatory issues is not necessarily favorable to the federal government.

**Regulator:** *The September issue of "Bloomberg Market" features a cover story called "The Insurance Hoax" that provides a disturbing look at the p/c industry. The authors purport that personal lines p/c insurers are systematically cheating consumers by providing low-ball settlement offers to consumers and fighting them tooth and nail if they don't accept them. Is the p/c industry really getting worse with respect to its treatment of policyholders?*

**Praeger:** Our experience with the Greensburg [KS] disaster — which literally wiped a small town off the face of the map — was that those companies really did get in there quickly and respond. Eighty percent had paid their insureds something by the first week. They were giving out phone cards because there was no phone system. They were giving out credit cards. They were giving out cash.

**Praeger of Kansas**

We received only one formal complaint about the companies. We did have questions early on whether or not [consumers] were going to get replacement costs. In most cases these homes were at policy limits and the companies paid, State Farm included — they were one of the biggest [payers].

**Nebraska's Wagner**

**Regulator:** *One of the things that this article brings out — and it's very anecdotal — was the issue of replacement costs. There were incidents in certain states where insurers no longer wanted to write replacement cost policies and they apparently notified insureds and insurance departments but somehow — just as in wind v. water situations — the consumers never quite understood that they no longer had replacement coverage and were fighting for it.*

**Praeger:** That's what we can do as state regulators. First of all, when [insurers] change their policy forms, they have to get those approved and if there is a significant change we want to make sure that the Consumer Division is very much aware of it so when consumers call us we're ready to respond. These are market products so the consumer needs to understand what they're buying and if they don't like the product after it's been changed, they can go to another company. The market is one of the most effective regulators, especially in the homeowners and auto lines.

Many [insurers] will say a disaster is their best marketing tool because they know if they get in there and they quickly get cash into the hands of their insureds, get roofs back on their homes, start making the necessary repairs and another [company] isn't responding as quickly, consumers will ask "Who do you have as your insurer?" The good companies understand that good consumer service is what keeps their book of business where they want it to be.

**Ario:** Sandy's point is absolutely right. In most states the homeowners and auto markets are competitive. So people do have choices and companies that don't respond well to claims will get selected against the next time around.

Insurance companies are always going to be somewhat in trouble because people buy insurance policies thinking that their policies cover anything that happens. Nobody actually understands the fine print and the things that are and are not covered. I still get confused about some of the arcane details of what things are covered under my homeowners policy. So when there is a problem, most people say, "I don't care about all that fine print you're showing me . . . I thought you were going to take care of me in this situation."

So I think insurance companies are always at a disadvantage in these sorts of situations and that's why you have as much regulation as you do — you want them to pay every time they should pay, but there are situations when there really is a valid exclusion in the policy and [the insurer] didn't reserve against it and so they need to be protected in those kind of situations sometimes too.

Ommen of Missouri

**Wagner:** I haven't read the "Hoax" article, but here's one observation I have. As insurers have grown in size and scope, the organizational distance has become broader and longer. When that happens sometimes it's very difficult for the top management of the company to continue to have good hands, to be a good neighbor.

When that happens you basically lose touch. That's just part of our society. I just contacted the Social Security Administration where I went through automated voicemail, finally got a person on the line after 45 minutes and all she wanted to do was set up an appointment for somebody else to call . . . and then they got the wrong number! You're asking about what's changed in my lifetime, I think it's probably that distance.

***Regulator:*** *It's clear that homeowner insurers do not want to offer any type of wind <u>and</u> flood coverage to consumers nor do they want the National Flood Insurance Program to sell wind coverage. Should consumers have one straight-forward source from which they can buy both wind and flood coverages?*

**Praeger:** Consumers think when they buy their homeowners insurance that it covers all perils no matter how much we try to educate them about the limitation. The Flood Insurance Program was brought about due to economic necessity. It was hard to measure that peril so the argument was made [to] separate it out. I think it's time to re-evaluate.

The limitations that are placed on flood insurance make it very difficult for somebody with a high-priced home to have sufficient flood coverage. We saw the wind *v.* water disputes in the Gulf Coast and I don't believe the way to solve the problem is to move [wind] into the flood program. That moves the debate to when an earthquake happens, was it the earthquake or was it the fire that destroyed the house?

Joel Ario, Pennsylvania

So let's do away with those kinds of artificial delineations in terms of what's covered and what isn't. As Tim mentioned at the Roundtable, if a catastrophe gets to a certain level, then there is a [federal] reinsurance mechanism that kicks in.

**Regulator:** *Does that sound practical to everyone?*

**Wagner:** That is an approach that I'm embracing. One of the problems that we will have if we don't have a reinsurance facility is . . . that we're going to have a residual marketplace with no place to put the business because of the continual flood hazard and . . . since we as a society have agreed to insure these things, I believe a [reinsurance approach] is a workable scenario. I don't see an alternative. It's very easy to point fingers when it comes to wind *v.* water and you get two different stories. I think Congress heard the different stories and they'll have to sort it out.

*Part 2 of this interview will appear in the next issue of* The Regulator.

# Pittsburgh



# If you’re happy and you know it, raise your hands.

PITTSBURGH — Hands and arms were busy last month as 450 regulators and industry members took part in the 20th annual 2007 IRES Career Development Seminar, at the Pittsburgh Hilton.

Some flapped their arms — or maybe they were doing The Wave — for motivational speaker Gary Tietjen (top left) who explained “The Pursuit of Passion.” Others raised hands to ask questions and make presentations during four general sessions and 31 workshops.

And a whole lotta shakin’ was going on — arms, hands, and feet — as IRES celebrated its 20th anniversary during the opening reception.

(MORE PHOTOS ON PAGES 10-12)

New York's **Stephen Martuscello** (left) received the 2007 President's Award from **Doug Freeman**. Freeman described Martuscello as one of the Society's unsung heroes. Freeman noted that Martuscello has held countless Society leadership positions – including national President – while amassing a "Hall of Fame record" in consumer protection.

Nebraska's **Bruce Ramge** addressed his colleagues after receiving the Al Greer Achievement Award for an exemplary regulatory career.

Publications Chair **Wanda LaPrath** and REGULATOR Editor **Wayne Cotter** accepted the Schrader-Nelson Publications Award on behalf of **Robert Hunter**. Hunter is the first two-time winner of the award.

# *Congratulations to the AIE-CIE class of 2007*

**AIE Class of 2007** — John Kissling, Robert McManus, Jeanette Plitte, Thomas Jones, Jerry Houston, Raymond Ort, Alvin Burrell

**CIE Class of 2007** — (left to right) Dana Rudmose, Vi Pinkerton, Sandra Ray, John Koenig, Nobu Koch and Joseph Koch.

# Happy 20th!

[Clockwise from top]  Past IRES Presidents and Betty Bates gather around the Society's 20th Anniversary cake. • IRES President Doug Freeman of Missouri carves the ceremonial first slice • A handmade memorial 20th Anniversary quilt is presented to Betty Bates of the District of Columbia (far right). The quilt was the handiwork of IRES Office Manager Susan Morrison (second from right)  • During the anniversary auction, Mary Firmin, LA wins a desktop copier while Scott Pendleton, MO wins three free nights at the 2008 CDS hotel presented by Angela Ford  (center) and Betty Bates.


# *Learning, laughing, and sharing at the 2007 Career Development Seminar.*

# IRES MC+ certification program: up and running

On November 12 through 14, 2007, some 30 regulators, independent contractors, industry representatives, and attorneys will get together in Kansas City to participate in IRES's first Market Conduct Certification Plus (MC+) class to launch the MC+ Program.

The MC+ Program is designed to provide hands-on training for IRES members on how to efficiently and effectively conduct market conduct examinations as warranted by market analysis. Those who complete the two and one-half-day program in Kansas City and pass a 50-question, multiple choice exam will become the first recipients of IRES's new Market Conduct Management (MCM) designation.

> *"[Market Conduct Examinations] are one of the tools available to the regulator in protecting the citizens of the state."*
>
> **— Director Douglas Ommen, Missouri Department of Insurance, Financial Institutions and Professional Registration**

Participants in the November program will be selected from the more than 70 IRES members who signed up at the Pittsburgh Career Development Seminar (CDS) for this unique educational, hands-on experience. A second class is scheduled to be held at the Wisconsin Department of Insurance in early 2008, and a third is in the planning stages.

The MC+ Program is unique and practical, because the MC+ textbook's 19 chapters cover the full spectrum of the market conduct examination process. Each chapter was developed by a market conduct professional. MC+ class participants will be required to read the MC+ textbook before attending the class in order to prepare to engage in class discussions involving case studies geared specifically to address market conduct examination efficiency and effectiveness.

Previous issues of *The Regulator* have included articles by MC+ textbook chapter authors Don Koch and Gary Land covering their areas of expertise. IRES members should be aware that our November issue will feature a piece by 2006-2007 IRES Past President Doug Freeman.

Doug's article will focus on the methods by which market conduct examiners can effectively address violations of insurance laws and regulations. We anticipate additional articles by MC+ authors throughout 2008. The IRES MC+ textbook and classes will include far more details than the summary articles published in *The Regulator*.

IRES salutes all MC+ authors, editors, coordinators, and sponsors who helped get this program up and running. *The Regulator* will feature more information about this exciting new program in the months to come. If you want to enroll or just need more information, please contact IRES MC+ Subcommittee Chair Gary Domer at **gldwildkat@aol.com** or (785) 256-5625.

# *Nebraska's Wagner: Climate change — What's insurance got to do with it?*

*By Scott Hoober*
Special to the Regulator

Though some individuals continue to deny that global climate change is happening — or if it is, that maybe it's not the result of human activity — insurers and reinsurers have been in the forefront of deciding what to do about it.

Not that the companies are offering many incentives to, say, build energy-conserving homes or businesses or drive fuel-efficient cars.

But in the absence of stronger zoning and building codes, the availability and price of insurance in coastal areas are certainly incentives to stay out of harm's way.


**Not just hurricanes**

Tim Wagner, Nebraska's Director of Insurance, believes there's more we can do, as a society and as an industry, to keep the dire effects of global warming at bay.

In the first place, he said in a luncheon address at this year's CDS, it affects far more than coastal areas.

"Climate change isn't confined to the coasts," he said. "Climate change is taking place everywhere. There are areas of my state in which we're in our seventh year of drought."

"Wild fires, floods, the sinking of homes in Alaska . . . these are all outgrowths of climate change," he added. "Clearly there are things that are happening that are not part of climate change — I mean, just [climate fluctuations] — but what we're seeing is almost a catastrophe."

For instance, Wagner said, more and more of late, rain in his hometown is accompanied by fierce hail.

"Increased surface heat is creating energy, and as a result of that — you wouldn't believe this, but it's true — the underwriting loss ratio in 2001 in Nebraska was greater than it was in New York — because of the tremendous hail"

"Things are happening as the result of climate change."

**Land, energy use**

Besides the obvious perils, from rising sea levels to increased loss of habitat, Wagner sees three particular areas of concern: federal flood insurance, the nation's power grid and land use regulation.

When it comes to flooding, he said, the *wind vs. water* is a real issue, one that must be resolved one way or another.

"All-perils is a way, but we do need a federal reinsurance program. Do you know what's happening in the federal flood program today? People are allowed to build where they should never have been allowed to build or continue to build. And then they ask us, the taxpayers, to pick up the bill — not once, not twice, not three times. Somewhere it's got to stop.

"I think that Congress is going to have to look very closely at this particular issue."

As droughts and heat waves become more common and severe, especially in some areas, the stress on the power grid becomes a real stumbling block. More energy-saving buildings would help, but without the political will to encourage green construction, it's hard to see a major shift happening anytime soon.

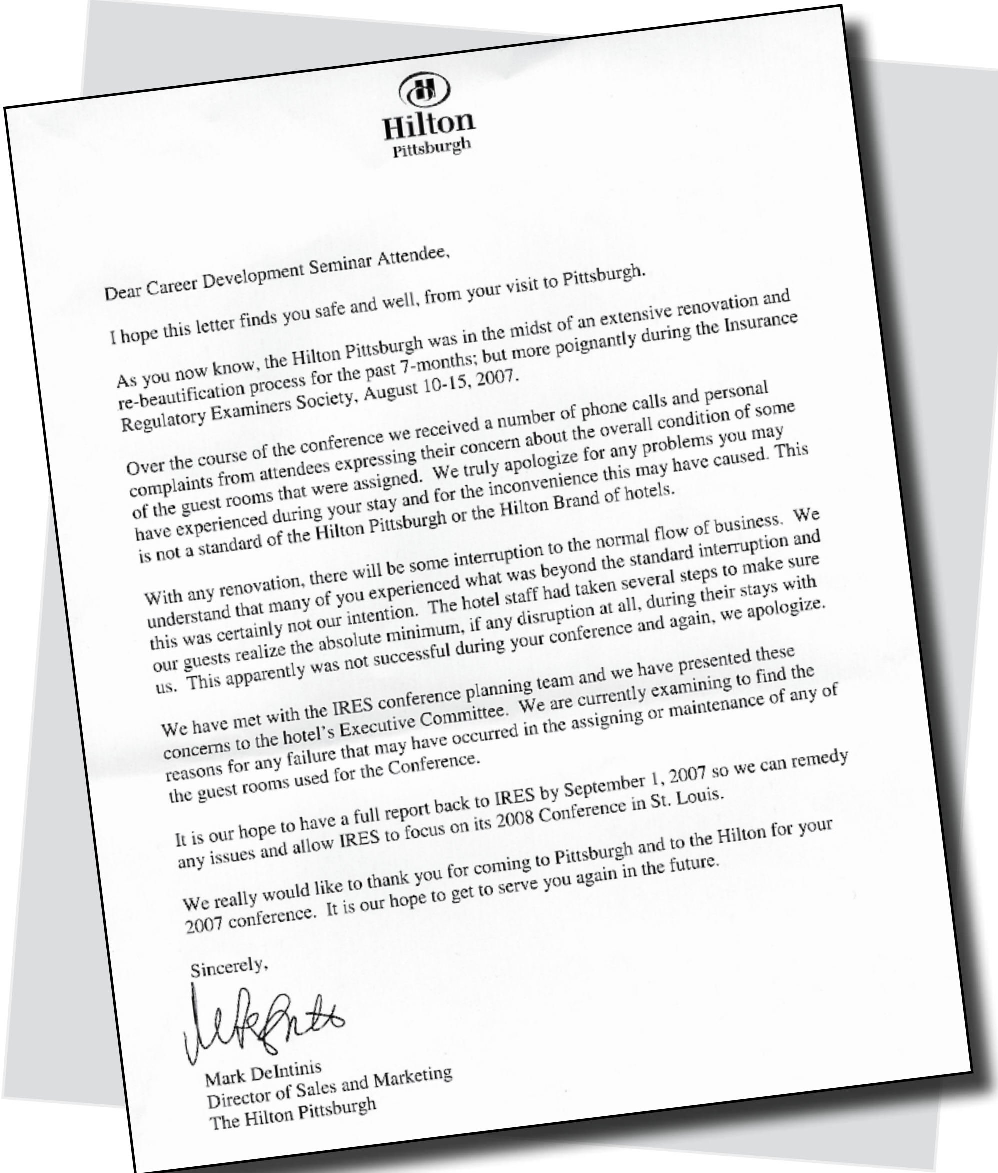
As for land use, though planning and zoning have long been a part of local government's mandate, Wagner said it will have to become stronger yet.

"We have to be thinking about what kind of a loss can happen, and how can we mitigate that loss," he said. "We need to use less energy, we need to conserve energy — it just simply makes sense."

Happily, there's one silver lining in the nation's response to climate change, particularly the push for alternative energy sources.

"Over the next 20 years, the investment will be greater than the development of the railroads was in the 1850s and 1860s," Wagner said.

"There will be winners, and there will be losers. And along the way, there's going to be a lot of money to be made, and a lot of good investments in that kind of technology."



Hilton
Pittsburgh

Dear Career Development Seminar Attendee,

I hope this letter finds you safe and well, from your visit to Pittsburgh.

As you now know, the Hilton Pittsburgh was in the midst of an extensive renovation and re-beautification process for the past 7-months; but more poignantly during the Insurance Regulatory Examiners Society, August 10-15, 2007.

Over the course of the conference we received a number of phone calls and personal complaints from attendees expressing their concern about the overall condition of some of the guest rooms that were assigned. We truly apologize for any problems you may have experienced during your stay and for the inconvenience this may have caused. This is not a standard of the Hilton Pittsburgh or the Hilton Brand of hotels.

With any renovation, there will be some interruption to the normal flow of business. We understand that many of you experienced what was beyond the standard interruption and this was certainly not our intention. The hotel staff had taken several steps to make sure our guests realize the absolute minimum, if any disruption at all, during their stays with us. This apparently was not successful during your conference and again, we apologize.

We have met with the IRES conference planning team and we have presented these concerns to the hotel's Executive Committee. We are currently examining to find the reasons for any failure that may have occurred in the assigning or maintenance of any of the guest rooms used for the Conference.

It is our hope to have a full report back to IRES by September 1, 2007 so we can remedy any issues and allow IRES to focus on its 2008 Conference in St. Louis.

We really would like to thank you for coming to Pittsburgh and to the Hilton for your 2007 conference. It is our hope to get to serve you again in the future.

Sincerely,

Mark DeIntinis
Director of Sales and Marketing
The Hilton Pittsburgh

Above is a letter of apology to IRES members from the Pittsburgh Hilton, expressing the hotel's regrets for the conditions of some of the guest rooms during the Society's recent Career Development Seminar. Due to extensive renovation hampered by contractor delays, only about 400 of the hotel's 700 guest rooms were suitable for use during the IRES meeting. As a result, many IRES attendees were improperly booked into substandard rooms that were in an unacceptable condition.

IRES members who wish to file a complaint, or seek redress for the condition of their rooms, may call 1-800-HILTONS and ask for Guest Assistance. You will need your original reservation confirmation number; you can make a complaint only about your individual room. The complaint then will be forwarded to the General Manager at the Hilton Pittsburgh and someone will contact you directly to offer some remedy or restitution. Do not contact the IRES office. All room complaints must be filed directly with the Hilton.

# IRES State Chapter News

**ALABAMA** — Congratulations to **Cristi Owen** on her receiving the Don Fritz Award from the Society of Financial Examiners (SOFE) in recognition of her outstanding service and dedication to the goals of the Society while serving as the State Chair of Alabama since 2004.
—*Cristi Owen; Cristi.Owen@insurance.alabama.gov*

**LOUISIANA** — The Louisiana Chapter met June 14 for the Annual Business Meeting to announce the new officers for the next year. The new officers are: President, **Trent Beach** of the Fraud Division; Vice President, **Linda Gonzales** of the Property & Casualty Division; Secretary, **Madonna Jones** of the Market Conduct Division; Treasurer, **Shad Price** of the Office of Health Insurance; and State Chair, **Crystal Campbell** of the Office of Health Insurance. **Denise Brignac**, Deputy Commissioner of the Office of Financial Solvency gave an overview of the divisions that comprise Financial Solvency.
On August 20, **Alison Jones**, Director of the Louisiana Health Care Commission and Legislative Coordinator for the Department of Insurance, presented an overview of recently passed legislation.
—*Larry Hawkins; lhawkins@ldi.state.la.us*

**MISSOURI** — The Missouri Chapter met on June 29. The program included a presentation on Market Analysis by **Mike Woolbright**. **Carolyn Kerr**, Senior Attorney, presented an extensive overview of 2007 legislation and an update on 2006 legislation.
**Gary Kimball** reported on the May 1, 2007 IRES subcommittee meeting concerning moving ahead with a joint IRES/SOFE CDS in 2012. Additional meetings are planned. In conjunction with this effort, the IRES Missouri State Chapter held a joint meeting with the Missouri SOFE State Chapter.
In addition, Deputy Director, **Larry McCord**, met with the Market Conduct Examiners and discussed goals for improving our effectiveness and efficiency. **Doug Freeman** reported on the progress of the IRES Market Conduct Certification (MC+) textbook.
—*Gary W. Kimball; Gary.Kimball@insurance.mo.gov*

**NEBRASKA** — The speaker for the June Chapter meeting was **Sonja Wood**, Senior Program Specialist, with the National Flood Insurance Program, Region VII. Sonja gave a detailed explanation of the Federal flood insurance program. The Nebraska Chapter is proud of our member, **Bruce Ramge**, Chief of Market Regulation, who was presented with two prestigious awards this year--the Al Greer Award at the IRES CDS in Pittsburgh and the Paul DeAngelo Teaching Award at the IRES Foundation School in April.
—*Karen Dyke; kdyke@doi.state.ne.us*

**NEW HAMPSHIRE** — New Hampshire IRES State Chapter members met on July 12. Our guest speaker was NAIC Vice President and New Hampshire Insurance Commissioner **Roger Sevigny** who discussed NAIC strategic management and planning since President Walter Bell first shared his goals for the organization with incoming NAIC leadership in August 2006. During the business meeting, **Win Pugsley** gave a presentation on the goals and benefits of membership in IRES. Members also elected **Don Belanger** as Chapter Secretary. Members determined that Chapter meetings would be held quarterly.
—*Kent Dover; Kent.Dover@ins.nh.gov*

**VIRGINIA** — The Virginia Chapter of IRES held a Quarterly Meeting on June 18. We discussed the changes in the Code of Virginia and the Virginia Administrative Code that will affect the regulation of both life and health and property and casualty insurance business in the upcoming year. **Victoria Savoy** organized the information presented at this meeting.
—*andrea.baytop@scc.virginia.gov*

## CDS: Spotlight on Sessions

# Discount Health Plans – Regulatory Framework (or lack thereof!)

by Mary Darby

**Monday, August 13 (10:30 am-Noon)**

The first 2007 CDS session pertaining to Life/Health issues opened with a presentation by **Mila Kofman, J.D.** on discount medical cards. Ms. Kofman, an Associate Professor at the Health Policy Institute of Georgetown University, has conducted extensive research on discount health plans.

It should be stressed that discount health plans are *not* insurance. For a paid fee, a consumer who enrolls in a discount health plan gets access to discounted medical services. Providers' prices are discounted, but to receive the discount, patients must pay the bill at the time the service is received. Consumers are required to pay a one-time enrollment fee in addition to a monthly fee. Targeted populations include low and moderate wage earners, the uninsured, uninsurable people or people with medical needs, immigrant populations, and senior citizens on Medicare.

> *"The new [Maryland] law mandates that discount plan organizations meet specific requirements in order to become eligible for registration."*

During the course of her research, which was funded by the Commonwealth Fund, Kofman enrolled in five discount health plans and discovered:

- high cost (enrollment and monthly fees);
- low or no discounts;
- a lack of participating providers; and
- cash discounts available without card (sometimes, cash-paying plans are cheaper than fee-paying plans).

In addition, only one of the five cards had 100% provider recognition and offered meaningful discounts from the "retail" price.

**Fraud and Abuse**

Consumers often believe they are buying health insurance when enrolling in these plans because they are frequently offered an "application for health insurance." Many plans charge high monthly fees, distribute misleading marketing material, and provide incorrect information to consumers. The use of discount medical cards is growing among employers and individuals, especially among part-time and seasonal workers.

**Regulation**

The federal government does not regulate these plans although the Federal Trade Commission does issue alerts and conducts investigations. State Attorneys General have post-problem limited authority. Of course, there are the state insurance regulators, but they typically lack jurisdiction because the plans do not underwrite or sell insurance.

For the second part of this session, Kim Robinson, Director of Government Affairs for the Maryland Insurance Administration ("the MIA"), summarized recently passed legislation initiating Maryland's regulation of discount medical and discount drug plans. Legislation addressing discount plans was enacted in 2007. (House Bill 847 (Chapter 629) creates Title 14, Subtitle 6: "Discount Medical Plan Organizations and Discount Drug Plan Organizations.")

The new law mandates that discount plan organizations must meet specific requirements in order to become eligible for registration in Maryland. The legislation also authorizes the Commissioner to conduct examinations of the plan organization's affairs and to deny a registration applicant due to certain actions of the discount plan organization. This legislation will become effective on October 1, 2007.

The MIA's registration scheme for handling discount plans should be a great tool for separating the wheat from the chaff – and maybe, at the 2008 CDS, the MIA will be able to share the results of their efforts so that other states may follow their lead.

## CDS: Spotlight on Sessions

# Senior Issues and the Marketplace: Fraud and Abuse

by Scott Hoober

**Monday, August 13 (1:30-3:00 pm)**

If you're a regulator, you need to stay on your toes.

Every time you turn around, it seems, companies or agents are trying something new, something that's clearly illegal or, worse, close enough to the edge to cause a problem but not enough for an enforcement action.

One of Monday's market conduct sessions was devoted to a whole category of such issues, those affecting seniors.

From Medicare scams (sorry, aggressively marketed supplement plans) to long-term care to deferred annuities to the ever-present questions of suitability, the panelists — **Peg Ising** from the Ohio Department of Insurance, **Mary Kempker** of the Missouri Department, **Fred Kottmann** from Mutual of Omaha and **Betsy Pelovitz** from America's Health Insurance Plans — spelled out how fraud and abuse can happen, and gave some ideas on what to do about it.

*"Though suitability is often pretty easy to determine, Kottmann recalled one 75-year-old man who, when called about what seemed to be a ripoff, replied angrily — and convincingly — that he knew what he was doing,"*

### Medicare Advantage

Medicare supplemental plans, often referred to as Medigap policies, have been around for ages. Currently, Medicare Advantage plans — in which the insurer stands in place of Medicare, earning both federal payments and the consumer's premiums — seem to be where most of the action is.

Kempker says one trend she's spotted is agents who aren't knowledgeable, not to mention those who are willing to lie to get a signature on a dotted line.

Some have been known to get seniors to sign under false pretense, in some cases claiming to be a Medicare employee. She also told of one man who insisted that, since payments really weren't premiums, he wasn't an agent at all. Things might improve if a bill now before Congress passes, since it makes it easier for states to regulate agents who sell Advantage policies.

Since Advantage providers are approved by the feds, it can be hard to resolve complaints. Some states use that as an excuse not to get involved, though other regulators are willing to do whatever it takes to help their residents.

Ising said the Ohio Department has put out a booklet that spells out exactly what's suitable.

### Annuities

Though suitability is often pretty easy to determine, Kottmann recalled one 75-year-old man who, when called about what seemed to be a ripoff, replied angrily — and convincingly — that he knew what he was doing, and that it worked for him.

In some cases, seniors use seemingly inappropriate annuities to shield their assets so they qualify for Medicaid.

Then there's churning, with some "super seniors" — 75 and older — going through three or more policies, each time with a significant surrender fee.

A lot of the solution is up to the insurers. Pelovitz said her association's member companies have agreed not to use high-pressure tactics. And Kottmann outlined some of the things Mutual of Omaha does to monitor its agents behavior — starting with extensive background checks that focus on previous criminal or regulatory action, plus credit history.

His company also has spreadsheets and other software tools to monitor compliance with company policy and track complaints.

"Depending upon the accusation," he said, "we'll do nothing or give them a slap on the wrist," on up to written warning and cancellation.

## CDS: Spotlight on Sessions

# Life Settlements, Viaticals & Investor-Initiated Insurance

by Wayne Cotter
**Monday, August 13 (1:30 - 3:00 pm)**

Most of us still view life insurance as a means of providing long-term protection for our family or businesses, not as an investment vehicle with returns linked to the life expectancies of strangers. But over the past two decades, regulators and the life industry have learned to readjust their thinking regarding the basic life insurance product to reflect the new realities of life settlements.

In their lively early-afternoon session, **Gail Keren** of the New York Insurance Department and **Michael Lovendusky** of the American Council of Life Insurers (ACLI) helped IRES members understand the complicated nature of life settlement transactions and Stranger-Originated Life Insurance (STOLI). No representative from the life settlement industry participated.

The complexity of such transactions was underscored by how often Mr. Lovendusky provided not one, but two or three answers to each question that arose during the session. It seems no question in the arcane world of life settlements has just one simple answer.

The pair discussed how life settlements derived from viatical settlements. Viaticals captured public attention in the 1980s during the AIDS crisis. Back then, viatical settlement companies recognized that a market existed for terminally ill insureds who needed cash to, among other things, finance their treatments. Viatical settlement companies typically would buy the life insurance policies of individuals who were not expected to live more than two years.

Once treatment breakthroughs began to expand the life expectancies of AIDS sufferers, life settlement firms emerged to buy the life insurance policies of relatively healthy individuals, for example those with life expectancies of up to ten years. Purchased policies were then securitized, i.e., bundled together and sold to investors as securities. The shorter the insured individuals lived, the bigger the return for investors.

The next logical step in this process was actually convincing relatively healthy seniors to purchase life insurance on their own for the express purpose of selling these policies to third parties following the two-year contestability period.

Why would a senior want to sell his policy to a stranger? Well one carrot is that third parties often pay the premium in full thus providing the insured with at least two years of "free" coverage. The third party may also provide cash or gifts as an inducement for the insured to take out a policy.

Both Keren and Lovendusky expressed reservations about these types of life settlement transactions. Specifically, Ms. Keren noted that Congress could revisit the long-standing tax advantages that life insurance policyholders enjoy should the life product become more of an investment-oriented vehicle. In addition, concern was expressed about "commoditizing" people's lives, a highly unsettling concept for many. Moreover, a moral hazard exists when a third party can arrange for a policy on an unrelated person and then benefit from the death of that person.

Mr. Lovendusky stressed that ACLI believes STOLI is simply an attempt to circumvent insurable interest laws and an abuse of life insurance's social purpose, *i.e.*, to provide financial protection to individuals, families and businesses when untimely deaths occur.

It was noted, however, that other types of policies sold by life insurers, such as corporate owned life insurance (COLI), that permit employers to maintain life policies on employees after they leave the company, also raise insurable interest questions.

In addition, Lovendusky and Keren discussed proposed amendments to an NAIC model bill that would prohibit policyowners from selling a life policy that was fully financed by a third party for a period of five years. Such a prohibition could, proponents argue, help dissuade third parties from aggressively marketing STOLI to seniors.

As Keren and Lovendusky observed, the public policy ramifications of life settlements, viaticals and STOLI are impossible to fully explore within one 90-minute session, but the two panelists did manage to offer many thought-provoking insights regarding these controversial products. As the panelists repeatedly stressed: *When it comes to life settlement transactions, there are no easy answers.*


# Heard in the hallways

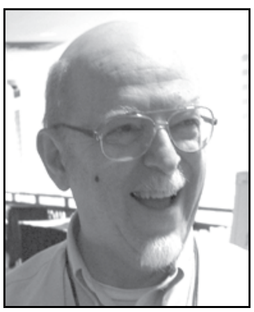
*What part of the Pittsburgh Career Development Seminar did you enjoy most?*

"Every session was enjoyable. The Commissioners' Roundtable was a terrific learning experience."

— Jeffrey Johnson, ACS, ARA, AIRC
D.C. Department of Insurance, Securities & Banking
5-year member

"The identity theft session was great. The presentation was so informative, I lost track of time."

— Linda Gonzalez
Louisiana Department of Insurance
7-year member



"The reception to my presentation on risk-based examinations was phenomenal. It was standing room only and the questions and comments made for a great session."

— Don Koch, CIE
INS Regulatory Insurance Services, Inc.
20-year member

"I enjoy the networking and the family aspect. The sessions are always good, but the real value to me is getting to meet other regulators."

— Jann Goodpaster, CIE
RSM McGladrey, Inc.
15-year member

"I loved the motivational speaker. He got us off to a rollicking start on Tuesday morning."

— Terri Young
Ohio Department of Insurance
Not (yet) a member

# Regulatory Roundup

by
Stroock & Stroock & Lavan LLP

**New York — Governor vetoes declaratory judgment and late notice bill**
On August 1, Governor Eliot Spitzer vetoed S6306, a bill that would have (i) prohibited insurers from denying coverage for a late notice of claim unless the insurer demonstrates that it has been prejudiced as a result of the late notice, and (ii) permitted claimants in an underlying tort claim to bring a declaratory judgment action for a determination of the existence and the extent of insurance coverage owed by an insurer to the party against whom the underlying claim is interposed. The contemplated late notice provision provided that an insurer "shall not deny coverage for a claim based on the failure of an insured to give timely notice of claim unless the authorized insurer or other insurer subject to the provisions of this article is able to demonstrate that it has suffered material prejudice as a result of the delayed notice." In his veto memorandum, Governor Spitzer noted that the late notice provisions of the Bill are an important reform, because they would prevent insurers from denying coverage to insureds based on a technicality (i.e., where the insurer is not prejudiced by the late notice) and would bring New York's laws into alliance with the laws in a majority of other states. The Governor also noted that the declaratory judgment provision of the Bill was a commendable goal, since this would allow claimants to determine whether and to what extent a defendant's insurance coverage is available to compensate the claimant for damages, before significant expense and effort is expended in prolonged litigation. However, since the Bill was passed by both houses just three days after it was introduced and many interested parties were not afforded ample opportunity to testify or otherwise make their views known before the Legislature acted, Governor Spitzer elected to veto the Bill. At the same time, though, the Governor instructed the Superintendent of Insurance to work with both houses, the insurance industry, business groups, consumer advocates, the trial bar and the Office of Court Administration to investigate this issue further and to determine the impact of these provisions on injured parties, on insurance rates, and on court caseloads. To view S6306, visit the New York State Senate's Web site at **www.senate.state.ny.us**.

**Texas — Governor signs resolution urging Congress to maintain the states as sole regulators of the business of insurance**
On June 15, Governor Rick Perry signed a joint Senate and House Resolution (SCR 60) affirming support for continued state regulation of the insurance industry, in light of several bills pending before the United States Congress that seek to establish federal oversight of the industry. The Resolution notes that state insurance regulators have ensured the solvency of this nation's insurers, implemented a comprehensive consumer protection scheme, licensed insurance companies and agents, and supervised other areas of the insurance business for over 150 years. Moreover, the Resolution found that state legislatures are more responsive to the needs of consumers and are more aware of and responsive to the unique characteristics and demands of individual states while an untested federal insurance regulatory system would almost certainly be more remote and politicized and less accessible and responsive to consumers than the current state system. In addition, the Resolution determined that if enacted by Congress, these proposals would bifurcate insurance regulation between the states and the federal government, conflicting with the state system of consumer protections and financial surveillance, as well as inevitably causing a loss of jobs, taxes, fees, and other vital and necessary state revenues needed to effectively regulate the insurance market and provide revenues to support residual market programs. SCR 60 urges Congress to oppose any proposed law that would establish a federal insurance regulatory system or otherwise alter the McCarran-Ferguson Act. According to the Bill Analysis of SCR 60, insurance companies paid $13.8 billion in annual premium taxes to the states in 2004, and a federalization of insurance

---

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.

regulation could put these payments and other fees and revenues at risk. To view SCR 60, please visit the Texas Legislature's Web site at **www.legis.state.tx.us**.

**Pennsylvania — House panel hears insurance consumer advocate bill**

On August 30, the Pennsylvania House Insurance Committee held a public hearing on House Bill 1121, a Bill that would create an independent office to represent Pennsylvania's consumers in insurance matters. The Bill would establish an Office of Consumer Advocate for Insurance, which would be an independent office within the Office of the Attorney General and would represent the interests of consumers before the department. The Office of Consumer Advocate for Insurance would be headed by the Consumer Advocate for Insurance appointed by the Attorney General who by reason of training, experience and attainment is qualified to represent the interest of consumers. The Office would have the authority to represent consumers' interests on insurance matters before the Pennsylvania Department of Insurance. The Consumer Advocate would also represent the consumer before any court or agency initiating a proceeding if, in the judgment of the Consumer Advocate, the representation may be necessary, in connection with any matter involving regulation by the department or the corresponding regulatory agency of the federal government. The advocate would also be responsible for identifying and tracking trends in the insurance industry, recommending consumer protections, responding to consumer complaints and educating state residents about insurance issues and practices. The Bill is currently under consideration in the House Insurance Committee. To view House Bill 1121, visit the Pennsylvania State General Assembly's Web site at **www.legis.state.pa.us.**

## Now Open: 'Members Only' area of revamped IRES Web site

Have you been to the IRES Web site lately? Earlier this year the Web site was completely revised. More recently, a Members Area was added. Inside the Members Area you will find:

- IRES Committee Meeting Minutes
- IRES Financial Statements
- IRES Procedures & Guidelines
- Job Postings
- Membership Discount Program Information
- A 'My Credits' section, featuring your accumulated CE credits for AIE and CIE designations
- An online Membership Directory
- Past Issues of *The Regulator* and an easy-to-use index to past articles
- Prior Career Development Seminar Handouts
- So much more

If you're a member and you haven't received your username and password, please contact the Web site Subcommittee Chair, Jo LeDuc at 608-267-9708 or jo.leduc@wisconsin.gov.

## " Quote of the Month "

*"The ability to get your questions answered quickly and efficiently is what state-based regulation will always do better than federal regulation."*

— Kansas Insurance Commissioner and NAIC President-Elect Sandy Praeger

## Casual Observations

# Water, Water Everywhere

This year's CDS once again provided an excellent forum to air out controversial issues and renew old friendships and professional relationships.

On a personal level, Pittsburgh helped us refocus on an issue — *wind v. water* — that has turned the once-staid homeowners market upside down. On our arrival in The City of Bridges we found that the local news was dominated by reports from Allegheny County, PA, where floods had wreaked havoc just a few days earlier.

Later that week, flash floods bashed the Midwest and Tropical Storm Erin did major damage in Oklahoma and Texas.

**Wondering**

We couldn't help but wonder how many of these ravaged homeowners would be denied coverage because they lacked flood insurance and their insurers had determined that water, not wind, was the source of the damage. Recent reports in *Bloomberg Market* and *The New York Times* certainly did nothing to assuage our worst fears.

At the Commissioners' Roundtable we heard how consumers desperately need an all-perils policy that covers both wind and water, but wondered how an industry that was incapable of pricing the flood risk four decades ago (when the National Flood Insurance Program was created) could ever consider writing such coverage in our globally warming world.

We wondered too whether the industry had developed any proposals to deal with this problem other than raising rates or limiting coverage. It is clear the industry opposes writing flood insurance themselves or allowing the National Flood Insurance Program (NFIP) to write wind. We're just not sure what they favor.

And finally we wondered how the NFIP could avoid even larger deficits if they began to write wind coverage. Proponents say the NFIP would write wind at "actuarially sound" rates, but does anyone — except a few "pie-in-the-sky" legislators — really believe that?

**More Floods**

Following the CDS, we paid a visit to Johnstown, home of the historic 1889 flood where more than 2,000 people died. (Up until 9/11, Johnstown represented the greatest single-day civilian loss of life in this country's history.) The flood was largely due to the failure of the South Fork Fishing and Hunting Club — an exclusive summer resort for Pittsburgh's moneyed elite — to adequately fortify its dam.

However, as David McCullough writes in his definitive *The Johnstown Flood,* "not a nickel was ever collected through damage suits from the South Fork Fishing and Hunting Club or any of its members." We also learned of two other major floods in Johnstown, one in 1936 and another in 1977.

After being deluged by flood information during our four-day stay in Pittsburgh, we felt like we were suffering from water on the brain. We therefore offer no magic solutions to the *wind v. water* dilemma.

However, after living for decades on Long Island's south shore just minutes away from the Atlantic, we finally enrolled last year in the NFIP. When we arrived home from this year's CDS, the first thing we did was make sure we had renewed our coverage.

We thank the CDS for that.

*— W.C.*

# BULLETIN BOARD

√ The Insurance Bureau of the District of Columbia Department of Insurance, Securities and Banking will be hosting a special educational open house on Thursday, Sept. 27 just prior to the NAIC's quarterly meeting in Washington, DC. The event will run from 10 am until 3:30 pm. The Insurance Bureau is located at 810 First St., NE, Suite 701 in Washington, DC. Contact Carmelita Snowden at 212-442-7773 with any questions. Full information regarding this special event can be found on **http://app.calendar.rrc.dc.gov/eventDetail.aspx?eventId=6778&eo=11101&thisDate=9.27.2007&cdlCalendars=20**

√ Our condolences to Karen Dyke of Nebraksa, IRES treasurer and board member, on the recent passing of her father.

√ At press time, we learned of the death of long-time IRES and SOFE member Eugene (Stan) Spell of the South Carolina Department of Insurance. Mr. Spell died from injuries suffered in an automobile accident. He will be sorely missed by friends and family.

## In the next REGULATOR:

- **MC+ —Addressing Violations of Law and Regulations in Market Conduct Examinations**

- **Commissioners Interview, Part 2**

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.


The Regulator®

® *Published by the Insurance Regulatory Examiners Society*

*12710 S. Pflumm Rd., Suite 200, Olathe, Kansas 66062*

e-mail: ireshq@swbell.net

www.go-ires.org


Birthday celebration in Pittsburgh! Coverage inside from the 2007 CDS.


**AUTO**
First Class Mail
U.S. Postage Paid
Kansas City, MO
Permit No. 1794