The Regulator®

INSURANCE REGULATORY EXAMINERS SOCIETY

Consumer Federation auto study gives high marks to 'prior approval' states

by Robert Hunter, Director, CFA

SPECIAL TO THE REGULATOR

The Consumer Federation of America (CFA) recently undertook a detailed, national study of private passenger automobile insurance regulation over the last two decades that found rates have risen more slowly in the 15 states that require insurers to receive advance approval of rate increases. States with "prior approval" regulation also performed well in spurring competition, while still generating significant profits for insurers.

The top-performing state in keeping rates down and providing comprehensive consumer protections was California. Among the worst-performing states were those with weak or no regulation of rates at all. These states had steeper rate increases, less competitive markets and among the highest profits for insurers.

The study is timely because the insurance industry continues to press both Congress and the states to dramatically weaken insurance consumer protections, particularly the oversight of rates. The report demonstrates that these proposals will likely lead to higher rates, less competition and more insurer profits.

The study of automobile insurance regulation in all 50 states and the District of Columbia examined a number of factors that are important to consumers and insurers, including rate increases from 1989 through 2005, insurer profits from 1997 through 2005, as measured by return on net worth, and the current level of competition.

The table on page 4 shows the results for each of these factors for the six different systems that states use to oversee private passenger insurance rates. With the exception of the one state that mandates the rates insurers can charge, the 15 states that require insurers to receive

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Interstate Insurance Compact

One-stop product filing is here!

by Frances Arricale

IIPRC Executive Director

The Interstate Insurance Compact is the state-based modernization initiative for a national approach to insurance regulation which provides the speed-to-market platform for *one* set of uniform insurance product standards with *one* central point of electronic filing for *one* approval that is valid in all current 31 member states and growing. The successful start-up of the Compact demonstrates the cooperative efforts of regulators and legislators along with consumer representatives and the insurance industry to achieve uniformity, consistency and compliance.

Background

Since the early 1990s, insurance regulators have acknowledged the need to modernize and streamline the state-based insurance regulatory system. At that time, the system had 56 jurisdictions and could potentially have required the same number

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From the President

Pressing toward the mark. The legend lives on.

At the beginning of my term as the 20th IRES President, I pledged to build on the foundation laid down by my predecessor, Doug Freeman, and the members who established and strengthened this great organization.

In addition, I set Local and Global Goals to promote the IRES mission to ensure professionalism and integrity among insurance regulators, with the underlying call to build a better insurance world for consumers as well as insurers.

To achieve these goals, our superb Executive Committee members (Jo LeDuc, Katie Johnson, Vi Pinkerton, Mike Hessler, Wanda LaPrath, and Karen Dyke) have labored tirelessly with many dedicated sub-committee chairs and members.

Local Goals
Increase membership
Refine the AIE and CIE curriculums
Enlarge benefits and use of technology
Stimulate participation in the IRES committees.

Our committee chairs, particularly Wanda LaPrath, have elevated member participation immensely. I am especially proud of the accomplishments in the following areas: our membership drive, state chair activities, member benefits, CDS social events, committee procedure changes, Web site enhancements, our Hall of Fame (IRES award winners), and Continuing Education changes for the AIE and CIE designations.

Global Goals
Invigorate the CDS programs
Realize the MCM Program
Explore other learning opportunities
Start the IRES-NAIC Research Pool

Through the hard work of Gary Domer and the Accreditation and Ethics Committee, IRES' ambitious endeavor, the Market Conduct Management (MCM) program, was initiated and has proven to be a great success. Our Education Committee, chaired by Mike Hessler, and the Section Chairs led by CDS Chairs Steve Martuscello and Dennis Shoop have worked this year to bring you an exciting CDS program in St. Louis, to which we are all looking forward.

Moreover, Joe Bieniek and others have explored learning opportunities to collaborate with other professional organizations (IRESF, AICP, SOFE and NAIC). Also, the IRES-NAIC Research Pool has been posted on the IRES Web site. I encourage every member to be part of the Global Team.

All the great work could not have been accomplished without the dedication of the IRES staff - David Chartrand, Susan Morrison, and the rest of the crew that keeps the IRES engine running. Also we send our hopes and prayers to our friend and colleague Scott Hoober.

I thank and congratulate each of you for a job well done! Please keep up the excellent work.

Last but not least, I thank Doug Freeman, Angela Ford, Steve Martuscello, Bruce Ramge, and Kirk Yeager for their motivation and guidance; Wayne Cotter, for being my mentor and editor; and our devoted Treasurer Karen Dyke for promoting expense containment and keeping our books balanced.

On a personal note, I thank Ken Allen and all the unsung heroes within the California Department for their overwhelming support.

In St. Louis, I will pass the torch to the 2006 President's Award winner, Jo LeDuc, who has made numerous contributions to IRES over the years. With Jo's diversified talents and vast experience, I am confident that she will be an outstanding leader. Further, I am certain that you will all support our 21st President in expanding the IRES horizon. Congratulations, Jo!

With the Summer Olympics just around the corner, I hope all of us will embody the Olympic spirit, press toward the mark, and let the IRES legend live on.

See you in St. Louis! God Bless.

Polly Chan

Polly Chan, CIE
IRES President

Welcome, new members!

Samuel Humpert, CO

Darlene Chachere, LA

Veronica Cid, WI

Pamela Hartley, LA

Brenda Lenhoff, NE

Karen Slebodnick Wright, TX

Roy Foster, NC

Michael F. Motil, OH

Samuel D. Binnun, Unaffiliated

Charlita R. Brown, DC

The wonders of St. Louis

Boaters glide past the World's Fair Pavilion in Forest Park. Within St. Louis' 1,300-acre Forest Park is the Jewel Box, a floral conservatory; the Missouri Historical Society (History Museum); The Muny, the largest outdoor theater in the United States; Saint Louis Art Museum; Saint Louis Zoo; and, the St. Louis Science Center and Science Park. *See St. Louis CDS-related stories, pp. 12-14.*

Auto insurance study gives high marks to 'prior approval'

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approval for rate changes before they go into effect had the smallest increase in rates (54 percent) from 1989 through 2005. In fact, column 3 shows that the weaker the regulatory system, the greater the price increase consumers have faced. States with a prior approval regime also had a similar level of competition and slightly lower insurer profits compared with states with different forms of regulation.

According to the widely used Herfindahl-Hirschman Index (HHI)* for determining market concentrations, insurance markets in states with prior approval rules are on the border between competitive and moderately concentrated. The states that provided the lowest level of consumer protection used the regulatory system known as "Competition," in which the state has no authority to control rates.

These states had sharper rate increases, higher insurer profits and greater market concentration than all other regulatory systems other than the one that requires state regulators to set premium levels for insurers.

KEY PERFORMANCE MEASURES:
PP AUTO INSURANCE REGULATORY SYSTEMS

Regulatory System	# States Using the System	1989-2005 Change in Expenditure	1997-2005 Return on Net Worth	HHI Index
State Set	1	52.8%	6.4%	1,371
Prior Approval	15	54.0%	8.6%	1,017
File & Use	23	68.1%	9.0%	976
Use & File	8	70.0%	9.7%	1,086
Flexible	2	70.8%	7.0%	906
Competition	2	73.9%	9.6%	1,311

State Set............State establishes rates insurers can charge.

Prior Approval ......Insurers cannot put rate changes into effect without state approval.

File and Use ....Rate changes can take effect without state approval, but must be filed with the state before use and can be later disapproved.

Use and File ....Rate changes can go into effect without state approval but must be filed after use and can be later disapproved.

Flexible...............Rate changes can be filed and used without approval unless they change by more than a set amount, when filing and approval are required.

Competition.........State has no authority to control rates.

From 1989 to 2005, the overall Consumer Price Index increased 65 percent. Thus, State Set and Prior Approval systems held prices below inflation (as they should in a period of declining claim frequency), while softer regulatory systems did not.

The five states with the smallest rate increases over the last 16 years were California, New Jersey, Hawaii, New Hampshire and Pennsylvania. Of these five, all but New Hampshire use prior approval regulation. Some of the states with troublingly high profits for auto insurance from 1997 to 2006 were Hawaii (19.1 percent return on net worth), D.C. (14.9 percent), and Connecticut (13.2 percent). The national profit level was a reasonable 8.1 percent during this time period.

The five states that currently have the lowest levels of market concentration, indicating very competitive markets, are Maine, Vermont, Connecticut, California and New Hampshire.

The study also reviews the state laws on reparations and seat belts and also looked at other factors that impact price, such as disposable income, vehicle thefts, auto repair costs and size of the residual market.

The California Experience

California's regulatory system, which was adopted by state residents when they voted for Proposition 103 in 1988, performed well in virtually every category examined by the report, including all of the factors cited above.

Two exceptions were insurer profit levels over the longer term (1989 - 2006) which were somewhat high, and a large population of uninsured motorists. The California private passenger automobile system features the following pro-consumer characteristics:

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* The Herfindahl-Hirschman Index (HHI) is a commonly accepted measure of market concentration. It is calculated by squaring the market share of each firm competing in the market and then summing the resulting numbers. For example, for a market consisting of four firms with shares of 30, 30, 20 and 20 percent, the HHI is 2,600 ($30^2 + 30^2 + 20^2 + 20^2 = 2600$). The HHI increases as the number of firms in the market decreases and as the disparity in size between those firms increases. Markets in which the HHI is between 1,000 and 1,800 points are considered to be moderately concentrated, while those in excess of 1,800 are considered to be concentrated.

PERSONAL AUTO INSURANCE: RESULTS BY STATE

State	Predominant Rating Law	1989-2005 Change in Expenditure	1997-2005 Return on Net Worth	HHI Index
Alabama	Prior Approval	59.0%	9.1%	1,206
Alaska	Flexible	71.7%	6.2%	1,548
Arizona	Use and File	59.3%	10.4%	830
Arkansas	File and Use	90.1%	7.3%	1,049
California	Prior Approval	12.9%	10.1%	716
Colorado	File and Use	60.6%	8.4%	973
Connecticut	Prior Approval	33.9%	13.2%	653
Delaware	File and Use	79.0%	5.9%	1,282
Dist. Of Columbia	File and Use	49.1%	14.9%	1,740
Florida	File and Use	74.3%	4.7%	1,022
Georgia	Prior Approval	47.6%	8.1%	987
Hawaii	Prior Approval	25.2%	19.1%	1,182
Idaho	Use and File	67.4%	11.8%	855
Illinois	Competition	47.0%	9.1%	1,208
Indiana	File and Use	54.2%	9.6%	809
Iowa	File and Use	76.2%	9.9%	881
Kansas	File and Use	73.2%	11.3%	1,029
Kentucky	Use and File	99.5%	5.6%	991
Louisiana	File and Use	88.1%	0.8%	1,511
Maine	File and Use	48.0%	12.0%	603
Maryland	File and Use	46.2%	9.5%	1,121
Massachusetts	State Set	52.8%	6.4%	1,371
Michigan	File and Use	69.0%	2.3%	982
Minnesota	File and Use	71.9%	10.7%	1,000
Mississippi	Prior Approval	69.0%	3.7%	1,217
Missouri	Use and File	59.4%	8.0%	1,068
Montana	File and Use	103.8%	5.5%	945
Nebraska	File and Use	117.9%	8.9%	959
Nevada	Prior Approval	67.5%	4.0%	831
New Hampshire	File and Use	30.0%	12.3%	748
New Jersey	Prior Approval	20.4%	9.1%	840
New Mexico	File and Use	63.9%	12.0%	1,036
New York	Prior Approval	68.8%	9.9%	993
North Carolina	Prior Approval	55.2%	7.1%	984
North Dakota	Prior Approval	95.8%	8.2%	816
Ohio	File and Use	49.4%	11.1%	821
Oklahoma	Use and File	69.7%	8.9%	1,016
Oregon	File and Use	58.0%	10.6%	976
Pennsylvania	Prior Approval	31.4%	7.3%	993
Rhode Island	File and Use	45.9%	11.3%	805
South Carolina	File and Use	52.3%	5.2%	1,163
South Dakota	File and Use	106.7%	11.9%	941
Tennessee	Prior Approval	55.6%	7.1%	1,069
Texas	Flexible	69.9%	7.8%	1,035
Utah	Use and File	83.1%	10.6%	1,009
Vermont	Use and File	65.0%	12.3%	643
Virginia	File and Use	59.4%	10.7%	982
Washington	Prior Approval	71.3%	8.1%	803
West Virginia	Prior Approval	96.0%	4.9%	1,474
Wisconsin	Use and File	56.8%	10.0%	1,064

Auto insurance study gives high marks to 'prior approval '

continued from preceding page

- Estimated savings of $61.8 billion for consumers over the 16 years that Proposition 103 has been in effect;
- First among all states in holding down rate increases (an overall 12.9 percent increase from 1989 to 2005);
- Fourth in market competitiveness as measured by the HHI (716);
- Only state to totally repeal its antitrust exemption for automobile insurers;
- Only state to put reasonable limits on expenses passed on to consumers, such as fines and excessive executive salaries;
- Relatively few residents participating in higher cost "assigned risk" insurance plans;
- Among the 11 states with the highest ranking from the Insurance Institute for Highway Safety for strong seat belt laws;
- One of only four states that guarantees that good drivers can receive a policy from the company the consumer chooses that is guaranteed renewable as long as the consumer remains a good driver;
- The only state to require that a person's driving record be the most important factor in determining insurance rates, followed by the number of miles driven and years of driving experience. All other factors used by insurers must have less impact on rates than these criteria;
- One of only three states to ban the use of credit scoring for setting rates or granting coverage;
- The only state to require that insurers offer consumers the lowest price available from all of the companies in its insurance group; and
- The only state that funds consumer participation in the ratemaking process provided the consumer can offer a substantial contribution to the case.

> "***Tight regulation of insurance rates and classifications leads to lower and fairer rates for consumers.***"

Recommendations for Policymakers

As the findings of this study make clear, many states do a poor job of ensuring that insurance rates are fair, that the regulator adequately reviews rates, that competition is vigorous, and that consumers are adequately involved in the ratemaking process.

This report also provides considerable evidence that the deregulatory proposals being promoted by the insurance industry at the state and federal level, especially the elimination of rate regulation, fail to protect consumers and to ensure fair rates.

State policymakers should implement comprehensive regulatory changes modeled after Proposition 103. By combining close regulation of how rates are set with opportunities for vigorous competition and fair returns for insurers, Proposition 103 has established a 20-year track record of success for California consumers.

In particular, state policymakers should adopt regulatory changes that achieve the following: stop excessive expenses (such as fines and excessive executive salaries) from being passed on to consumers; repeal state antitrust exemptions; require insurers to offer coverage to good drivers who are required by the state to purchase it; involve consumers actively in the rate-setting process by funding consumer participation; set a state ratemaking model by which the regulator evaluates rate proposals by insurers, and establishes key ratemaking parameters, such as reasonable rates of return.

The National Association of Insurance Commissioners should not adopt insurer proposals to deregulate auto insurance. This report shows that tight regulation of insurance rates and classifications leads to lower and fairer rates for consumers.

Congress should reject efforts to weaken regulation of insurance in the few states that do it well, whether through the adoption of an "optional federal charter" or other means. Optional federal charter proposals introduced in Congress grant the federal regulator little, if any, authority to regulate price or products, regardless of how noncompetitive the market might be for a particular line of insurance. Granting insurance companies the right to choose whether they are regulated at the state or federal level will lead to "competition" among regulators to lower consumer protection standards.

If Congress is serious about improving the quality of insurance regulation for consumers, it should consider mandating that states meet minimum, uniform standards of regulation based on the innovations included in Proposition 103. ■

Robert Hunter is Director of the Consumer Federation of America and a former Texas Insurance Commissioner. He also served as the Federal Insurance Administrator during the Carter Administration. The CFA report on auto insurance regulation can be found at: **www.consumerfed.org/pdfs/state_auto_insurance_report.pdf.**

It should be noted that although Mr. Hunter had initially supported an alternative proposal to California's Proposition 103 in the late 1980s, he was hired by the California Attorney General's Office to help implement Prop 103 after its enactment. He also served as an actuarial witness and performed other work on behalf of the California Insurance Department during 1989-1993.

" Quote of the Month "

"Lack of insurance is only one part of the problem, as even the insured have serious gaps in coverage. Insurance coverage is the ticket into the health-care system, but for too many, that ticket doesn't buy financial security or genuine access to care."

— Karen Davis, President, the Commonwealth Fund

One-stop product filing . . . is here!

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of individual state product approvals in order for an insurer to roll out a policy on a national basis. The requirements for individual state approvals can be an expensive and time-consuming process for an insurer, but such requirements also impact the consumer since product price often reflects these costs.

Additionally, regulatory review redundancies may impinge on state insurance department resources that could be more efficiently allocated to areas such as market conduct and financial analysis. As such, state regulators identified speed-to-market and streamlined review processes as critical in order for the insurance sector to keep pace in the evolving, global financial services market.

In 2002, the National Association of Insurance Commissioners began work on a Model Interstate Insurance Compact Act that enables states in their sovereign capacity to act jointly to promote uniform and modern regulatory practices. Working cooperatively with state legislators through the National Conference of State Legislators (NCSL) and the National Conference of Insurance Legislators (NCOIL), this Model was implemented when the required legislative threshold of 26 member states was met in May 2006, and the **Interstate Insurance Product Regulation Commission** (IIPRC) was initiated in June 2006.

IIPRC goals

Headquartered in Washington, D.C., the IIPRC is the vehicle by which the Compact member states develop uniform standards; and it serves as the central point of filing and review for life insurance, annuities, disability income and long term care insurance products under the Compact.

The IIPRC enhances the effectiveness of the way insurance products are filed, reviewed and approved, allowing consumers to have quicker access to competitive insurance products. Since they are "mobile" products that tend to travel with consumers throughout their lifetimes, asset-based insurance products lend themselves to uniform standards. Uniformity is achieved through the application of national product standards embedded with strong consumer protections. The IIPRC provides for an open and transparent process in setting these national insurance regulatory standards, and engages input from industry and consumer constituencies.

Governance structure

The Management Committee of the IIPRC directs its affairs and comprises 14 members encompassing a three-tier representation of states based upon premium volume. The Management Committee currently includes the six largest Compact states by premium volume: Texas, Pennsylvania, Ohio, Michigan, Massachusetts and North Carolina; four mid-size states by premium: Georgia, Virginia, Minnesota and Indiana; and one additional state from each of four regional NAIC zones. The four additional states are Idaho, Oklahoma, West Virginia and Vermont.

The remaining members of the Compact are: Alaska, Colorado, Hawaii, Iowa, Kansas, Kentucky, Maine, Maryland, Nebraska, New Hampshire, Puerto Rico, Rhode Island, Tennessee, Utah, Washington, Wisconsin and Wyoming.

The IIPRC also has six standing member subcommittees: Audit, Communications, Finance, Product Standards, Rulemaking and Technology, with membership from the ranks of the full Commission. Additionally, the Compact legislation provides for the IIPRC Legislative Committee to work as an active partner in this process with eight members appointed by NCSL and NCOIL.

A Consumer Advisory Committee and an Industry Advisory Committee are appointed by the Management Committee to represent the consumer advocacy community and the industry, respectively. These advisory committees provide regular input on the IIPRC standards-setting process.

IIPRC today

The IIPRC currently has 31 member jurisdictions that represent approximately half the U.S. premium volume, and more states are expected to join this year. Seven jurisdictions currently have legislation pending in various stages — California, New York, New Jersey, Illinois, South Carolina, Louisiana and the District of Columbia. We therefore look forward to the prospects of new members joining the Compact soon.

Within one year of its start-up, the IIPRC adopted its first uniform standards and operating procedures that allowed for the filing of initial products in June 2007. These initial product filings were reviewed and regulatory decisions rendered within the 60-day turnaround period outlined in the speed-to-market provisions of the Compact.

Filing operations

The IIPRC utilizes the System for Electronic Rate and Form Filing (SERFF) for filing submissions. With experienced regulators working in its operations and new enhancements added to its product-filing platform, the IIPRC is leveraging the proven expertise of the state-based regulatory system to build a state-of-the-art product review operation to meet market demands while continuing to uphold consumer protections.

Today, the IIPRC is receiving filings from large, medium and small insurers as companies are taking advantage of the "one-stop filing" benefits for product approval within 60 days valid in all 31 member states (and growing). To date, 70 life insurance products have been approved by the IIPRC. Approximately 50% of submissions to the IIPRC are from new users.

> ***"The average turnaround time for review . . . is 31 days."***

The balance are from those that have filed with the IIPRC at least three times. The average turnaround time for review, under the parameters of the IIPRC Product Filing Rule, is 31 days. Our filing requirements are easily accessible in SERFF and through our Web site, **www.insurancecompact.org**.

We have 44 product standards adopted to date and we are working on many others. By the end of 2008, we aim to complete the individual life and annuity portion of our standards portfolio and begin consideration of group standards for these lines. In 2009, we will begin the standards development process on disability income and long term care insurance.

"Mix and Match" procedures

The IIPRC's Product Filing Rule permits the use of state-approved product components in our Compact member states with Commission-approved product components, under the so-called Mix and Match procedures. Since the IIPRC still has a number of standards to promulgate before completing its full filing portfolio, the Mix and Match procedures are an interim measure to allow for immediate Compact filing with the IIPRC.

These procedures are described on our Web site, as well as in our SERFF General Instructions and Submission Requirements.

Future plans

- The IIPRC filing platform on SERFF will be enhanced with key improvements to accommodate the increase in filings and the requirements of our uniform standards. Additionally, the IIPRC will be upgrading the filing information interface for our member state insurance departments to streamline their access and enhance their records-keeping capabilities for IIPRC-approved products as utilized by their market surveillance, examination, and consumer affairs divisions.
- The IIPRC will look to encompass new uniform standards, not currently on our agenda, that will help us keep pace with an industry that is continually creating new and innovative products to meet market demands.
- The IIPRC will continue to promote the use of our one-stop filing with insurers nationwide. We anticipate an increasing volume of filings as new uniform standards are brought online by the IIPRC and insurers assess the start-up success of the Compact.
- The IIPRC will continue its outreach to all states to encourage membership in the Compact as we expand the goals of uniformity nationwide.

The Compact represents a successful state-based modernization reform initiative that benefits consumers, industry and regulators. It makes state insurance regulation more efficient and effective in the financial marketplace while enhancing protections for consumers. We encourage all to watch our progress on **www.insurancecompact.org.** ■

Frances Arricale is the Executive Director of the Interstate Insurance Product Regulation Commission.

Breach of Confidence

Emerging technology can enhance privacy compliance

by Scott Harrison

Confidence, trust and credibility are the lifeblood of the insurance industry. Regardless of the type of coverage a company sells, insurance consumers need to be assured of a few basic things: that the company is financially strong, that the products they purchase will cover the intended risks, and that claims will be handled fairly and quickly. Individual insurance consumers have one additional concern: *that their financial, medical and other confidential information will be handled appropriately.*

It is no surprise, then, that the insurance industry invests millions of dollars in advertising every year to reassure consumers that their insurance company is "On Their Side" and that they can trust "The Good Hands People." As someone who has been involved professionally with the insurance industry for almost 20 years, including several years as a regulator, it has been my experience that these catch phrases are more than just branding slogans. Most companies care a great deal about their policyholders and try to serve them in the best way possible.

Whatever branding strategy insurance companies might use, regulators also know that the real strength of an insurer's business lies within the company's commitment to executing the fundamentals of its business — how they interact with policyholders on a day-to-day basis, how quickly claims are addressed, how fast they respond to consumer complaints and, in today's increasingly technology-dependent world, the methods they employ to keep their customers' information safe and secure.

Protecting confidential information

While any serious and systemic compliance failure can seriously injure both a company's reputation and bottom line, the revolution in information technology poses new and unique risks for insurance companies and their regulators. What is interesting is that those risks do *not* arise from the companies' misuse of their policyholders' private information.

Mailing lists and other policyholder data are among insurers' most valuable assets and closely guarded secrets. The threat of an insurance company selling its mailing list to third-party marketers was never significant. Rather, the real risk to insurers and others, including insurance producers, lies in the area of data security — protecting confidential information about their policyholders from loss, inadvertent destruction, or even theft.

Federal laws such as Gramm-Leach-Bliley and the Health Insurance Portability and Accountability Act (HIPAA) require insurance companies and insurance producers to take affirmative steps to protect their customers' nonpublic financial and health information. Nearly every state also has similar requirements. In response to those changes in the law, most companies changed their internal procedures and enhanced their data security capabilities. They developed privacy policies and made the required disclosures to their policyholders. Insurance regulators also changed their examination procedures, resulting in the National Association of Insurance Commissioners adopting changes to the Market Regulation Handbook that include new examination procedures to verify insurers' compliance with those laws.

And so things have continued. It is no secret, however, that information technology is a rapidly changing industry. The desktop computers that were used to draft Gramm-Leach-Bliley, for example, have been obsolete for many years. Likewise, the new computer that I am using to write this article will be obsolete in two years, if not sooner. Moreover, most would agree that the emergence of the Internet as the primary vehicle we use to exchange information has improved everyone's ability to do business better.

Those same benefits in information technology can become drawbacks, however, if all members of a business's extended enterprise — including those with whom they link information — are not as secure as they need to be. Confidence in the security of our data has become one of the pillars supporting our nation's economy. Just imagine the impact on businesses if consumers lost confidence in the Internet as a safe and secure means of purchasing all manner of goods and services (from books to airline tickets to complicated financial investments). The damage to the economy would be devastating. For businesses like insurance companies that sell trust, reliability and stability, the stakes are even higher.

In 2005, the last year for which information is available, the Federal Trade Commission estimates that 8.3 million Americans were victims of identity theft. While there is no evidence to suggest that the insurance industry has been singled out by identity thieves, there is no evidence to suggest that it is immune. Most insurance companies rely on a network of producers and brokers to sell their products. Many insurers use third-party administrators, claims adjusters, and others to help them service their policyholders. This extended distribution system, and in turn *their* various business connections, create significant risk if security compliance obligations are overlooked or disregarded.

Stories about employees' lost and stolen laptop computers containing individuals' personal information appear in the news regularly. This issue recently hit home for a nationally known insurance company that found itself facing a $500 million class action lawsuit after it misplaced three computer backup tapes containing "tens of thousands" of pieces of customers' data. While the company has assured customers that it has changed its policies and implemented new data security controls, and has offered affected customers a year's worth of credit monitoring service and identity theft insurance, the damage to the company's hard-earned reputation for reliability and dependability has been shattered.

Moreover, while e-crime is a major threat, not all identity theft involves computers or the Internet. There have been numerous accounts of identity theft that have occurred by seemingly innocent acts such as leaving paperwork out on desks or in trash cans for opportunistic thieves, in the form of unscrupulous cleaning crews or corrupt employees, to pilfer for criminal purposes.

Risk management software

While the vast majority of insurance companies takes these threats seriously and many insurers have implemented new internal controls to protect private policyholder data, emerging technology can offer an additional layer of protection and help insurance companies, producers, and even regulators understand these new risks and adopt new techniques for protecting consumers. Enterprise risk management software and services can add an additional layer of protection when it comes to observing privacy rules and keeping liabilities in check. To reduce risk, the technology should provide compliance, risk and governance solutions.

Compliance can then be validated by insurers regularly by performing such tasks as scanning the computer network for vulnerabilities, uncovering potential weaknesses and searching for examples of noncompliance. Risk assessments, utilizing the framework and methodologies recognized by the National Institute of Standards and Technology, should be executed on a regular basis. And, because of the potential for continued regulatory changes, the system should monitor the regulatory landscape for changes in regulations as well as case law and be able to communicate modifications internally and to an insurer's extended enterprise. Regulators should also look to use emerging technologies to reinforce the need for insurers and producers to be clear about their responsibility regarding consumer protection and privacy and security of client data.

While this discussion has focused primarily on the insurance industry and its need to assess and understand the new risks posed by identity theft, state insurance regulators also face significant risk. Insurance consumers rely on their regulators to ensure that their confidential information is being protected by their insurance companies and their insurance agents. Regulators need to be sure they are also adequately informed about the nature of the threat posed by identity theft and the steps that can be taken to protect consumers without causing unnecessary disruption to business or inconvenience to consumers.

The insurance industry and its regulators have repeatedly demonstrated the ability to adapt to changes in the business environment and technology. While the risk of identity theft is a significant challenge there is every reason to expect they will rise to the challenge once again by developing a responsible solution that works for companies, regulators and, most important of all, consumers. ■

Scott Harrison is a Washington, D.C. attorney whose practice includes advising insurance companies on regulatory and enterprise risk management issues. He has also served as a Deputy Commissioner for the Delaware Insurance Department and a Deputy Superintendent for the New York Insurance Department.

Meet me in St. Louis . . . at the Career Development Seminar!

By Doug Freeman, CIE, MCM

The Gateway to the West invites you to the IRES St. Louis Career Development Seminar (CDS) Sunday, August 10 through Tuesday, August 12, 2008! In addition to the more than 30 diverse and compelling CDS insurance regulatory sessions *(see p. 14)*, please take time to enjoy the wonderful variety of activities available in this historic river city.

Numerous places to visit and explore are all within a walk, shuttle bus, Metro-Link subway, cab-ride or drive of the downtown Renaissance Hotel, where IRES will be headquartered.

So, Meet Me in St. Louis and consider some of these tourist suggestions, in part, courtesy of the St. Louis Convention and Visitors Commission Web site (*www.explorestlouis.com*). Details are available through the Commission's Web address.

- When downtown, ride to the top of the **Gateway Arch,** towering 630 feet over the Mississippi River and not far from the Renaissance Hotel. The movie about how they built the Arch is as fascinating as the view from the top! While at the Arch, follow the footsteps of explorers Lewis & Clark at the **Museum of Westward Expansion**. In addition, the **Old Courthouse** is nearby the Arch, scene of the Dred Scott trial. Close to the Renaissance Hotel is the wonderful **City Museum**. Also near downtown, you will find the beautiful **Missouri Botanical Garden**, one of the world's top public gardens.
- While by the downtown **St. Louis riverfront**, experience live blues music in one of the dozens of area clubs, taverns, and restaurants in **Laclede's Landing** *(www.lacledeslanding.com),* a short shuttle bus ride away from the Renaissance Hotel. Also, visit one of the area's six **casinos and buffets**, three of which are right on the Mississippi — the brand new Lumiere Place Casino, President Casino, and Casino Queen. You can also cruise the mighty Mississippi on the **Tom Sawyer** or **Becky Thatcher Paddle Wheeler**.
- Although the St. Louis Cardinals are not in town during the CDS, the new **Busch Stadium,** with its baseball gift shop, is an impressive sight and worth seeing while downtown —- as is the St. Louis Rams football home **Edward Jones Dome**, which doubles as a convention center (across the street from the Renaissance). Also, no bowling enthusiast should miss the international **Bowling Museum & Hall of Fame,** located right by Busch Stadium.
- Visit the heart of St. Louis through some of its friendly and charming neighborhoods *(www.explorestlouis.com/visitors/neighborhoods.asp?pt=1)* and satisfy your taste buds at any of hundreds of one-of-a-kind restaurants whether it be along Washington Avenue near the Renaissance Hotel; in Soulard, Benton Park or Lafayette Square. Standout restaurants include **Sidney Street Café, 1111 Mississippi** and **Vin de Set Rooftop Bar & Bistro.** There are also several outstanding Italian restaurants on the Hill that serve traditional St. Louis toasted ravioli *(www.shopthehill.com)*. Don't forget **Ted Drewes'** frozen custard for dessert *(www.teddrewes.com)*.

- A short drive from the Renaissance Hotel is the **Anheuser-Busch Brewery**, where you can take a free tour with complimentary beer tasting and also visit the world-famous Budweiser **Clydesdales**. In a separate part of the city, you can also visit Anheuser-Busch's **Grant's Farm**.

- In mid-town, visit the fabulous **Fox Theatre** (where Melissa Etheridge is in concert August 11), the beautiful **Powell Symphony Hall**, or other venues in the **Grand Center Arts District** like the **Sheldon Concert Hall**. And, near the classy **Central West End**, find trendy restaurants or count the mosaics at the breathtakingly beautiful **Cathedral Basilica** of Saint Louis. You may want to explore **Forest Park**'s 1,300 acres of lakes, walking paths, and golf courses or visit other world-class Forest Park attractions, such as the **Art Museum***;* **Zoo***;* **Science Center***;* **Missouri History Museum;** the **Jewel Box Greenhouse***;* and **The Muny Outdoor Theatre** (Fiddler on the Roof playing nightly August 4-10). Also, visit the **Boathouse** for rowboat and paddleboat rides as well as a nice lunch.

- Lastly, for you **shoppers**, fill an extra suitcase during a trip through major malls and antique and collectible stores. The closest mall to the Renaissance is **Union Station** *(www.stlouisunionstation.com)*. Other downtown shopping opportunities are accessible through *www.explorestlouis.com/visitors*. ■

Doug Freeman is the IRES Immediate Past President and an Insurance Regulatory Consultant, who works in Sonnenschein Nath & Rosenthal's downtown St. Louis law office. He gratefully acknowledges the St. Louis Convention and Visitors Commission for its cooperation in preparing this piece. For more information, contact Doug Freeman at 636-236-9642 or dafreeman@sonnenschein.com

St. Louis in Words and Music

Meet me in St. Louis, Louis,
Meet me at the fair,
Don't tell me the lights are shining
any place but there.

— Judy Garland, *Meet Me in St. Louis*

All over St. Louis
Way down in New Orleans
All the cats wanna dance with
Sweet Little Sixteen

— Chuck Berry, *Sweet Little Sixteen*

It ain't braggin' if you go out and do it.

— Dizzy Dean, *St. Louis Cardinal pitcher*

NEELY: Well, I got a cousin who spells it the same way, and we call him "Louie."

TOOTIE: He isn't a city though, is he?

NEELY: No

TOOTIE: Is he a saint?

NEELY: Uh, no

TOOTIE: Then there's no comparison.

— Mr. Neely, *the iceman, discussing with 'Tootie' Smith the correct pronunciation of St. Louis in Meet Me in St. Louis*

Note to CDS Attendees: *Meet Me in St. Louis*, starring Judy Garland, will be featured on the Turner Classic Movies (TCM) channel, Sunday, July 13 at 8 pm EST.

Join us at "The Gateway to Regulator Excellence"

by Steve Martuscello

Mike Hessler, Dennis Shoop and I look forward to meeting you in St. Louis at this year's Career Development Seminar (CDS). The theme of the CDS, to be held August 10-12, is "The Gateway to Regulator Excellence."

The CDS strives to educate both regulators and those who work with them. We like to think of it as the premier educational seminar for insurance department personnel. It also offers attendees a great opportunity to network, discuss common problems and gain different perspectives on complex issues.

For detailed descriptions of the more than 30 breakout sessions at this year's CDS, visit www.go-ires.org and click on "2008 Career Development Seminar." The CDS offers something for everyone, including sessions on market regulation, complaint handling, enforcement & compliance, financial regulation, regulatory compliance, and much, much more.

Here are just a few of the excellent breakout sessions being offered at this year's CDS:

Examining the Track Record of Market Analysis — This session takes an in-depth look at market analysis. How has it speeded up the market conduct exam process? Has it reduced the volume of market conduct exams? Have the results met the hype?

In Search of a Joint Regulatory Scheme for Senior Health Markets — A panel discussion featuring representatives from Centers for Medicare & Medicaid Services, the regulatory community and the industry.

Latest "MCM" Developments — Hear from a panel of regulators and industry representatives about the importance of the new Market Conduct Management program.

Insurance Products in Disguise — When is an insurance product not an insurance product? Should such products be regulated? If so, how?

Risk-Focused Exams for Small Companies What's the best way to examine small insurers not required to comply with the Sarbanes-Oxley Act or the new model audit rule?

Looking at Excess and Surplus Lines — Exploring nettlesome excess and surplus lines issues. Which regulatory strategies work best? Which need to be improved?

The Hidden Costs of Health Insurance — Health insurance costs even more than you think. Explore the hidden costs of major medical and other popular health insurance plans.

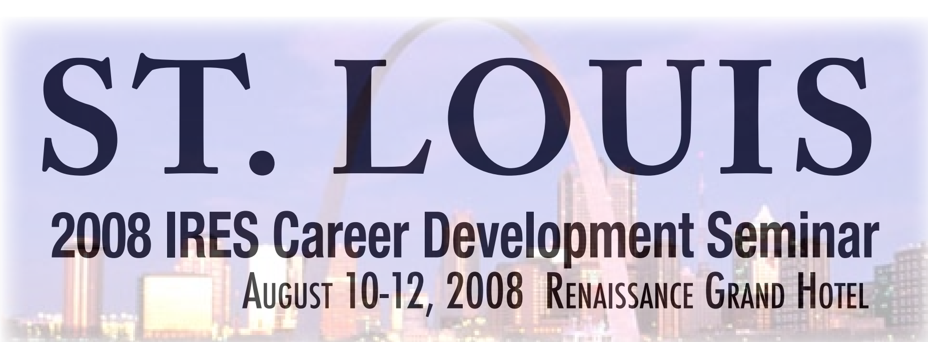
NAIC President and Kansas Insurance Commissioner **Sandy Praeger** will be our keynote speaker at Monday's luncheon letting you know first-hand what major issues the NAIC is facing. On Tuesday, we kick off our session with motivational speaker Doni Tamblyn. Ms. Tamblyn helps individuals face change with optimism and humor. We can all use a dose of optimism and humor these days.

And remember, the CDS also qualifies for up to 15 CE credit hours.

So if you have yet to register for the CDS or to reserve a room, do so now before it's too late.

Don't miss an opportunity to improve your job skills, share your views on current issues, and meet old friends while making new ones.

Be a part of the positive experience of our meeting in St. Louis at the 2008 IRES CDS. We'll see you there.



IRES CHAPTER NEWS

LOUISIANA — The Louisiana Chapter held a "Meet and Greet" meeting on May 13 to introduce Department employees to IRES and answered their questions concerning IRES and the state chapter. There were 44 attendees.

The Chapter met the previous week to discuss hurricane preparedness. **Neysa Hurst,** Assistant Director of the Property & Casualty Consumer Affairs Division addressed the group. Ms. Hurst distributed information on storm mitigation incentives, a hurricane tracking map and preparedness guide, and a pamphlet, "Weathering the Storm," containing a personal property inventory form. There were 26 attendees.

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

NEBRASKA — The Nebraska Department of Insurance IRES Chapter held a general membership meeting on April 23. **Chuck Starr**, Chief of the Nebraska Department of Insurance Fraud Prevention Division, spoke regarding insurance fraud and current fraud trends.

Fran Arricale from the Interstate Compact will be our guest speaker during our next meeting. Fran will conduct a presentation and open discussion to address questions regarding the Interstate Compact (see Fran's article, p. 1).

— *Holly Blanchard; Holly.Blanchard@nebraska.gov*

Washington D.C. — The D.C. Chapter held our regular bi-monthly meetings in March and May. At the May meeting, members from the IRES market analysis team began compiling a list of topics that would be of interest to our fellow employees at the DC Department of Insurance, Securities and Banking. We want to create renewed interest in IRES.

Our March meeting was devoted to in-house training. **William "Bill" McCune,** Market Analysis Chief along with Market Analysis Examiners **Edward Bannister**, **Jeffery Johnson**, and **Janet LeGore** addressed the group. To our surprise, they began their presentation with a market analysis quiz. What an icebreaker! Each presenter offered a wealth of knowledge from the NAIC Market Regulation Handbook as well as other handouts relating to market analysis. Non-IRES members also attended. The presentation was informative and extremely rewarding.

—*Hazel Mosby; hazel.mosby@dc.gov*

Louisiana Filing & Compliance Seminar: July 24-25

The 2008 Louisiana Filing and Compliance Seminar will be held on July 24-25 in the French Quarter of New Orleans, LA, in conjunction with the Louisiana Insurer's Conference. The Seminar's sessions are facilitated by the Louisiana Department of Insurance. Sessions involve Legislative actions; Life & Annuity, Health and Property & Casualty form, rate and rule filing requirements and issues; Industry Access; producer and adjuster licensing; consumer complaint responses; company licensing; market conduct; and CRAFT (Complaint, Rate and Form Tracking) training.

Commissioner James J. Donelon will offer welcoming remarks and Senator Donald R. Cravins, Jr. will discuss actions in the 2008 Regular Legislative Session. Please note that attendees are not required to be members of the Louisiana Insurers' Conference.

Contact Julie Fuselier of the Louisiana Insurers' Conference with any questions at (225) 343-2776 or jfuselier@pperron.com.

Regulatory Roundup

by
Stroock & Stroock & Lavan LLP

New York — Insurance Department sanctions cancellation of bond insurance policies
On May 9, the New York Insurance Department issued Circular Letter No. 12 (2008) in response to inquiries raised by issuers of municipal bonds seeking to cancel or terminate in-force bond insurance policies with the consent of their bondholders due to recent downgrades or potential downgrades in the credit ratings of financial guaranty insurers ("FGI"). The issuers' requests were based, in part, upon concern that liquidity facilities for municipal auction-rate bonds contain events of termination that may be triggered by a downgrade in the credit rating of the FGI insuring the bonds, regardless of the issuer's credit rating. This in turn could force municipalities to pay higher interest rates than they would otherwise pay if the bonds were unaffected by instability in the FGI's credit ratings.

The stated purpose of this Circular Letter was to advise FGIs and the purchasers of FGI policies that, notwithstanding any "non-cancellation" provisions of a bond insurance policy, the Insurance Department will not object to the cancellation or termination of such policies on the basis that cancellation involves a deviation from the filed policy form in violation of the Insurance Law, provided that the municipality, FGI and bondholders all consent to the cancellation or termination and that FGIs will apply a single set of nondiscriminatory criteria in determining whether to consent to cancellation or termination of policies. To view Circular Letter No. 12, visit the New York Insurance Department's Web site at **www.ins.state.ny.us**.

Georgia — Governor signs file-and-use auto bill
On May 15, Governor Sonny Perdue signed SB 276, a bill amending the current "prior approval" system by authorizing insurers, effective October 1, 2008, to implement rates, rating plans and underwriting rules for all private passenger auto rates above mandated minimum liability limits without the prior approval of the Insurance Commissioner. Such rates, plans and rules must, however, be filed with the Commissioner prior to their use (so-called "file-and-use"). According to published reports, the measure was opposed by Georgia Insurance Commissioner John Oxendine. SB 276 also provides additional uninsured/underinsured motorist (UM/UIM) coverage options.

This coverage provides the driver and his passengers with first-party bodily injury protection for injuries sustained from an at-fault uninsured or underinsured motorist. Under SB 276, in addition to selecting or rejecting UM/UIM coverage, policyholders could also elect to "stack" their UM/UIM coverage on top of the at-fault driver's liability insurance. Under previous law the at-fault driver's liability coverage was deducted from the policyholder's UM/UIM coverage. The stacking provision is effective on all policies issued after January 1, 2009. To view SB 276, visit **www.legis.state.ga.us/legis/2007_08/sum/sb276.htm**.

New Jersey — Senate committee approves bill requiring certified mail notification of nonrenewals and cancellations
On May 19, the New Jersey Senate's Commerce Committee approved S410, a bill requiring that written notice of cancellation or nonrenewal of a homeowner's insurance policy or an automobile insurance policy must be sent by certified mail, return receipt requested *and* by regular mail with a proof of mailing, or the policy remains in effect. The bill is set to take effect 60 days after enactment. To view S410, visit the New Jersey Senate's Web site at **www.njleg.state.nj.us.**

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

Arizona — State broadens captive insurer authority
On May 20, Governor Janet Napolitano signed into law HB2081, a bill that broadens captive insurers' authority to cover employment practices liability risk. Employment practices liability insurance generally covers businesses against claims by employees that their legal rights as employees of the company have been violated, including claims such as sexual harassment, discrimination or wrongful termination. Previously, captive insurers were limited to writing insurance or reinsurance on their parents' or affiliates' employee benefit business. The Bill also removes the requirement that at least one incorporator of a captive insurer be a resident of Arizona.

To view HB2081, visit the Arizona State Legislature's Web site at **www.azleg.gov.**

Florida — Governor signs "Homeowner's Bill of Rights Act"
On May 28, Governor Charlie Crist signed into law S2860, a comprehensive property insurance bill comprising 27 sections and entitled the "Homeowner's Bill of Rights Act," but exercised his line item veto power to strike out Section 16 of the Bill, which would have provided funding for expanding a program that provides small insurers with loans in exchange for the insurers taking policies from the state-sponsored Citizens Property Insurance Corporation ("Citizens").

Of note are the following provisions: Section 2 of the Bill revises the requirements of the Insurance Capital Build-Up Incentive Program, which allows surplus note loans to insurers of up to $25 million, repayable over 20 years at the 10-year Treasury bond rate, by requiring, *inter alia*, that an eligible insurer commit to writing at least 15% of its net or gross written premium for new policies, not including renewal premiums, for policies taken out of Citizens, during each of the first three years after receiving the state funds in exchange for the surplus note.

Section 3 authorizes the Florida Office of Insurance Regulation ("OIR") to order an insurer to file its claims-handling practices and procedures as a public record based on findings in a market conduct examination that the insurer had a pattern or practice of willful violations of an unfair insurance trade practice related to claims-handling. The Bill also provides for increased fines for violations of unfair trade practices. Section 5 specifies requirements for submission of a document to OIR in order for a person to claim that the document is a trade secret, including the filing of an affidavit certifying as to the trade secret status of the documents. Section 6 requires an insurer planning to nonrenew more than 10,000 policies within a 12-month period to notify OIR 90 days before issuing any notices of nonrenewal.

Section 14 increases the required notice of nonrenewal of a personal or commercial residential insurance policy from 100 days to 180 days if the policy has been in force for five years or more. Section 10 repeals the option an insurer had to appeal a rate filing disapproval to an arbitration panel and extends until December 31, 2009 the current prohibition on using the "file and use" option for property insurance rate increases. Except where otherwise provided, the Bill is set to take effect July 1, 2008.

To view S2860, visit the Florida Senate's Web site at **www.flsenate.gov**.

NAIC NewsWire

The National Association of Insurance Commissioners reports that its free **NAIC NewsWire** now has a new look and several new features for those who want the latest insurance-related news.

For example:

1) You can read a synopsis or the full version of featured news.

2) You can now forward a news story to anyone via email.

3) Anyone can sign up to receive this news service.

You may sign up to receive the all-new NAIC NewsWire (the old version will be discontinued soon) at:

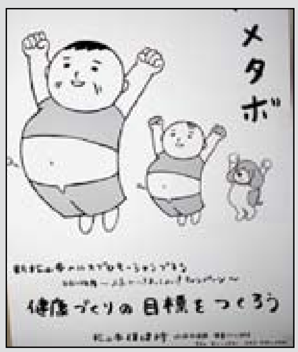
http://www.smartbrief.com/naic

Casual Observations

Fighting *Metabo*

No matter how long you've been in the insurance game, there's always something new to learn. That lesson was recently reinforced for us on, of all places, the golf course. A few weeks before Tiger Woods winced his way through his U.S. Open victory, we watched our son accomplish something even Tiger failed to pull off in that tournament — a hole in one.

As most of you know, a hole in one is a pretty rare occurrence, right up with pitching a no-hitter or bowling a 300 game. Luck, however, plays a much lesser role in those achievements than it does for the hole in one. An accomplished golfer may go a lifetime without an ace, while a hapless duffer can gain life-long bragging rights from a single serendipitous swing. (Let the record show that our son falls into the accomplished golfer category.)



After getting his ace, our son, an inquisitive sort, began exploring hole-in-one traditions from around the world. He soon discovered that he would have been in big trouble had his magic moment come in Japan. For it's customary there for anyone scoring a hole in one to throw a lavish party for friends and family. These festivities typically cost the "lucky" golfer $15,000!

This tradition has become so costly in Japan that insurers have now gotten into the act, providing hole-in-one coverage to Japanese golfers. For about $200 a year, the policy covers the costs of any hole-in-one celebrations subject, of course, to policy limits. A less expensive policy is available for those under the drinking age.

A new Japanese law, however, may push the cost of hole-in-one coverage even higher. The New York Times recently reported that Japan is so concerned over escalating health insurance costs, that they now require all employers and local governments to annually measure the waistlines of all citizens between the ages of 40 and 74. We kid you not. It's a full-fledged battle against Metabo, which is Japanese for fat.

Under the government guidelines, men and women are expected to have waistlines no larger than 33.5 inches and 35.4 inches, respectively. Companies and local governments that fail to meet specified targets will be subject to monetary penalties.

So the Japanese — already significantly more fit than Americans — will now be seeking ways to trim their waistlines even further. That means more people hitting the links more often with more accomplished players emerging. This also means, we would guess, more holes in one and therefore higher costs for hole-in-one insurance.

Here in the U.S., our subprime mortgage crisis, skyrocketing gas prices and a sagging stock market can make one's hair hurt, but let's be thankful we don't have hole-in-one insurance to worry about. We should be even more thankful that we don't have to bring our waistlines down to the 33-35 inch range, a circumference we last enjoyed in high school. We don't think any amount of golf could get us back there.

— WC

ST. LOUIS

2008 IRES Career Development Seminar

AUGUST 10-12, 2008 RENAISSANCE GRAND HOTEL

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.
Enclose a check payable to IRES or go to our Web site and pay online.
www.go-ires.org

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 or pay online

Seminar Fees

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

Check box that applies

- ☐ IRES Member (regulator)..............$320
- ☐ Industry Sustaining Member.. ....$540*
  *REQUIRED: Sustaining Member # SM______
  Lost your number? Send e-mail query to: ireshq@swbell.net. Provide company name and contact information.
- ☐ Retired IRES Member...................$125
- ☐ Non-Member Regulator...............$460
- ☐ Industry, Non-Sustaining Member $940
- ☐ Student Sustaining Member............$80
- ☐ Spouse/guest meal fee...................$80

PAID Spouse/Guest name

Hotel Rooms: You must book your hotel room directly with the Renaissance Grand Hotel. The room rate for IRES attendees is $119 per night for single-double rooms. Call group reservations at 800-397-1282 or hotel direct at 314-621-9600. The IRES convention rate is available until July 10, 2008 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 link to book a room online: http://marriott.com/stldt?groupCode=ireirea&app=resvlink.

CANCELLATIONS AND REFUNDS

Your registration fee minus a $25 cancellation fee can be refunded if we receive written notice before July 10, 2008. 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, 2008.

Insurance Regulatory Examiners Society®

If registering after July 10, add $40.00. No registration is guaranteed until payment is received by IRES.

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

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

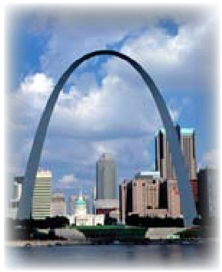
SPECIAL DIETS: If you have special dietary needs, please circle: Diabetic Kosher Low salt Vegetarian

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

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

BULLETIN BOARD

√ There is still time to register for the upcoming Market Conduct Management (MCM) program in Baton Rouge, LA on July 14-16. If you want to attend, go to the IRES Web site home page and fill out a registration form. Don't wait.



√ The IRES Membership Committee has made arrangements for CDS attendees to enjoy a night of bowling, food, cocktails, or shooting pool with fellow regulators at the city's premier bowling and cocktail lounge, on Monday, August 11. The Flamingo Bowl is a short walk from the Renaissance Grand Hotel in downtown St. Louis. Check it out at **www.flamingobowl.net.**

Interested? Contact Marty Hazen at mjhazen@ksinsurance.org.

In the next REGULATOR:

Highlights and pictures from the 2008 St. Louis CDS

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 (no special font stylings, underlined hyperlinks or special margins). Email to Wayne Cotter at: quepasa1@optonline.net.

√ IRES member Richard Nebb is organizing an informal dance outing for early CDS arrivals, on Saturday, Aug. 9. Richard and friends will swing the night away at the city's famous Casa Loma Ballroom. For more info, contact Richard at **RNebb@ins.state.ny.us.**

√ Want to get into the St. Louis mood prior to the CDS? Meet Me in St. Louis, will be the featured CDS presentation on the Turner Classic Movies (TCM) station, Sunday, July 13, 8 pm EST. See Judy Garland and Margaret O'Brien in this 1944 classic.

The Regulator®

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Robert Hunter on "prior approval" auto rating. See story, page 1.