

# The Regulator<sup>®</sup>

INSURANCE REGULATORY EXAMINERS SOCIETY

## Life Insurers & TARP: An Uneasy Alliance

by Steve Tuckey.

Special to *The Regulator*

Earlier this year, some life insurers climbed on the federal bailout bandwagon by receiving preliminary approvals for federal funds from the Troubled Asset Relief Program (TARP). Such approvals raised questions regarding the role TARP funds should play in the insurance industry, given that insurance was the one financial services sector that emerged relatively unscathed from the economic meltdown.

While six carriers gained preliminary approval for TARP funds, only Hartford and Lincoln so far are pursuing participation. Prudential Financial, Principal Financial, Ameriprise and Allstate have taken a pass for the time being.

Participating companies have for the most part remained tight-lipped about any rationales for taking part in a program that could end up being a black mark on their reputations. However, they did issue some pro-forma statements explaining their decisions. Hartford chairman Ramani Ayer called the move “a prudent step, particularly given the continued economic uncertainty,” adding the funds would provide additional flexibility “during one of the most volatile market climates in our nation’s history.” The company is slated for a \$3.4 billion capital infusion under the program.

Lincoln chairman Dennis Glass termed his company’s preliminary approval to receive \$2.5 billion a “means to further enhance the company’s financial flexibility in what has continued to be an unprecedented economic environment.”

The approvals represent a victory for the American Council of Life Insurers, which suffered something of a black eye earlier this year when the National Association of Insurance Commissioners rejected easing some reserving requirements the group had lobbied for, fearing it would

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*Lessons from the Virgin Islands*

## Unifying Financial Services Regulation

by James Holland

The evolution and growth of the financial services industry over the past ten years requires regulators to perform surveillance in a more dynamic fashion. The days of non-overlapping, separate and completely distinguishable financial services sectors (i.e., insurance, banking and investments) are over. This has created unique challenges for regulators.

In many cases it takes time for a regulator to discern the true nature of an insurance product as well as the intricacies of an insurer’s financial relationships. Such knowledge is necessary, however, to ensure that policyholders are protected. Keeping pace with the ever-evolving financial services industry is forcing regulators to enhance and broaden their knowledge base.

I recently completed a two-year tour of duty as the Chief Examiner

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The Regulator is published every other month by the

 INSURANCE REGULATORY  
EXAMINERS SOCIETY

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## From the President

### It Was a Very Good Year

At the start of my term, I challenged members to invest in themselves by becoming involved in IRES. I am happy to report that many of our members did in fact meet that challenge. This last year I was pleased to see so many new faces (well, hear so many new voices – since the meetings are done via teleconference) actively participating on the many IRES committees.



As my term as President draws to a close, I want to take a moment to thank the many volunteers for:

- all the work they have done this past year;
- everything they have accomplished on behalf of IRES; and
- making my year as President a rewarding and enjoyable experience.

First to my Executive Committee, **Polly Chan, Dennis Shoop, Leslie Krier, Gary Kimball, Anne Marie Narcini, and Tom Ballard**, whose work, effort, guidance, and support were very much appreciated. To the entire Board, I want to extend my gratitude for the extra hours they devoted to IRES as a result of an increase in the number of Board meetings we implemented this year. A list of these dedicated Board members can be found on the left-hand side of this page.

There are far too many volunteers to thank each individually in this column; however at the risk of forgetting someone, I would like to recognize a few individuals who have gone above and beyond the call of duty this past year to help make IRES a better organization. It is the time and effort that these people invested in IRES that helped to make this year so successful. I therefore offer my heartfelt thanks to:

- the many State Chapter Chairs and State Chapter Officers, for taking a leadership role in their State Chapters and providing enhanced benefits to members of their chapters.

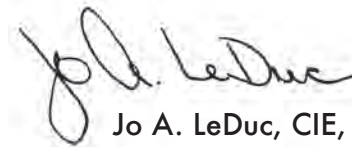
- **Tom McIntyre** and his subcommittee, for expanding the curriculum options for those members pursuing their AIE or CIE designations. Also for researching the possibility of a new designation for Consumer Service representatives.
- **Luther Ellis** and his subcommittee, for establishing a schedule of e-mail reminders regarding CE deadlines, expanding the means by which members can earn Continuing Education (CE) credits for IRES Committee work, and clarifying the existing CE rules related to the online courses that qualify for CE credit.
- **Gary Domer**, for his continued work on the MCM Program
- **Dudley Ewen, Stephen Martuscello** and all of the CDS Section Chairs, for their hard work on putting together the 2009 CDS.
- **Angela Ford** and her subcommittee, for drafting an Excused Absence Policy for the Board.
- **Joe Bieniek**, for drafting policies and procedures in response to changes in the IRS tax regulations that affected IRES.
- **Doug Pennington** and his subcommittee, for all the work in soliciting and processing Al Greer Award nominations.
- **Holly Blanchard** and her subcommittee, for organizing the "Taste of IRES Cookbook" project.
- **Doug Freeman** and the Past President's Council, for their input regarding long-range goals of the organization.
- **Ashley Natysin**, for serving as the primary contact for State Chairs.
- **Marty Hazen** and **Rich Nebb**, for organizing the 'after hours' social events during the CDS.
- **Wayne Cotter**, for making sure *The Regulator* continues to be a professional publication that is delivered to our members on time.
- **David Kenepp** and the rest of the IRES Foundation Board, for their ongoing support of IRES.
- the many individual committee and subcommittee members (too numerous to name), for the many hours they spent working behind the scenes researching, putting together draft proposals and procedures, and whatever else needed to be done.

- the dedicated individuals at our management company, **David Chartrand, Susan Morrison, Elaine Bickel**, and the rest of the staff of **Chartrand Communications**, for keeping the day-to-day operations of IRES running like clockwork.

I would be remiss if I did not thank the **Wisconsin Insurance Commissioner Sean Dilweg, Susan Ezalarab**, and my many other colleagues in Wisconsin. For without their support over these last few years, this past year would not have been possible.

Finally, I want to thank the membership for allowing me to serve as your President. It has been an honor and privilege. I hope that you all will show your incoming President, Dennis Shoop, the same support and enthusiasm you showed me.

It's been a very good year; one I will never forget. I look forward to seeing you at the CDS next month.



Jo A. LeDuc, CIE, MCM  
IRES President

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# TARP -- The uneasy alliance

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send a wrong message to the public in a time of financial stress. “By extending funds to certain insurers, Treasury is taking the right step toward helping to restore lending and liquidity to the marketplace,” said ACLI president Frank Keating.

Under the program, each company is eligible to receive investments up to 3% of its total assets. Hartford and Lincoln had met the federal criteria by buying up smaller banks to qualify as savings banks to make them eligible for government support.

And so now the question remains what impact will TARP funds acceptance have on individual companies, and the state of the life insurance industry itself.

Moody’s analyst Jean-Francois Tremblay said that with capital markets at first shut down to most life insurers, TARP funding offered an attractive alternative for securing a capital cushion. But he noted some downsides that include restrictions on dividend payments and stock repurchases. “There might also be a stigma in the stock market about insurers’ acceptance of TARP money that could further hurt their stock prices,” he said.

Standard & Poor’s analyst Kevin Aherne said TARP participation would for the most part not impact ratings in any way, and in general viewed the availability of the funds as a favorable development for the industry, allowing companies to hold impaired assets till recovery by providing capital for the duration.

But he did raise the possibility that TARP participation could raise an outlook from negative to stable and contribute to a ratings uptick if other factors were involved. “Our assessment of the effect of TARP participation on a particular life insurer will depend on the funded amounts, terms and conditions and management’s intent for the deployment of funds,” he said.

Therese “Terri” Vaughan, chief executive officer of

the National Association of Insurance Commissioners, said acceptance of TARP funds should not alarm consumers. “In fact, it should increase confidence, because, according to Treasury guidelines, only strong and viable companies are eligible to receive this funding,” she said.

Vaughan said the request and receipt of TARP funds does not indicate any solvency problems on the part of the participating insurers. She added that the program was created to promote increased lending in the economy, and insurers’ participation is one indication of the significant role they play in the U.S. financial system,

“**Acceptance of TARP funds . . . should increase confidence, because . . . only strong and viable companies are eligible to receive this funding.**

— Terri Vaughan

Other commentators were not so gentle.

CNBC analyst Lawrence Kudlow said the life insurers’ bailout was one more indication of the government rewarding losers. “No one has proven that life insurance companies constitute true systemic risk to the financial system. No one. This is nothing but a bailout. Actually it is a precautionary bailout, since none of these insurers has failed.”

Blogger Jon Ogg noted that the rally in stock prices of those companies eligible for TARP funds after declines in share prices of over 50% raised the question of how close they are to failure. “Insurance is a trickier business in many cases because they are regulated state by state and for now there is no ‘systemic risk regulator’ that gets to monitor all of these operations. If an insurance company fails, there is the likelihood that a state would have to make good on a policy,” he wrote. He also raised the possibility that TARP funds could be aimed at protecting states from the financial burdens of companies falling into receivership.

Participating in a government funding program does not come without a price. Ogg raised the specter of management teams paraded in front of Congress confronting questions about executive compensation, travel methods, and extravagant lifestyles.

A look at the various companies either accepting TARP funds or deemed eligible to do so reflects the current asset side woes stemming from the plummeting housing market and other elements of the Great Meltdown of '08. Hartford chairman Ayer faced the wrath of shareholders at its annual meeting in late May. "I congratulate you for driving Hartford into the ground," said retired corporate secretary Justin Winthrop. "When may we expect you to resign? And if you are not so inclined, may the board, with their heads in the sand, take definitive action."

The company posted a \$1.2 billion first quarter loss on top of a \$2.75 billion loss for all of 2008. The figure included the effect of a \$1.5 billion after-tax charge (the so-called Deferred Acquisition Costs (DAC) unlock) taken as a result of significant equity market declines. Earlier that month Ayer said the company had considered, but decided against shedding either its life or property/casualty business after it won approval for the TARP funds. Hartford had been scaling back operations in Asia and Europe and said it would suspend selling new products in Japan and the United Kingdom.

In April, UBS life insurance analyst Andrew Kligerman put the value of Hartford's property/casualty operation at \$6.5 billion, but said a sale would be unlikely in the event of TARP acceptance in that the operation itself was solid and sellable at a later time.

Lincoln Financial Group also reported a first quarter loss of \$579 million stemming for the most part from a \$600 million charge related to the impairment of the company's variable annuity business.

Prudential, one of the companies approved for TARP participation, but which ultimately declined, reported a first quarter profit of \$14 million. But that stemmed primarily from its being the first company to take advantage of new accounting rules that allow for more flexibility in how companies mark down investment losses. Without that change, the company would have lost up to \$500 million, according to Peter Larson of Gradient Analytics.

With that profit the company's stock rose 30% and will probably make raising funds in the capital markets through either debt or equity offerings more feasible. The company lost \$1.6 billion in the fourth quarter of 2008 and \$176 million in the previous quarter.

In late May, A.M. Best reported that it expected more regulatory takeovers of insurers in the next two years on top of the seven taken over last year. While the company's analysts said they still considered most life insurers to have adequate capital, the levels were lower than usual and replenishing capital has become difficult and expensive.

Insurers' acceptance of TARP funds will add a

whole new dimension to the debate over what new regulatory structure will emerge for not only insurance, but the entire financial services sector, in the wake of the events of 2008.

The Obama Administration has proposed a so-called systemic risk regulator that will oversee not only the banking

industry, but also hedge funds and selected insurance companies with a special emphasis on those that fall under the TARP umbrella.

At an insurance industry forum early last month, optional federal charter proponents, such as Northwestern Mutual's Ed Zore, said the financial crisis opportunity once again proved the insurance industry's need for a powerful voice in Washington through federal regulation.

But NAIC chief Vaughan said the "multiple eyes" of state regulators can prove a boon. In addition, the fact that the NAIC has now set up its headquarters in Washington will go a long way toward making the group that one voice the industry needs in Washington to both make its case, and provide national oversight through the states, she asserted.

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Steve Tuckey has written on insurance issues for more than ten years for national publications including **Risk and Insurance**, the **National Underwriter** and **Business Insurance**. ■

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***Insurers' acceptance of TARP funds will add a whole new dimension to the debate over what new regulatory structure will emerge.***

# Rebranding AIG

by Steve Tuckey

American International Group focused its efforts in late spring and early summer on picking a new chief executive and chairman, while at the same time trying to offload as many assets as possible in an attempt to whittle down its massive debt to the U.S. government, which owns 80% of the company.

In late May, chairman and chief executive officer Edward Liddy announced plans to step down after he was rushed into the top job last September in the aftermath of the giant insurer's meltdown stemming from its bad bet on credit default swaps.

Treasury Secretary Henry Paulson recruited the retired CEO of Allstate, who also had been a Goldman Sachs board member, to serve in an interim capacity after the government's initial investment of \$80 billion, which would soon more than double.

Liddy began the restructuring that would result in a pared down company, but spent most of his time in the hostile glare of a public infuriated by multi-million dollar bonuses awarded to many of the same executives who helped bring about the company's downfall.

Under his leadership the company began the rebranding process of putting the old American International Underwriters name on the firm. But even that may soon change because of its resemblance to the AIG moniker that has become an object of scorn and derision. The company plans on separating the role of chairman and chief executive officer, a move considered a good management practice that has become more common in corporate America.

Liddy claimed substantial progress in stabilizing AIG and in reducing the systemic risk posed by its collapse that led to the massive government intervention in the first place.

The departing chief succeeded Robert Willumstad, a former Travelers top official, who was on the job for only three months after taking over the reins from Martin Sullivan, who was ousted by the board after hints of the company's future troubles started to surface. Sullivan, in turn, took over from company

longtime chairman Maurice "Hank" Greenberg, who was forced to resign in the wake of questionable reinsurance transactions that attracted the attention of state and federal authorities.

Given the federal government's huge stake in the company, lawmakers chimed in on what the company should look for in new leadership. Rep. Elijah Cummings (D-MD), a former chairman of the Black Congressional Caucus, said in a letter to AIG that the new leader must make detailed financial disclosures.

"We find ourselves in a position in which months of misstatements and deception have eroded the trust of Congress in AIG's leadership to the point that the most basic constructs of corporate responsibility must be restated," he wrote.

Liddy's ties to Goldman Sachs and its former chief Paulson raised questions when it was revealed AIG used initial bailout funds of \$12.9 billion to repay the giant investment bank in a settlement with credit default swap counterparties sold by AIG. Cummings, among others, said Liddy's ownership of Goldman shares raised conflict-of-interest concerns.

Selling huge assets quickly in a time of financial crisis has, not surprisingly, proved to be a challenge. In late May, AIG said it would sell a part of its 59% stake in Transatlantic Holdings Inc. to the public in a secondary offering. It had planned to divest itself by a simple asset sale, but withdrew plans when it failed to obtain a sufficient price.

In early June, the company faced similar challenges in trying to unload its aircraft leasing business with bidders seeking more guarantees from the federal government. The International Lease Finance Corporation, an AIG subsidiary, has more than \$30 billion worth of debt starting to mature in October and no longer has the backing of highly rated AIG to issue unsecured debt.

In April, two bidding groups made offers of \$2.5 billion and \$3 billion, respectively, according to the *New York Post*. But they were well below the company's \$7.4 billion book value. ■



*“Everybody Talks About The Weather . . .”*

## Bringing Back the Mississippi Gulf Coast

*by Melissa Hull*

Last spring, the U.S. Department of Health and Human Services (HHS) distributed an e-mail to constituents informing them that the final week in May had been designated “Hurricane Awareness Week.” Receiving an e-mail about Hurricane Awareness Week from FEMA, the Federal Emergency Management Agency, makes sense, but HHS? It seems we have made significant strides since Hurricane Katrina.

But have we? Almost four years after Katrina, unbelievable devastation still exists in those areas that incurred her wrath. And while the human toll and extensive property damage to New Orleans is all too real, it is important to remember that Katrina came ashore over the Gulf Coast of Mississippi (“Gulf Coast”). As a result, the Gulf Coast suffered extensive damage and has yet to recover.

The 80-mile stretch of the Gulf Coast has always differed from other coastal communities, such as those found in South Carolina or Florida. Mississippi’s coast is a “working” coast. Prior to Katrina, people worked in occupations such as shipping and commercial fishing, and they lived along the coast where they worked. Their homes were modest by most coastal community standards. After Katrina, these homes were largely nonexistent. Even today, there are front porch steps that lead to nowhere.

As for commercial properties, ghostly reminders of once-thriving business communities are common – vacant stretches of parking lots with vegetation growing through cracked pavement are frequently seen as well as empty lots where the only evidence that buildings once stood are the identifying signs that managed to survive the devastation.

There are pockets of success. The Biloxi gambling community is once again thriving. Tony Bennett, Jay Leno and the Counting Crows perform at the casinos. New hotels are planned, such as Jimmy Buffett’s Margaritaville. Unfortunately, during the economic downturn, much of the construction along the coast has stopped, pushing the recovery even further behind.

The lessons learned from Katrina need to be remembered now that the 2009 Hurricane Season is upon us: buy flood insurance, take inventory of household goods, have a disaster kit. In other words, be prepared. But what can you do to protect your home? Is there something more that can be done?

### **Building Codes**

Prior to Katrina, many of those buildings along the Gulf Coast were built under inconsistent or weak building codes and were often built below the flood plain. This partly explains why the damage was so extensive. Not all of the lessons have been learned. Drive along the coast today and only a few homes are being built to withstand hurricane force winds or flooding. Most are not.

Presumably, new homes and buildings are, at a minimum, being built in accordance with local building codes. Strong building codes have gained renewed prominence once again thanks to the introduction of H.R. 2592, sponsored by Representative Michael Arcuri (D-NY) and Representative Lincoln Diaz-Balart (R-FL). This legislation would provide incentives for the adoption and enforcement of statewide building codes, including additional funding for participating states. The bill is a product of the Building Codes Coalition formed by the National Association of Mutual Insurance Companies (“NAMIC”) and has garnered strong support from other industry groups such as the American Insurance Association (“AIA”).

For Mississippi, the call for tougher building codes is nothing new. From his days as a State Senator to his current role as Commissioner of the Mississippi Insurance Department (“MID”), Mike Chaney has fought for improved building code standards. Building codes lead to stronger, safer houses. “If the coast or any other wind-prone area is going to succeed, building codes are one of the key elements in making housing and insurance more affordable. Tough building codes, construction of new homes to code and above the flood plain, and ensuring proper land use regulations are all elements of a strategy to make the coast more able to

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# Bringing Back the Mississippi Gulf Coast

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withstand hurricane-force winds and water. But it's not enough to simply set building codes, they must be enforced as well," said Commissioner Chaney.

## Wind Mitigation Standards

What else will bring the Gulf Coast back? Commissioner Chaney believes that wind mitigation construction techniques will lead to lower insurance premiums, which will encourage people to build along the coast.

The little sister to building codes, wind mitigation standards were developed as a result of studying damage caused by hurricanes, tornados, and other storms. There are a variety of techniques that can be used to strengthen buildings, including hurricane-resistant shutters or impact-resistance windows and garage doors; reinforcing roofs with polymer glue; constructing hip roofs (sloped on all sides like a pyramid) as opposed to traditional gabled roofs; and other roof-to-wall connections like hurricane straps.

The more wind-resistant a building is, the less damage it will sustain in a storm. Why not encourage people building, or retrofitting an existing home, to use those mitigation techniques?

As with anything else, it costs money to make a building more storm-proof, roughly adding \$2,000-\$3,000 per project, so people generally do not want to invest in these techniques. Along the Mississippi Gulf Coast, this holds true as well. Commissioner Chaney, however, has a plan: The Mississippi Wind Hazard Mitigation Program. Chaney strongly believes that wind mitigation is a key step in protecting Mississippi lives and property.

A legislatively mandated cost/benefit analysis to be completed in August will establish specific requirements for Mississippi. Once that study is complete, Chaney says "We can begin to implement the steps in individual homes should funding become

available. Not only will the mitigated property be more wind resistant and safer for the occupants, but this will lead to significantly lower insurance premiums in the hurricane areas."

Commissioner Chaney is referring to H.B. 753 (2007), which directed the MID to conduct a study on wind mitigation standards. Commissioner Chaney was able to secure a \$1 million grant from Mississippi Governor Haley Barbour to conduct the study, which will in turn pave the way for \$25 million in hurricane home mitigation assistance for Gulf Coast homeowners.

The study will estimate the costs and benefits associated with various construction techniques that reduce wind damage, to make recommendations as to the best ways to encourage mitigation, to provide

incentives in property insurance premiums, and to educate Mississippians about the benefits of mitigation. At this point, it is unknown as to whether the study will recommend specific discounts for specific mitigation techniques.

While supportive of mitigation standards designed to make

buildings safer, many insurers and trade associations caution against dictating mandatory insurance discounts. Each insurer should be free to set its rates and discounts based on actuarially sound principles, according to Liz Reynolds of NAMIC, who lauds South Carolina as a great example of a balanced approach to the thorny issue of legislating wind mitigation insurance discounts.

As of 2007, South Carolina requires insurers to offer discounts to those homeowners whose dwellings have been properly built or retrofitted using wind mitigation construction techniques. But, South Carolina did not mandate the amount of the discount for those implementing such techniques; instead, it recognized the importance of allowing an insurer to set its rates based on its experience.

"South Carolina's wind mitigation plan provides opportunities for all stakeholders to take on an appropriate level of responsibility. Not only has the state adopted mitigation credits, but South Carolina also offers state tax incentives for policyholders who

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***Drive along the Gulf Coast today and only a few homes are being built to withstand hurricane force winds or flooding.***  
”



establish catastrophe savings accounts,” said Ms. Reynolds. In 2009, Alabama adopted a wind mitigation discount program modeled after South Carolina’s plan.

Allstate, one of the larger insurance companies writing in Mississippi, also cautioned against mandatory discounts. “It is always better for the consumer when there is competition in the insurance marketplace. If each insurance company is allowed to set its own discounts, then the consumer has a wider variety of choices available. If the amount of a discount is mandated, you lose that differentiation between insurance companies, and the consumer loses,” said Lorrie Brouse, Regional Counsel for Allstate.

According to State Farm’s Steve Simkins, Regional Counsel, “we’re committed to helping legislators, regulators, and community leaders understand the need for modern effectively enforced building code minimums. Additionally, we encourage the use of strong construction home building programs such as the Institute for Business and Home Safety’s Fortified for Safer Living and the Federal Alliance for Safe Homes’ Blue Print for Safety.”

Both State Farm and Allstate take the consumer educational piece seriously as well. State Farm is sponsoring *StormStruck: A Tale of Two Houses*,™ an attraction at Walt Disney World’s® Epcot® INNOVENTIONS. StormStruck® enables guests to experience the power of a weather event while learning how to best prepare for floods, hail, high winds, lightning and more.

Allstate has also established ProtectingAmerica.org, designed to educate consumers and state and federal legislators on the need for disaster preparedness, encourage stronger building codes, and enhance existing emergency response protocols.

Finally, Commissioner Chaney is hosting the 2009 “Catastrophe Preparedness and Insurance Forum: Education, Mitigation, & Sustainability” program in July. This annual program began in the aftermath of Katrina and brings together coastal regulators, legislators, storm experts, and building engineers to educate the public on the problems facing coastal residents.

Is there really a need for mandatory wind mitigation programs? Earlier this year, Nationwide announced that it was voluntarily implementing mitigation discounts. Other companies have similar discount plans in the works, one of which should be

announced shortly after the start of Hurricane Season.

The four-year anniversary of Hurricane Katrina is almost here. Like most catastrophes, the shock can wear off quickly and everyone returns to a “business as usual mode.” But, Katrina was responsible for at least \$40 billion of property damage, according to the Insurance Information Institute, and is by far the costliest hurricane to ever strike the United States. It killed at least 1,500 people, making it the third deadliest hurricane to hit the United States. Katrina is also considered the largest natural disaster in United States’ history.

In case you’re wondering why the title to this article quotes only half of Mark Twain’s famous aphorism, “Everybody talks about the weather, but nobody does anything about it,” it is because insurers and regulators *are* doing something about it.

Through careful oversight and proactive measures, they are encouraging people to do the smart thing: protect themselves and their homes. Build strong. Build smart. ■



Melissa L. Hull, Of Counsel, Baker, Donelson, Bearman, Caldwell & Berkowitz, is part of the firm’s Insurance Regulatory Group. Ms. Hull previously worked for Nationwide as lead counsel and the Ohio Department of Insurance as Assistant Director, Market Regulation and Licensing.

## Quote of the Month

*“The state-based insurance regulatory system is one of critical checks and balances, without the perils of a single point of failure and omnipotent decision making.”*

— Illinois Insurance Director Michael McRaith, testifying in June on behalf of the NAIC before the U.S. House Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises.

# Unifying Financial Services Regulation

*continued from page 1*

for the Division of Banking and Insurance (DBI) for the United States Virgin Islands located in Charlotte Amalie, St. Thomas and St. Croix. I mention this because the work assignment dramatically changed my views on regulating insurance, banking and investments separately. I went to the Virgin Islands expecting to modernize insurance regulation and found a small but well-trained and versatile staff regulating banking, insurance and eventually, investments.

I also visited with the British Virgin Islands regulators located in Tortola who similarly were able to comprehend more of an insurer's activities by regulating all three financial services sectors under one centralized unit. I now believe that regulators located in the U.S. would increase their effectiveness by uniting regulators representing the financial services disciplines in a more cohesive group.

There are a few states that regulate the insurance, banking and securities sectors under the same umbrella. However, I have found that even within these agencies, insurance, banking and securities regulators do not routinely communicate among themselves nor do they jointly participate in any significant way on examinations.

Could inferior regulatory oversight be the cause for America's current economic woes involving large insurers, investment brokers and banks? It is not unreasonable to believe that regulators' lack of understanding of other financial services disciplines led to their failure to properly "connect the dots" and contributed to the financial meltdown.

Regulators have devised methods to more effectively measure risk and assess financial and market practices of insurers, but we should also focus on methods to stay abreast of an insurer's financial services activities so there are no balance-sheet surprises.

To accomplish this, regulators must be intimately involved in the strategic plans of financial service entities. New and creative insurance products involving investments are continually being presented to regulators for approval. Therefore, regulators must be well versed in the full spectrum of financial

services products so they can make prudent regulatory decisions.

Prevention is much less costly than postmortem corrective action made necessary by deficient insurance products. Postmortem studies and testimony detailing an insurer's demise are somewhat helpful to predict future problems early on, but are not a panacea. Although we can certainly learn from the past, each insurer's circumstances surrounding its demise differs from the last. This means that regulators are frequently closing the barn door after the cows have gone.

The challenge now becomes to commence communication among financial disciplines that yields a higher level of financial surveillance and regulatory oversight. We can help achieve this by encouraging banking and investment regulators to join IRES and by providing training programs that benefit regulators from all financial services sectors.

Insurance department officials can contact the banking and investment regulators in their states and explain the benefits of information sharing. Billions of consumer dollars related to insurance contracts are currently held in banks or in the control of investment brokers. Complex hybrid investments tied to insurance products are becoming more prevalent in today's marketplace. Surely, such investments are a collective concern for insurance, banking and investment regulators.

I urge all IRES members to be catalysts and encourage your insurance regulatory agencies to establish information-sharing relationships with banking and investment regulators. ■



James Holland is president and founder of JT Holland & Associates, an insurance consulting firm. He is a former Chief Examiner with the Michigan Insurance Department and was Chief Examiner for the Division of Banking and Insurance for the U.S. Virgin Islands.



## IRES Chapter News

**ALABAMA** — On April 30, **John Davis**, Assistant Attorney General for the State of Alabama, provided a training session focusing on legal interpretations, interviewing, and testifying. Twenty-five people attended the highly informative session.

In addition, please note the retirement of longtime Alabama insurance regulator, **Jack Brown** (see p. 17) .

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

**LOUISIANA** — **John Lamke**, Insurance Compliance Examiner Specialist II of the Office of Consumer Advocacy, was the guest speaker at our May 20 Chapter meeting. In his presentation, titled “Consumer 101,” John discussed new legislation regarding minimum financial limits on automobile insurance. He also spoke on uninsured and underinsured motorists coverage, as well as homeowners insurance (replacement cost and actual cash value), flood insurance, storm mitigation incentives, hurricane preparedness, and the life policy search option on the Department’s Web site. Several handouts were made available to participants.

In addition, members were informed that ballots for the election of officers for 2009-2010 had been distributed to active members. There were 25 attendees at the meeting.

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

### AICP conference Oct. 4 in Phoenix

The Association of Insurance Compliance Professionals (AICP) will hold its 22nd Annual Conference October 4-7, 2009, at the JW Marriott Desert Ridge Resort in Phoenix, AZ.

This year’s theme is, “Rising to New Challenges.” Over 60 sessions will be presented.

Events scheduled during the conference will provide networking opportunities with colleagues, speakers, regulators and exhibitors. Conference registration will open in July. Visit [www.aicp.net](http://www.aicp.net) for details.

## CE News

Members are encouraged to review the latest copy of the NICE Manual, available on the IRES Web site, to see how IRES is making it easier in these challenging economic times to earn Continuing Education credit.

The following changes to the NICE Manual were recommended by the CE Subcommittee and approved by the Accreditation & Ethics and Executive Committees:

Allowing volunteers to earn continuing education credit as continued professional development for doing special projects or research work outside the committee structure in accordance with the following:

- The parameters and number of credits to be awarded must be established prior to initiating work on the project.
- The appropriate Chair or officer shall track the credit awarded, on a form prescribed by IRES.
- In no event will the total number of credits awarded per year for Committee or Subcommittee participation and special projects exceed three credits.

The Curriculum Subcommittee has made several revisions for AIE-CIE designations:

- Adding two courses related to the Registered Health Underwriter (RHU) designation as curriculum course options for an AIE or CIE. The new course options deal with long-term care and disability income.
- Adding the ability to request a waiver of one core course requirement for either the AIE or the CIE if the student has achieved a LUTCF designation.

Revised applications are on the IRES Web site.

**N · I · C · E**

**National IRES Continuing Education**

The mandatory continuing education program for AIE and CIE designees

## *Crabs, Baseball & the Inner Harbor*

by *Eric Cotter*

Although Baltimore can be quite hot in August, it pales in comparison to other sultry CDS sites you've visited, such as St. Louis, Phoenix and San Antonio. The city is beautiful and has lots to offer – just make sure you have a hat, a water bottle and an ample supply of sunblock. Baltimore's top tourist spot is the **Inner Harbor** and surrounding area. Within a one-mile radius of this historic seaport, you'll find a variety of family-friendly attractions, food and tourist spots.

The Harbor itself is beautifully laid out and lined with shops, restaurants and museums. The **Maryland Science Center** features **IMAX** and a planetarium that offers a number of changing exhibits throughout the summer. The **National Aquarium**, located right on the Harbor, is one of the biggest and best in the country. Make sure you catch the dolphin shows and visit the multi-story shark tanks.

If you would like to see the Inner Harbor from a different angle, check out Baltimore's **World Trade Center**. At just over 400 feet tall, it's the world's tallest equilateral five-sided building and, for a nominal fee, you can enjoy a fantastic view of the city from the Center's observation deck.

Just a few blocks west of the Inner Harbor is **Oriole Park at Camden Yards**. Opened 17 years ago, it is still one of the most beautiful and well-maintained stadiums in Major League Baseball. The Orioles are in town to play the Oakland Athletics in a three-game series beginning Monday, August 10, and concluding Wednesday afternoon, August 12. Tickets are normally available right up to game time. (There is an IRES group going to Monday's game.)

If that isn't enough baseball for you, make sure to stop by the **Babe Ruth Birthplace and Museum** and, while browsing through a treasure trove of baseball memorabilia, see where the Sultan of Swat was born. Also, near Oriole Park, you'll find the **Sports Legends Museum**, dedicated to a history of Maryland sports. And don't miss **Geppi's**

**Entertainment Museum**, featuring pop culture memorabilia spanning 250 years! All three museums are less than a five-minute walk from Oriole Park.

If you're more of a history buff, consider taking a water taxi or bus over to **Fort McHenry National Monument and Historic Shrine**. Here, almost 200 years ago, 1,000 brave Americans defended the fort during the Battle of Baltimore and famously inspired Francis Scott Key to write *The Star Spangled Banner*. The entrance fee is \$7 per person, and with Fort McHenry being a National Park, admission is good for seven days.

Interested in exploring other areas of Baltimore? One good way to see the rest of the city is to take a tour on board a **Baltimore Duck**, an amazing vehicle that travels on both land and water. It starts as a bus and ends as a boat. You'll ride past Edgar Allen Poe's grave, Baltimore's Washington Monument, Little Italy and more. Your vehicle then enters the water and it's time to see Baltimore from a duck's eye view! Discounts are available for those who book online at least 24 hours in advance.

If you're a seafood lover, you'll find a number of fine restaurants where you can enjoy world-famous Maryland crabs or other specialties of the sea. Close to the Inner Harbor, you'll find **McCormick & Schmick's**, **The Rusty Scupper**, and **Philips Seafood**. If seafood is not your thing — don't despair — Baltimore offers just about every type of cuisine.

For those of you who attended the last CDS in Baltimore, welcome back. For those visiting for the first time, you're in for a treat. Enjoy the CDS and enjoy Baltimore! ■



Eric Cotter is Manager of Strategic Information at BNA, Inc, a publisher of information and analysis products for professionals in business and government. He lives and works in southern Maryland.

## *Baltimore in Words and Music*

*Good morning Baltimore  
Every day's like an open door  
Every night is a fantasy  
Every sound's like a symphony*

— “Good Morning Baltimore” (from the musical “Hairspray,” set in Baltimore)

*There is a saying in Baltimore that crabs may be prepared  
in fifty ways and that all of them are good.*

— H.L. Mencken, American icon and longtime Baltimore Sun journalist

*Well her heart was filled with gladness  
When she saw those city lights  
She said the prettiest place on earth was  
Baltimore at night  
Well a man feels proud to give his woman  
What she's longing for  
And I kinda liked the streets of Baltimore*  
— “Streets of Baltimore,” Coldplay

*I came to America in 1914 . . . and then I came to Baltimore.  
It was the most beautiful place you've ever seen in your life.*

— Sam Krichinsky, from the film Avalon,  
the third in director Barry Levinson's autobiographical “Baltimore Trilogy”

*When I heard the news,  
my heart fell on the floor.  
I was on a plane  
on my way to Baltimore.*

— “There is So Much More,” Brett Dennon



# Baltimore CDS Promises a Unique Learning Experience

*by Steve Martuscello, 2009 CDS Co-Chair*

The 2009 IRES Career Development Seminar (CDS) is almost upon us. On behalf of Dennis Shoop, our Education Committee Chairperson, and Dudley Ewen, my CDS Co-Chair from our host State of Maryland, we would like to take this opportunity to invite you to attend the 2009 CDS. It promises to be another innovative, interactive and informative event.

IRES is constantly looking at ways to improve and enhance the CDS. This year is no exception.

For starters, in lieu of the Commissioner's Roundtable, we will be offering a Health Insurance Panel that will look at state and federal issues and how state policymakers can work with the federal government in pursuing nationwide solutions. For this impressive panel, we have secured United States **Senator Benjamin L. Cardin** (D-Maryland), **John M. Colmers**, Secretary of Maryland's Department of Health & Mental Hygiene, and Maryland **Insurance Commissioner Ralph Tyler**.

In keeping with another IRES tradition, we are honored to have Roger A. Sevigny, NAIC President and New Hampshire Insurance Commissioner, as our keynote speaker at Monday's luncheon. With the financial crisis of the past year and the threat of federal regulation looming, we look forward to his perspective on these critical issues.

For Tuesday's morning General Session, we bring a little levity and a change of pace to the CDS with comedienne **Karen Wills**. We have heard nothing but rave reviews from those fortunate enough to have seen her perform. In today's complex world, laughter is certainly a great form of therapy.

Our breakout sessions are the reason most attendees look forward to the CDS. This year we have added an Information Technology Section that will cover both basic and advanced training on TeamMate and other regulatory software tools, along with hands-on demonstrations.

Our other seven Section Chairs have also come up with timely and diverse topics that we feel will peak the interest of our attendees.

Here are just a few examples:

**Regulating E-Commerce** – This session will look at the legal and regulatory benefits and challenges of the electronic insurance process.

**Senior Products: A Changing World** – With seniors living longer, how has the senior health market evolved? What impact does it have on both industry and regulators?

**How Market Analysis Has Changed Company Compliance** – This panel will examine what the industry is actually experiencing with Market Analysis regulation and how it differs from traditional Market Conduct exams.

**Wall Street Crisis and Insurers** – This joint session will examine the impact of the current financial crisis on insurers and discuss the AIG bailout, the Bernard Madoff securities fraud scandal and other relevant developments.

Another reason to attend the CDS is that you can earn up to 15 CE credit hours.

So, if you have not registered for the CDS, do so now, before it is too late. You won't regret it.

The CDS offers an opportunity for members to increase their knowledge, share their views on current issues, network with other regulators and industry representatives, and meet old friends while making new ones.

I look forward to seeing you in Baltimore and want to assure you that this CDS will be a positive career experience for you. ■

Steve Martuscello is an IRES past president.

# Advance your career. Come to Baltimore.



## Take Me Out to Camden Yards .....

While you're at the CDS in Baltimore, plan to join your fellow regulators at Camden Yards to watch the Baltimore Orioles play the Oakland A's, on Monday night, August 10 at 7:05 PM.

We'll all sit together like we did two years ago at the Pittsburgh Pirates game.

Tickets are \$25 each. IRES has pre-purchased 100 tickets. They will be sold on a "first come, first served" basis.

To reserve your ticket(s), simply fill out the form below, print and mail it to the IRES Office with your check made out to IRES. Your ticket(s) will be in your registration packet when you arrive at CDS.

For questions, contact Marty Hazen at [mjhazen@ksinsurance.org](mailto:mjhazen@ksinsurance.org) or 785-206-3405.

Remember! First come, first served, so purchase your ticket(s) today!

Name \_\_\_\_\_

Affiliation \_\_\_\_\_

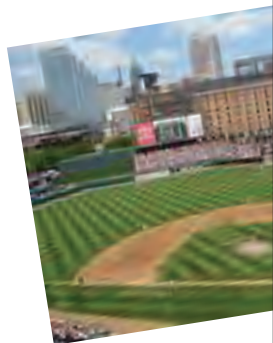
Phone number and email address (so we can contact you immediately)

\_\_\_\_\_

Please reserve \_\_\_\_\_ tickets at \$25.00 each. I am enclosing a check for \$ \_\_\_\_\_

Make checks payable to IRES and mail to:

IRES - Baseball Tickets  
12710 South Pflumm Road, Suite 200  
Olathe, KS 66062



# Regulatory Roundup

## **Michigan — Insurance Commissioner reinstates form filing requirements for personal auto and homeowners insurance**

By an order dated May 22 (Order No. 09-023-M), the Commissioner of the Michigan Office of Financial and Insurance Regulation (OFIR) ordered insurance companies to submit to OFIR, prior to use, all new or revised personal automobile and homeowner insurance documents and forms. The Order amends a 1997 order that exempted many policy forms from filing requirements after a determination by OFIR at the time that prior review of these forms was unnecessary for the protection of the public. However, a Michigan Supreme Court decision (*Rory v Continental Ins. Co.*, 473 Mich 475 (2005)), which announced that Michigan courts would no longer amend insurance contracts based upon unreasonable clauses, was cited by the Order as the impetus for reinstating prior approval requirements. The clause at issue in *Rory* established a one-year limitation period for uninsured motorist claims. The Court concluded that it was the responsibility of the Insurance Commissioner to review clauses for legality. According to the Order, many policyholders, as with the plaintiffs in that case, could not comply with such clauses, making their coverage illusory. The OFIR has since discovered the use of such clauses to be commonplace and that it “has spent years securing the removal of these and other unreasonable clauses from auto and home insurance policies.” Accordingly, prior approval is now required for all personal auto policy forms effective on or after July 1, 2009 and homeowners policy forms effective on or after September 1,

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The New York-based Stroock & Stroock & Lavan LLP Insurance Practice Group includes Donald D. Gabay, Martin Minkowitz, William D. Latza, Boris Ziser, Thomas Weinberger, Bernhardt Nadell and Keith Andruschak. 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.

by  
**Stroock & Stroock &  
Lavan LLP**

2009. To view Order No. 09-023-M, visit the OFIR’s Web site at [www.michigan.gov/ofis](http://www.michigan.gov/ofis).

## **Illinois — Measure amending the use of credit information passes both houses**

On May 22, the Illinois legislature passed HB 418, a bill requiring insurers that cancel or nonrenew a policy of personal insurance based on credit information to provide the insured with an explanation for taking such action and give the insured an opportunity to explain the credit information. The Bill also requires that insurers using credit information to underwrite or rate risks must, at every annual renewal and upon the request of an insured or its agent, re-underwrite or re-rate the insured’s policy based on a current credit report. Several exceptions to this requirement are provided, including, *inter alia*, where: (i) the insured is in the most favorably priced tier of the insurer, within a group of affiliated insurers; (ii) credit information was not used for underwriting or rating the insured when the personal insurance policy was initially written; or (iii) the insurer reevaluates the insured at least every 36 months after policy issuance based on underwriting or rating factors other than credit information. The Bill took effect immediately upon passage. To view HB 418, visit the Illinois General Assembly’s Web site at [www.ilga.gov](http://www.ilga.gov).

## **Connecticut — Governor signs bill restricting cancellation fees on auto policies**

On June 2, Connecticut Governor Jodi Rell signed into law SB 212, a bill limiting the amount an insurer may charge an insured for canceling an auto policy. Under the Bill, no insurance company that renews, amends or endorses in Connecticut a



private passenger motor vehicle liability insurance policy may charge any fee or other charge exceeding \$100 in the aggregate to an insured who cancels such policy prior to the expiration of such policy. The bill becomes effective October 1, 2009. To view SB 212, visit the Connecticut General Assembly's Web site at [www.cga.ct.gov](http://www.cga.ct.gov).

### **Florida – Bill deregulating homeowners rates for large insurers awaits Governor's signature**

On June 12, HB 1171, a bill that would permit certain insurers to sell residential property insurance policies using rates in excess of otherwise applicable filed rates was presented to Governor Charlie Crist for signature. In order to be eligible to use deregulated rates, insurers must be authorized to write property insurance in Florida and maintain, at the time of policy issuance, either (i) a surplus to policyholders equal to or greater than \$500 million, or (ii) a surplus to policyholders equal to or greater than \$200 million and a ratio of net written premium to surplus not exceeding two to one. Such rates, however, remain subject to the Florida Office of Insurance Regulation's (OIR) disapproval if found to be inadequate or violative of unfair or deceptive trade practices. The Bill also requires a notice be given to and acknowledged by the insured before the policy is issued or renewed stating that the policy's rate is not regulated by the OIR and a policy with a rate regulated by the OIR may be available to consumers. The insured must also be provided with a quote for a policy from Citizens Property Insurance Corporation (the state-backed insurer), or for a fully rate-regulated policy from an admitted insurer willing to insure the risk, reflecting substantially similar coverages, limits, and deductibles. HB 1171 does not apply to residential property insurance policies that exclude coverage for the perils of windstorm or hurricane. To view HB 1171, visit the Florida House of Representative's Web site at [www.myfloridahouse.gov](http://www.myfloridahouse.gov).

## **Alabama's Jack Brown Retires**

After nearly 32 years, longtime IRES member Jack M. Brown, CIE, MCM, CFE, has retired from the Alabama Insurance Department. Jack, who served as Alabama's IRES state chair for 20 years, was Alabama's first head of its Market Conduct Division.



He was also the Examiner-in-Charge for a 1988 Champion Insurance Company financial examination that eventually led to the imprisonment of the firm's top two officers following the collapse of the company. Champion was a Louisiana insurer that wrote business in Alabama. In 1991, former Louisiana Commissioner Doug Green was sentenced to 25 years in prison for his role in the Champion failure due in part to information gathered from the Champion examination.

Jack was well known in the Alabama Department for his fairness, his devotion to duty and his commitment to his fellow employees. Jack sincerely believes that protecting the citizens of the State of Alabama is the Alabama Department's main mission.

Employees at the Department will surely miss Mr. Jack Brown.

— *Cristi Owen*

## **IRES Board of Directors**

This summer, six positions come open on the IRES Board of Directors. Elections will be held in August during the 2009 CDS in Baltimore. There are also one-year positions the Board may fill when it meets in Baltimore.

Voting regulators will receive mail ballots. You may cast your votes by mail or assign your ballot to a proxy. You also may submit ballots and proxies at the annual IRES CDS in Baltimore this summer.

## Michigan Does It Right

We learned from Regulatory Roundup's lead entry this month (see p. 16) that the Michigan Office of Financial and Insurance Regulation has resurrected prior approval for private passenger auto and homeowners' policies. It's been a long time coming.

In 1997, then Michigan Insurance Commissioner Joseph Olson declared that reviewing these and other policies was "unnecessary for the protection of the public," thus pulling the plug on prior approval for most insurance policies issued in the state of Michigan. A dozen years later – in May 2009 – current Michigan Commissioner Ken Ross reversed his predecessor saying "the protection of the public requires the review of personal auto and home insurance policies before they are put into use."

This "complete 180" may never have occurred had it not been for two Michigan women who challenged their auto insurer's right to insert unreasonable provisions into insurance policies. Ironically, the women ended up losing their case, but it looks like Michigan consumers may be the ultimate winners.

The two women – Shirley Rory and Ethel Woods – suffered injuries as a result of a May 1998 auto accident with another vehicle. Since Michigan is a no-fault state, lawsuits for noneconomic damages against third parties can only be filed when the victim has suffered a serious, permanent injury or died.

The women, having determined they had met this threshold, filed suit in September 1999. The filing was well within the three-year window established by the Michigan legislature for initiating claims against third parties. However, shortly thereafter, the women learned the driver they were suing had been uninsured at the time of the accident.

In March 2000 they submitted a claim under the uninsured motorist (UM) portion of their own auto policy. Their insurer denied the claim because, unlike the mandatory three-year filing period for liability claims, their policy contained a one-year window for UM claims.

The women sued their insurer in August 2000 contesting the denial. The company then sought summary disposition of the case due to the clear-cut limitation language contained in its policy. The trial court ruled in favor of the plaintiffs noting that the insurer's one-year limitation failed to provide a sufficient time for an insured to determine the extent of his or her injuries. The Court of Appeals affirmed the decision.

Enter Michigan's Supreme Court (and here's where it gets *really* interesting). In 2005, the Supreme Court reversed the lower court's decision and ruled that it is not the judicial branch's responsibility to determine whether unambiguous provisions of an insurance policy are fair and reasonable. The responsibility, the Court said, rests squarely with the Insurance Commissioner.

Michigan consumers were then confronted with an insurance department that believed policy reviews were not in the public interest and a judicial system unwilling to challenge unreasonable policy provisions. Something had to give, and it did.

In 2009, Commissioner Ross acknowledged that since the 2005 ruling his agency had "spent years securing the removal of [one-year limitation periods] and other unreasonable clauses from auto and home insurance policies." Rather than continue to handle such situations on a case-by-case basis, the Commissioner informed insurers that they would now be required to submit for review all personal auto and homeowners' policies prior to their use.

Reviewing personal lines policy forms is, we believe, a core function of the insurance regulatory process. Insurance policies are contracts of adhesion that consumers purchase on a "take-it-or-leave-it" basis.

Consumers depend on insurance regulators, not the judicial system, to ensure the policies they purchase are clearly worded, fair and reasonable. Let's not let them down.

– W.C.

(For more information about the Rory case, including citations, see p. 16)



# BALTIMORE

## 2009 IRES Career Development Seminar AUGUST 9-11, 2009 MARRIOTT WATERFRONT 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](http://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

**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

### Seminar Fees

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

#### Check box that applies

- IRES Member (regulator) ..... \$330
- Industry Sustaining Member.....\$550\*  
\*REQUIRED: Sustaining Member # SM \_\_\_\_\_  
Lost your number? Send e-mail query to : [ireshq@swbell.net](mailto:ireshq@swbell.net)  
Provide company name and contact information.
- Retired IRES Member ..... \$125
- Non-Member Regulator ..... \$470
- Industry, Non-Sustaining Member ..... \$940
- Student Sustaining Member.....\$80
- Spouse/guest meal fee.....\$80

PAID Spouse/Guest name

- If registering after July 9 add \$40**

**No registration is guaranteed until payment is received by IRES. A \$25 cancellation fee will be assessed if canceling for any reason.**

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

**Hotel Rooms:** You must book your hotel room directly with the Marriott Waterfront Hotel. Call group reservations at 800-228-9290 or hotel direct at 410-385-3000. The IRES convention rate is available until July 9, 2009 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. To book your hotel room online go to the IRES Web page <http://www.go-ires.org/events/future.cfm>

\$179.00 Regulator hotel rate

\$199.00 Non-Regulator hotel rate

#### CANCELLATIONS AND REFUNDS

Your registration fee minus a \$25 cancellation fee can be refunded if we receive written notice before July 9, 2009. 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, 2009.



**Call for more details:  
913-768-4700. Or  
see IRES web site:  
[www.go-ires.org](http://www.go-ires.org)**

# The Regulator®

Published by the  
Insurance Regulatory Examiners Society  
12710 S. Pflumm Rd., Suite 200, Olathe, Kansas 66062

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*TARP & Life Insurers:  
An Uneasy Alliance.*  
Story, page 1.



## BULLETIN BOARD

✓ If you're going to the IRES CDS in Baltimore, plan to join us for **baseball in Birdland**. The Orioles will play the Oakland A's at beautiful Camden Yards on Monday, Aug. 10, at 7:05 pm. See p. 15 for details.

✓ Louisiana Filing & Compliance Seminar: The Louisiana Department of Insurance, in conjunction with Louisiana Insurer's Conference, is holding their 6<sup>th</sup> Annual Louisiana Filing and Compliance Seminar, July 23 – 24 at the Astor Crowne Plaza in the French Quarter of New Orleans. The seminar will include a wrap-up of the 2009 Regular Louisiana legislative session as well as various break out sessions on rate and form filings, responding to consumer complaints, producer/adjuster licensing, etc. For more information, go to: [www.lidi.state.la.us/Property\\_Casualty/Rating/FilingComplianceSemi.htm](http://www.lidi.state.la.us/Property_Casualty/Rating/FilingComplianceSemi.htm)

✓ IRES is saddened to hear of the passing of **John Cockburn**, Delaware Insurance Department, a longtime IRES member and supporter.

### In the next REGULATOR: *Highlights from the Baltimore CDS*

✓ **Taste of IRES:** The bad news is the IRES cookbook will not be available for purchase at the Baltimore CDS, but the good news is there is still time to submit your recipe. The Membership & Benefits Committee is currently collecting recipes from our members for inclusion in the book. Go to the IRES web site to learn how to submit your favorite recipe.

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](mailto:quepasa1@optonline.net).