THE REGULATOR®
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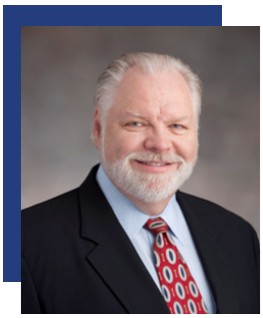
INSURANCE REGULATORY EXAMINERS SOCIETY

Climate Change – Taking the Temperature of the Insurance Industry and State Regulators


Barry Wells

Reality or "Fake News"? Science based or science fiction? The debate continues, and while these are certainly important considerations, you'll find no answers to these particular questions in this offering. Rather, Interested Reader, the intent of this article is to share a high level overview regarding climate change, with a focus on the insurance industry's perspective and the manner in which the regulatory community is responding to this critically important issue. Admittedly, while I'm not an expert in this area, I am very interested in the topic, and as such, I'm hoping to share information that you'll find both helpful and interesting.

Let's start with an overview to better understand what climate change or global warming, as it's often referred actually "is," its impact and how the heck has it been created. Climate change is just that, a change in the earth's climate, resulting in a rise in the average temperature of our atmosphere. Changes in climates have been experienced throughout the United States, as well as in other parts of the world. We are all familiar, for example with the warming of the polar ice cap but also, some are suggesting the recent flooding in Paris is also directly related to climate change. Okay, so that's climate change but what is the cause, which - aha moment - is the center of the ongoing debate. The scientific community believes the cause is "us," humanity, the human collective…you and me, and largely through the emission of those pesky "greenhouse gasses." A greenhouse gas is defined as one that contributes to the greenhouse effect by absorbing infrared radiation, e.g., carbon dioxide and chlorofluorocarbons. Others believe, that human-generated greenhouse gas emissions are too small to significantly impact our climate and the Earth is capable of absorbing the increases. Rather, some believe climate change in the 20th century is the direct result of natural processes, such as fluctuations in the sun's heat and ocean currents. Wherever you come out on this debate, I believe we can all agree the Earth's climate is certainly under change.

It's been documented that temperatures have increased approximately 1.8°F since

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WHAT'S INSIDE

MARK YOUR CALENDAR

March 9, 2018
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April 8, 2018
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August 12-15, 2018
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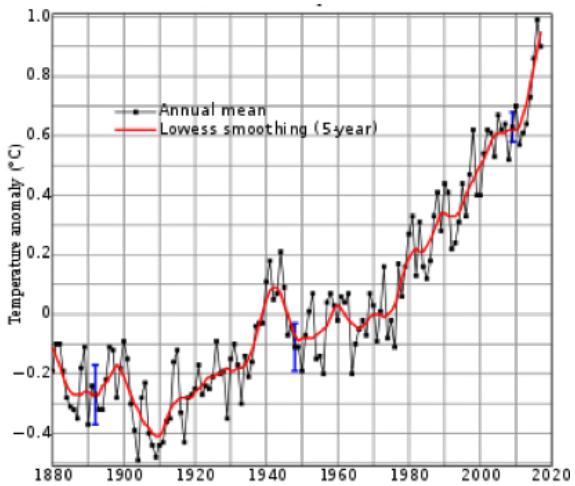
the early 20th Century, and in 2013, the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report concluded that "It is extremely likely that human influence has been the dominant cause of the observed warming since the mid-20th century.» For illustration, the following chart maps the average temperature increase from 1880 to 2016 in 20 year spans.

Global Land-Ocean Temperature Index



Global mean surface temperature change from 1880 to 2016, relative to the 1951–1980 mean. The black line is the global annual mean and the red line is the five-year lowess smooth. The blue uncertainty bars show a 95% confidence limit. Source: NASA GISS.

Regardless of the cause, there is certainly reason for concern and one, which the National Association of Insurance Commissioner's (NAIC) has recognized. In 2008 the NAIC issued a White Paper entitled The Potential Impact of Climate Change on Insurance Regulation. In that document the NAIC commented that "As regulators of one of the largest American industries, the insurance industry, it is essential that we assess and, to the extent possible, mitigate the impact global warming will have on insurance." Further, the NAIC noted "For the purposes of this paper, the Task Force assumes that global warming is occurring. We believe that there is ample evidence in support of this assumption in a variety of other reports and studies, so we have decided not to focus on the scientific aspects of global warming. We believe the time has come for regulators to work with the insurance industry to thoroughly examine the impact of climate change issues on the insurance industry and make necessary regulatory changes and raise important issues in order to protect consumers and ensure a vibrant insurance market as we move into the future." I would strongly encourage readers to refresh yourselves on the NAIC's White Paper, which included a discussion of the following topics:

- Building Codes
- Land Use Planning
- Impact on Policyholders
- Post-Event Demand Surge
- Post-Event Living Expense Increases
- Discounts and Credits as Incentives to use Green Building Materials after Loss
- Use of Tiered Rating Plans To Encourage the Use of Low-Emissions Vehicles
- Research and Education
- Property and Casualty Insurer Market Issues
- Life Insurer Issues
- Health Insurer Issues
- Disclosure of Climate Risk

With that, let's turn our attention to the insurance industry and the regulatory community's response to climate change. In an Aug. 1, 2017 article for Fortune, entitled "As Oceans, Rise, Insurers Flee" an excerpt noted a recent industry study found "that last year there were 750 major "loss events" like earthquakes, storms, and heat waves, well above the 10-year annual average of 590. Analytics firm CoreLogic found that 6.9 million homes along the Atlantic and Gulf coasts are at risk of damage from hurricane storm surge that could cost more than $1.5 trillion." Is the insurance industry prepared to address ongoing weather natural disasters, at the level discussed above? Ernst Rauch, the head of the Corporate Climate Centre at Munich Re. commented in a December 2017 article for the Insurance Journal, "Sometime in the future there will be the situation where people cannot afford any longer to buy catastrophe insurance — this is what we want to avoid," Lloyd's of London has commented that climate risk is "the" (emphasis added) number one issue confronting the insurance industry. There is an irony here that an industry, which in many respects has relied on the past to forecast risk, must now become more vigilant in considering the future, especially when it comes to assessing the implications of climate change on assessing future risk.

This has not been an easy dynamic for many U.S. insurers who have been slower in the process because the issue is such a political hot potato; however, insurers are taking action, largely focused on attempting to manage or limit exposures, and especially those in high-risk areas.

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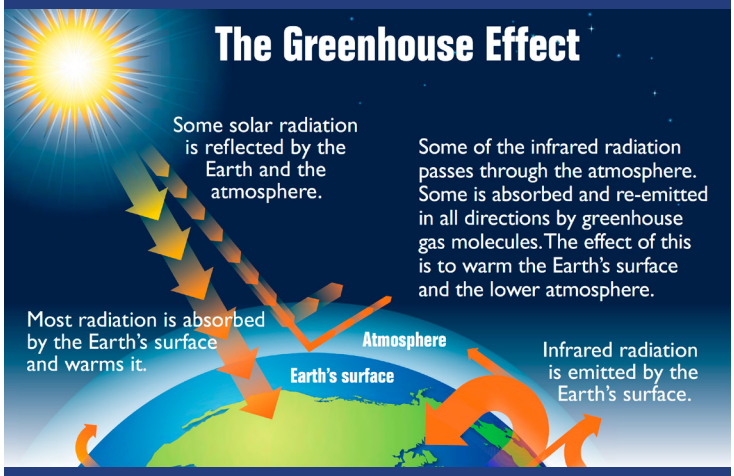
hot potato; however, insurers are taking action, largely focused on attempting to manage or limit exposures, and especially those in high-risk areas. For example, Allstate, for instance, has said that climate change has resulted in the company's decision to cancel or non-renew policies in many Gulf Coast states. As reported by the Climate Action Organization, Allstate has reduced the number of homeowners' policies in Florida from 1.2 million to 400,000 with an ultimate target of no more than 100,000. Also, Allstate has limited activity in an estimated dozen of other states.

I don't want to paint too bleak of a picture, as many in the global insurance industry are embracing potential opportunities resulting from climate change. In an article by Dr. Evan Mills, Staff Scientist, US Department of Energy - Lawrence Berkeley National Laboratory, entitled Responding to Climate Change – The Insurance Industry Perspective, Dr. Mills cites various business opportunities presented by climate change and notes, "hundreds of billions of dollars will be spent on clean energy technologies and other responses, which represents an enormous new capital base with associated business operations requiring insurance. Several large insurers have already established special practices dedicated to the diversity of customers participating in this new market. Examples include AIG's Global Alternative Energy Practice, Allianz's Climate Solutions, Aon's Agri-Fuels Group and Chubb's Green Energy Team."

Finally, the following chart, is an interesting overview illustrating some of the industry's activities related to climate change, and which appeared with Dr. Mills' article. Please take note with regards to the focus of insurers activities. Certainly, developing new insurance products directed at carbon reduction, related to automobile policies for example, would be expected, but also consider the outreach the industry is doing regarding creating awareness and leading by example. Carbon risk disclosure, which was first discussed in the NAIC's 2008 White Paper, is an important initiative, which has benefited both consumers and regulators in assessing the extent that carbon risk is impacting a particular insurers business. Consumers are better able to consider in context to carbon risk, whether or not to purchase insurance products from an insurer, while regulators are better able to monitor the financial condition of a company, based on that company's carbon disclosures.

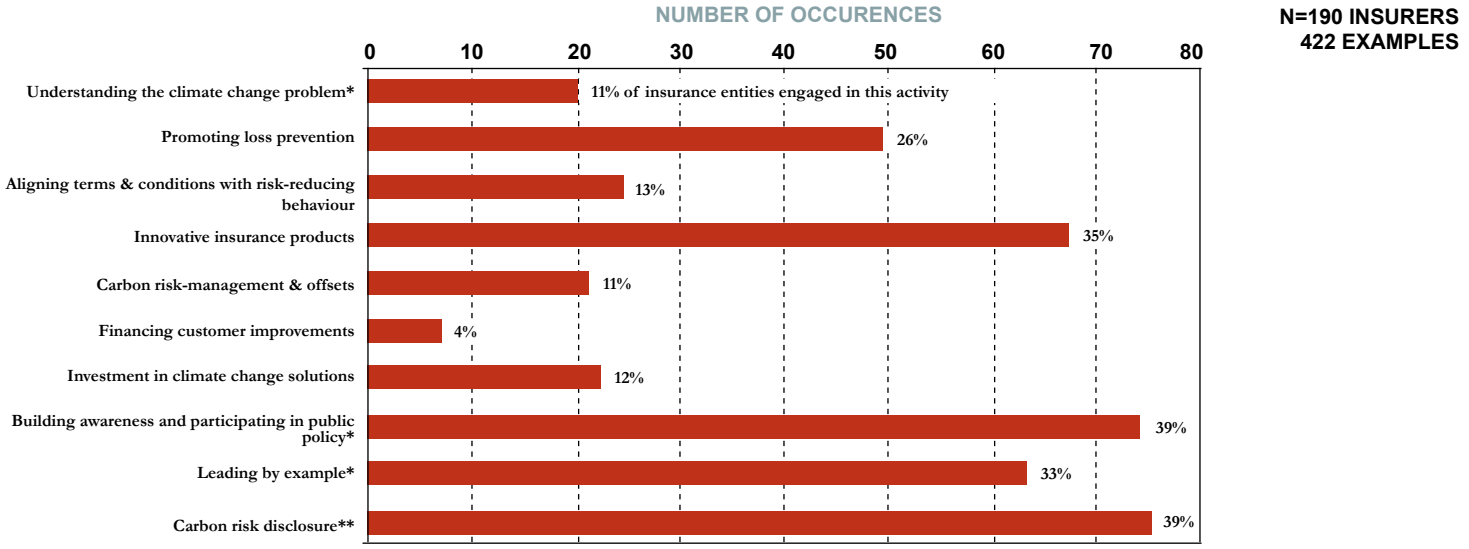
The NAIC and state regulators have been equally engaged in assessing the impact of climate change and monitoring insurer activities, which includes the NAIC's Climate Change and Global Warming (C) Working Group – Property and Casualty Insurance

Illustration of the Greenhouse Effect



Source: US Environmental Protection Agency (EPA)

Range of Insurer Activities Related to Climate Change



** For these three categories, a maximum of one is tallied, as there is too much subjectivity in assigning Weights to each individual activity.*
*** Multiple-year responses to a given disclosure initiative (eg., Carbon Disclosure Project) are counted once.*
Please reference Dr. Mills article for a detailed explanation of the individual activities.

Climate Change – Taking the Temperature of the Insurance Industry and State Regulators – continued from **page 3**

(C) Committee, (the Working Group) who has taken up a broad range of topics. For example, for 2018, the Working Group is focusing their attention on the following:

- Review the enterprise risk management efforts by carriers and how they may be affected by climate change and global warming.
- Investigate and receive information regarding the use of modeling by carriers and their reinsurers concerning climate change and global warming.
- Review the impact of climate change and global warming on insurers through presentations by interested parties.
- Investigate sustainability issues and solutions related to the insurance industry.
- Review innovative insurer solutions to climate change, including new insurance products through presentations by interested parties.

In my opinion, the Working Group's bill of particulars for 2018, clearly acknowledges the importance of the ongoing assessment of climate change.

There has also been speculation as early as 2010 that new climate change related regulations, may be considered. This speculation grew out of the NAIC's adoption of their 2008 White Paper, which was followed by a 2010 Insurer Climate Risk Disclosure Survey (the Survey) in 2010. The survey was comprised of eight questions designed to assess insurer strategy and preparedness in the areas of investment, mitigation, financial solvency (risk management), emissions/carbon footprint and engaging consumers. The survey has been administered online and reported to a database created by the California Insurance Department since the 2012 reporting year. In 2013 regulators in California, Connecticut, Minnesota, New York and Washington required insurers writing in excess of $100 million in direct written premiums to disclose their climate-related risks using this survey. In 2015 it was estimated that approximately 87 percent of the market is reporting on climate change.

In conclusion, Interested Readers, will new climate change related regulations be developed? While there doesn't appear to be any public information suggesting new regulations I believe the most reasonable answer is let's wait to see. While insurers are focusing on the activities discussed above, state regulators and the NAIC continue to monitor the insurer's activities through the Survey and gauge, in collaboration with the states and input from the industry, future regulatory actions.

Climate change isn't going away and while I've attempted to offer highlights in this article, there is much to consider. Regardless of your perspective on the climate change debate, I encourage you to "keep current" with this topic, which much like our weather, will only continue to change. ■

Barry L. Wells

Barry Wells is a Senior Director with Risk & Regulatory Consulting, LLC (RRC), and has over 30 years of insurance industry and consulting experience. Barry is primarily involved with RRC's market regulation practice for lines of business including, health, property/casualty and title insurance. He has extensive technical and executive level experience related to the insurance industry, including evaluating insurance operations and controls, with a focus in claim management, regulatory compliance and TPA management.

Barry's expertise also involves serving as the Senior Director and Examiner-In-Charge regarding multistate market conduct examinations as initiated by the NAIC Advisory Organization Examination Oversight Working Group. He has served IRES in a variety of capacities, including serving as a CDS Vice Chair for 2017 and 2018.

Protection of Policyholder Data in 2018

Michael Morrissey

Last year the Equifax credit bureau breach exposed personal identity and financial data of over 145 million people, raising the question of whether consumers should have any real expectations of data privacy. The cost of identity theft reached nearly $18 Billion in 2017. Any international insurer facing the impact of the new EU General Data Protection Regulation (GDPR), which goes into effect on May 25th this year is crudely reminded who owns the data they hold. Under the GDPR, personal data is owned (forever) by the individual, and the individual has the right to demand deletion of his personal data at any time. While a regulation like the GDPR is unlikely in the US, it would probably spell the end of Equifax.

The newly released NAIC Insurance Data Security Model Law and in-force state regulations like New York's Cybersecurity Requirements for Financial Services Companies provide robust frameworks for breach prevention and breach response. Indeed the new standards challenge insurers in 2018. Some will struggle; some will resist, but most are adopting new tools and procedures to secure sensitive policyholder data.

Preventing and reporting breaches is critical, but high-level compliance with the new laws may not be enough to ensure policyholder privacy because there is a difference between data security and privacy. Data privacy is about the use and governance of personal data—how personal information is collected, stored, used, and shared. Insurers must know what personal information they hold, whom they share it with, and then apply appropriate technology to keep it private.

In 2018, regulators and examiners should expect to find that insurers have (or are close to having) the following data security controls in place:

- Detailed information risk assessments
- Classification of data by type and purpose
- Data inventory -- where it resides and who is responsible for it
- Effective data retention and deletion policies
- Partitioning of sensitive data
- 3rd Party data sharing policies
- Effective encryption of "data-at-rest"

While the first four items are relatively simple, if done properly they may spawn significant projects. Risk assessments need to be thorough and engage management across the enterprise. Building and maintaining an inventory of the data constitutes a major undertaking for long-established companies because data tends to accumulate, replicate, and scatter over time—just as it does on our personal computers.

Security software and hardware vendors offer a variety of innovative tools to secure data. They fall into three basic categories: 1) data discovery/inventory, 2) data traffic monitoring and 3) encryption. For discovery and inventory, data "crawler" applications transparently scan large enterprise networks, locate sensitive data in every file type, classify it, and generate reports so that management may regain control of the scattered data. IT departments are responsible for the proper destruction of obsolete data and tracking the retained data. Sophisticated network monitoring systems log the opening of sensitive files and can trigger alerts when critical data is copied, moved, or even transmitted (exfiltered) through hackers' encrypted channels. This level of monitoring provides early warning of a potential breach.

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The collection and analysis of "Big Data" are invaluable to insurers. P&C actuaries rely on geographic catastrophe data while those at large health insurers analyze detailed biographical, diagnostic and treatment data to develop rating models. Large numbers rule: the bigger the data, the better, and as shown in the 2015 Anthem breach, big data can mean big risks.

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Protection of Policyholder Data in 2018 – continued from **page 5**

Health insurers frequently share medical claims data with researchers working to find the best care and treatment regimes. But when data leaves, the Insurer remains responsible for the personal policyholder data. 3rd party data risks are a focal point of the new regulations, so insurers must-define and enforce vendor and partner data security procedures. Risk management extends well beyond the enterprise.

Policy, underwriting, and claims systems must have security features by design--not as an afterthought, and legacy systems may require re-design or replacement. While the technology needed to build in privacy can be complicated, the principle is rather simple. An actuary developing rating models does not need to see the name, address and birth date of a policyholder, when only an ID number, region, and age will suffice. Likewise, an insecurely designed claim system may display credit card numbers and prior claim details when only a policy number and a premium payment date are needed to confirm coverage.

Insurers are also eliminating unnecessary personal data. One large health insurer plans to eradicate all social security numbers from their data systems—certainly a noble effort. However, privacy is dependent on the context and the relationship of data—not just social security numbers. A famous study at Carnegie Mellon University demonstrated that 87 percent of the American population could be uniquely identified by their gender, ZIP code, and date of birth. Replacing the zip code with the county, and the DOB with the individual's age is an effective way to mask the identity. Within systems, identity data should be "partitioned," thereby separating the personal data from non-personal data even where the two are dependently joined, as in a healthcare claim record. The sensitive side of the data can be encrypted and only decrypted when needed.

Many assume that encryption is an end-all to data security. Under HIPAA, covered entities must use storage encryption technologies as part of their storage security controls for data at rest. However, strong encryption requires sophisticated mathematical algorithms to generate encryption keys to hide or display the data. Encryption can be designed into a data system so that only sensitive and partitioned data is encrypted. That way, the non-private data is delivered quickly, but if the entire database is exfiltered by a hacker, the personal information remains unreadable. Key management is critical, and the keys must be secured away from the database. If a hacker gains access to the keys, she owns the data. As mentioned above, encrypted data within a system or database should be available on a need-to-know basis. If everyone in the claims department can decrypt the sensitive data while using the claims system, a hacker only needs one ID and password from the claims department to steal the data.

That said companies and individuals should use common encryption tool wherever practical. All laptops, personal computers, and servers should have encrypted hard drives. Encryption is also mandatory for data transmission, and all insurers (and regulators) should have tools in place to ensure that sensitive email is automatically encrypted. Automated email encryption works through applications that scan each message and attachment for SSNs, credit card numbers, financial data, and keywords, encrypting email before transmission.

If you are a researcher or regulator requesting claims data, expect it to be encrypted, anonymized, or pseudo-anonymized. Anonymized? Anonymization of big data is a textbook topic, but basically, it requires the removal of attributes like SSNs, zipcodes, and birthdates, making it impossible to connect the research data to any individual. For statistical analysis, anonymization may be adequate. Pseudo-anonymization eliminates or masks the sensitive data during routine use, but includes a reversible process, like a random ID number to reconnect the identity data when needed. This is useful in regulatory sampling—again, there may be no need to see all those names and DOBs before extracting the sample. If the individual must be known, the insurer can provide it (encrypted in transit!) in the hopefully small sample response set.

Consumers and regulators have every right to expect privacy protection from insurers. With proper governance, appropriate IT budgets, trained staff, and the right tools, insurers can drastically reduce the risk of exposing policyholder information. ■

Michael Morrissey

Michael Morrissey, AMCM, CISA, AES, and CISSP is the principal of Morrissey Consultants, LLC in Durham, NC. Michael specializes in IT examinations for market conduct and financial examinations, ACL training, data mining and information security. He has over 25 years of IT experience, primarily within the insurance industry. On the side, he's an avid sailor, skier, gardener, and beekeeper.

State Chair Update

Holly Blanchard

After a successful transition to our new management team, the Van Petten Group, the state chair committee will continue to work on creating stronger resources for our members. Watch for these great enhancements to the website:

Blog

A Blog for IRES members allowing them to discuss questions, comments or issues, as well as current events and state undertakings. This will allow our members a forum to get expert feedback on current issues effecting the insurance marketplace.

Library

IRES members are a wealth of information. We have published articles, assisted with NAIC initiatives, presented on various topics, and are closely monitoring everything that is happening in the insurance market. Wouldn't it be great to have a repository for this information? IRES state chairs will create an online reference library where our members can easily access information regarding their insurance topics of interest.

Want more? If you have other ideas for enhancements, please reach out to your local state chair to share your thoughts. For a list of the current State Chairs in each state, please click here.

The State Chairs will continue to keep our members updated on changes and expectations. This information will be presented in the Regulator, but will also be available on the IRES website at https://www.go-ires.org/state-chapters#events. Be sure to check the website regularly, as updates will frequently be added for your information.

Here are some noteworthy things happening in our states:

Wisconsin-Lisa Brandt

Congratulations to Lisa Brandt, State Chair for Wisconsin. Lisa was recently promoted to the Chief of Rates & Forms Section for the Wisconsin Bureau of Market Regulation. As the State Chair, Lisa always brings great leadership and insight to the committee. Her knowledge, expertise and passion for regulation shows in all her interactions and will surely carry into her new position.

The state chair subcommittee will hold their next meeting on February 27th. The subcommittee will continue efforts previously explored, such as potential webinars, and discussion boards for the state chairs.

Upcoming events:

Registration is now open for the NAIC Spring National Meeting scheduled for March 24-27 in Milwaukee, WI. Access the agenda here!

It's time to register for the IRES Foundation School scheduled for April 8-10th in Tucson Arizona! Registration documents can be found here!

If you would like to be involved with the state chairs, or have suggestions or ideas to assist the state chairs spread the word about IRES, please reach out to hblanchard@riaconsulting.net. ■

Holly Blanchard

Holly is the President of Regulatory Insurance Advisors (RIA), a consulting firm offering expert services for insurance regulation and oversight. Holly has over 20 years of experience in the insurance industry, with most of those years as an insurance regulator. Holly brings extensive market conduct, Affordable Care Act (ACA) and overall regulatory expertise and experience.

ZONING IN

Kathy Donovan

Northeast Zone

Delaware

Auto Bulletin No. 1, Reissued Jan. 25, 2018, addresses ongoing concerns with the "Determination of Replacement Value of Automobiles," noting that the Department continues to regularly receive complaints concerning the following three unfair automobile damage claims settlement practices:

- Unfair settlement offers for totaled vehicles;
- Basing a settlement offer on a valuation calculated using national rather than local market data; and
- Prematurely closing claims.

New Jersey

Bulletin 18-01, issued Jan. 3, 2018, provides information concerning autocycle PIP coverage. Under the New Jersey motor vehicle code, autocycles must be registered as motorcycles, with owners of autocycles required to maintain personal injury protection, liability and uninsured motorist coverage. The Department indicates that the law means full PIP coverage, not the more limited pedestrian PIP under N.J.S.A. 17:28-13, and has instructed insurers that autocycles are required to have full PIP coverage.

New York

Effective March 13, 2018, a new section has been added to Regulation 150 addressing the use of education level attained and/or occupational status in multi-tier programs. Provisions include prohibiting the use of an individual's education level attained and use of occupational status as a factor in either initial tier placement, tier movement, or the establishment of the rates at all, unless the insurer demonstrates to the satisfaction of the superintendent that its use does not result in a rate that violates Insurance Law Article 23. There is also a refiling requirement, within 90 days after the effective date of this section, applicable to insurers currently using one or more of these factors. Insurers using education level attained and/or occupational status a factor in its multi-tier programs under Regulation 150 should implement procedures that allow for the provision of a written notice, acceptable to the superintendent, at least annually to the first-named insured that conspicuously explains how an insured may notify the insurer or its agent of any update in the insured's education level attained and/or occupational status that would result in a reduction of premium.

Midwest Zone

Minnesota

Bulletin 2018-1, issued Jan. 5, 2018, directs property and casualty insurers to designate a disaster liaison to serve as the point of contact for the Commissioner of Commerce, should a disaster occur. The person serving in this role may also be required to assist in staffing emergency outreach and information efforts, depending on the scope and location of the disaster. To facilitate effective and efficient communication, a communications contact should also be provided to discuss media inquiries and coordinate joint media and consumer outreach efforts. Duties and responsibilities of a disaster liaison are detailed in this Bulletin, along with detailed sections covering Pre-Disaster Data Survey, Post-Disaster Actions, Required Claim Data Post-Disaster and Post-Disaster Requirements.

Southeast Zone

Louisiana

A "Licensing Contacts Update" concerning the requirements of Act 10 of the 2017 Regular Session of the Louisiana Legislature was provided in Bulletin 2018-02, issued Jan. 19, 2018. Effective Jan. 1, 2018, "all risk bearing entities must provide accurate contact information to the Commissioner and shall annually certify via electronic means the accuracy of the name, mailing address, phone number, and electronic mail address of individuals appointed as their respective contact representative. These entities are also required to inform the Commissioner within thirty days of any change in the information required by Act 10. Compliance with this mandate requires all risk bearing entities to provide the following contacts: Consumer Complaint Contact, Regulatory Compliance Contact, Annual Statement Contact and Premium Tax Contact. Additionally, life insurers are also required to maintain a Life Policy Verification Contact, while insurers writing automobile liability insurance coverage in Louisiana are required to maintain a contact to verify the existence of automobile liability coverage.

Tennessee

Bulletin 17-02, issued Dec. 21, 2017, provides the following Department of Commerce and Insurance position on the forced bundling of personal lines policies and umbrella policies: "the required bundling of a personal lines policy with an umbrella policy is permissible and does not constitute an unfair or deceptive act or practice in the business of insurance." The Department further stated that an insurer may not require a consumer or insured to apply for an umbrella policy in order to obtain or renew coverage under a personal lines policy.

Virgin Islands

Bulletin 2018-01, issued Jan. 23, 2018, reminds insurers of their responsibility to notify policyholders of underinsurance.

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Zoning – continued from **page 9**

The Division of Banking, Insurance and Financial Regulation indicated that "all property and casualty insurance companies licensed and authorized to conduct insurance business in the Territory must:

- Provide to its homeowner policyholders a full explanation of the term "underinsurance," to include examples of conditions under which a property may be determined to be underinsured and how this will affect the policyholder's ability to collect on an insurance claim for damages to their property;
- Utilize the sample "Notice of Conditions of Underinsurance" as a guide to ensure that each insured receives the proper explanation of what it means to be underinsured and, if they are underinsured, the proper notification as to how their insurance coverage will be affected in the event of a catastrophe;
- Require that each homeowner policyholder, obtaining new or renewal insurance coverage, sign the Notice evidencing that their agent has provided an explanation of the term "underinsurance;" the conditions for determining underinsurance; and that the policyholder understands the conditions and how the conditions will affect their insurance coverage in the event of a catastrophe or other qualifying event;
- Inform policyholders that the term "underinsurance" can be caused by certain factors detailed in the Bulletin.

Western Zone

California

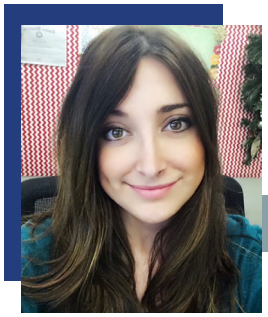
The California Department of Insurance issued a notice on Jan. 29, 2018 addressing the "Coverage of Flood, Mud Slide and Earth Movement Claims Relating to Recent Fires" and indicated its awareness that homeowners' and certain commercial properties' insurance policies frequently exclude losses caused by mudflow, debris flow, mudslide, landslide, or other similar events. Included in that guidance is information on the efficient proximate cause doctrine, "established by the Insurance Code and articulated by California courts," accompanied by specific statutory and case law references and analysis. Additionally, the Department shared preliminary information concerning the Thomas fire and further indicated that "based upon the insurance code provision and established case law described above, insurers should not deny these claims before undertaking a diligent investigation regarding the cause of loss and after carefully considering the facts."

Idaho

Pursuant to the Idaho Governor's Executive Order 2018-02, the Department of Insurance issued Bulletin No. 18-01, detailing provisions applicable to health carriers submitting state-based health benefit plans. Such plans will be identified as "state-based health benefit plans" or "state-based plans" and will not be subject to the federal restrictions applied to "grandfathered" or "transitional" plans. The Department indicates that carriers must file the forms and rates for each state-based plan and must not market or sell the plans until the Department has finished its review and closed the filing. The submitted plans will be evaluated in conjunction with Idaho insurance law, as well as the requirements outlined in this Bulletin, including (1) Carrier participation in Idaho Exchange; (2) Guaranteed issue and renewability; (3) Preexisting condition coverage; (4) Minimum health benefits; (5) Premium rates; (6) Annual limits; (7) Maximum out-of-pocket; and (8) Disclosure. ■

Kathy Donovan

Kathy Donovan is Senior Compliance Counsel, Insurance with Wolters Kluwer Financial Services. Kathy has more than two decades of experience in insurance compliance. Her expert commentary on legal and regulatory issues affecting the insurance industry is widely published and she is a regular presenter at various industry events.



Lindsi Swartz

IRES Feature Member

Meet Lindsi Swartz, MBA

By Parker Stevens & Lindsi Swartz

Q Who do you work for? What is your job tile? And in a very short description what are your daily duties?

A I work for the Pennsylvania Insurance Department as one of four Life and Health Market Conduct Examiners. Some of my direct responsibilities include reviewing health insurance underwriting and claims data, formularies, and other company records and documents (including processes, strategies, evidentiary standards, and clinical rationale) to determine compliance with state and federal regulations.

Q How long have you been an IRES Member and what made you decide to join?

A I've been an IRES member since 2015, just shortly after taking a position with the PA Insurance Department. IRES offers many opportunities to its members including professional designation programs, which I hope to pursue in the near future, and also the venue to stay active in the discussion of insurance regulation and market reform. Major legislative changes have taken place over the last eight years in the healthcare industry with the passage of the Affordable Care Act and the Mental Health Parity and Addiction Equity Act. The goal of providing more coverage and protection for consumers has increased the role of regulators. For that reason, I see IRES as the way to continue expanding my knowledge and understanding of the evolving industry by participating in the discussion with other State and Federal regulators and industry professionals that IRES facilitates.

Q What is a personal or career goal that you would like to accomplish in the next 3 years?

A The next goals I would like to accomplish in my professional development are to obtain the Market Conduct Management (MCM) designation through the IRES program, and to become an examiner-in-charge (EIC) on one of Pennsylvania Insurance Department's comprehensive market conduct examinations.

Q What are your biggest personal and professional accomplishments?

A My biggest professional accomplishment was achieving the title of Market Conduct Examiner at the Pennsylvania Insurance Department where I developed templates, manuals and guidance for examiners relating to mental health parity, autism claims, and formulary review. My biggest personal accomplishment was completing my graduate studies to become a Master of Business Administration with a focus in Healthcare. The challenging part was working to achieve both at the same time, which was quite the undertaking especially with job travel, but the experience was invaluable and helped me develop a comprehensive knowledge of the industry as a whole.

Q So, I understand that you attended the SAMHSA's Commercial Parity Policy Academy and also received training from the Kennedy Forum relating to the Mental Health Parity and Addiction Equity Act. Can you tell the readers a little bit about that and what you learned from your experiences?

A I was selected to attend the SAMHSA hosted Commercial Parity Policy Academy and be part of the Pennsylvania "Team" made up of talented individuals with different professional backgrounds from both inside and outside of our agency. The CPPA lasted approximately seven months providing webinar training and resources and included a two-day in-person conference in Rockville, MD.

During the onsite portion of the CPPA, I had the pleasure of presenting with a fellow colleague and someone I consider a mentor, on QTL and NQTL Analysis and State experiences. It was an immensely educational conference; I am grateful to have taken part and met so many new people with expertise in a wide range of MHPAEA topics.

Throughout the conference and continuing after, a conversation sparked with other States sharing knowledge, ideas and experiences and further exploring available resources and approaches to market conduct regulation of such a complex nature.

This also spawned into other training opportunities including a visit from The Kennedy Forum at the Harrisburg office, where they provided a systematic and analytical study into the MHPAEA regulation and enforcement. The Kennedy Forum is a non-profit organization founded in 2013 by Patrick J. Kennedy that among many things assists the industry with the Federal Parity Regulation.

continued on page 12

IRES Member Feature – continued from page 11

Q What is something interesting about you that others may not know?

A I am humanitarian with a passion to help people, which is primarily inspired by my daughter with autistic disorder. Instead of getting an early start on my career, I spent the first five years of her life focused only on providing her with the best care, researching new therapies, and even participating side-by-side in her treatment. I have an extreme appreciation for everything she has accomplished, which I know is all because she had the support and medical care required to make her thrive. Watching a child who is completely non-verbal and unable to communicate her needs, through much dedication and hard work, be able to say words, reciprocate, sing, count, and continue to expand her abilities is the most incredible experience, and it has changed my entire perspective of life.

Q When you aren't working, what are your hobbies?

A I enjoy hiking and exploring the outdoors with my family in the fall, spring and summer months, and snowboarding in the winter months at the ski resort near our home. I am an artist and love to paint using a variety of media. I recently painted a 3' by 3' wooden mosaic portrait of my family. Lastly, I am a total nerd who spends a ton of time researching; there is always time to learn something new. ■

Parker Stevens

Parker Stevens has been working in the field of insurance regulation for over 16 years, performing market regulation and market analysis work on all the major lines of insurance. He is currently a manager with Risk & Regulatory Consulting, LLC.

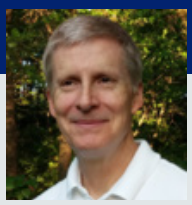
IRES WEBINAR SERIES

How Big Data Analytics Affects the Insurance Industry

March 9, 2018
2:00 pm ET/1:00 pm CT/11:00 am PT

Are you wondering what all the hype is around Big Data? Not sure what it is, how it is being used, or how it affects the insurance industry? Then this webinar is for you! IRES members are invited to join Mark Plesha of the INS Companies as he answers these questions and more.

This overview of big data will cover basic items such as, the definition of big data, the types of big data, the methods used to analyze it, the basic steps used in data mining, the approaches used in making data driven decisions, and the impact of big data on the decision making process.



Mark Plesha, CWCP, AIE, MCM, CPCU, AIS, IR

Mr. Plesha currently functions as a Market Conduct Examiner for the INS Companies where his primary responsibilities include Property & Casualty examining and providing insight into a Company's approach and reaction to an exam. Prior to joining the INS Companies in January 2013, Mr. Plesha worked for the Liberty Mutual Insurance Company, where for over 20 years he functioned as the coordinator of over 200 state Market Conduct Examinations & Audits, state Department of Labor & Division of Workers Compensation Audits, and NCCI & AIPSO Servicing Carrier Audits. In this coordinating role, Mr. Plesha handled these exercises from receipt of the Engagement Letter to the Final Orders.

Registration Details

Free to all IRES members.

Must be a current IRES member to participate and attend.

Register online at https://go-ires.org/events/

Educational Corner

Jo LeDuc

Earn CE Credit for Sharing Your Knowledge

Did you know you can earn CE Credit under the National IRES Continuing Education (NICE) program when you have an article published in a professional insurance magazine, journal or industry newsletter? One credit is granted for each 500 words with a maximum of 5 credit hours for 2,500 words. So why not submit an article for publication consideration in *The Regulator*®? You'll be sharing your knowledge with your fellow IRES members and earning CE credit at the same time.

You can also earn credit for speaking engagements! A 50-minute speaking engagement earns you 2 credit hours. Participating in a 50-minute panel discussion earns you 1.5 credit hours. This credit is in addition to attendance and participation and an insurance program.

See the NICE Program Manual for additional details about earning credit for sharing your knowledge via published articles and/or speaking engagements.

News from AHIP

The IRES partnership with America's Health Insurance Plans (AHIP) will continue in 2018! Qualifying general members (i.e. regulators, independent contractors) of IRES can get a 20% discount on AHIP courses* throughout 2018.

AHIP courses are all in online format. Many of the courses can be used in the pursuit of IRES designations and most of the courses qualify for continuing education credits under the NICE program. Information about the courses offered by AHIP is available online at www.ahipinsuranceeducation.org/ahip.

To utilize the benefit, please contact the IRES office for a coupon code to use when registering. ■

*Excludes the agent/broker training for the Federal Marketplace, Medicare + Fraud, Waste and Abuse Training, publications, taxes, and shipping charges

Jo LeDuc

Ms. LeDuc is a member of and a past President of the Insurance Regulatory Examiners Society (IRES). She has a M.B.A. and a B.S. in Business Administration. In addition, she has earned the CIE (Certified Insurance Examiner), MCM (Market Conduct Management), CPCU (Chartered Property & Casualty Underwriter), AIRC (Associate, Insurance Regulatory Compliance), AIC (Associate in Claims), API (Associate in Personal Insurance) and Associate in Insurance Data Analytics (AIDA) designations.

President's Letter

Welcome to 2018! Okay, so January flew by and we are quite a few weeks beyond the start of a New Year... However as we push towards springtime, IRES is now in full stride under its new Association Management Company Van Petten Group, and there are some exciting developments that I can mention.

Megan Van Petten and her team at VPG have been working non-stop over the past couple months during the management transition period in an effort to provide IRES members with some impressive online experience upgrades, with the new IRES website now live, and the construction of the new IRES membership database completed. Each component will offer significant enhancements over what was previously available to IRES members. There is some seriously good stuff there for you to check out!

The IRES website underwent a complete facelift and has a much improved visual appeal. You won't have to dig around too far to notice an improved organizational identity and public-facing exposure. Menus have been streamlined and website navigation has been simplified, and the overall layout is more responsive and will allow for providing additional resources and information about IRES products, events, and services, all designed to best serve IRES members' needs..

Also, IRES' membership database has been upgraded to the YourMembership (YM) platform. YM is a dynamic, comprehensive membership platform that offers a robust members-only area with access to features such as the YM Professional Development System, which will tie in nicely with IRES' MCM®, AMCM®, AIE®, CIE®, and CICSR® designation programs in tracking individual continuing education credits. YM also offers Career Center solutions for targeted members-only opportunities, and is a non-proprietary platform that will permit IRES the flexibility to keep pace with the speed of ongoing membership database technological advances.

I invite you to jump on the new IRES website and give it a whirl. Refresh your memory about IRES' mission and history, nominate a well-deserving individual for one of IRES' awards, such as the Al Greer Achievement Award or Chartrand Communications Award (nominations due by April 30th!), and sign up to serve on an IRES committee. Yes this is another shameless plug, but there really is no better way to learn more about the behind-the-scenes magic of IRES than joining a committee and helping improve the organization that exists for your professional growth and development...and don't forget to review your member profile to ensure that all of your membership information is up-to-date and accurate!


Ken Allen

Punxsutawney Phil did recently predict six more weeks of winter, but that time will go by quickly and yield to spring. And with spring will come the 2018 IRES Foundation National School on Market Regulation in Tucson, Arizona – a great place to go if the vestiges of winter are hanging around (thanks Phil!). The theme of this year's school, which will be held April 8-10, is A New Look at Market Regulation in Old Tucson. This event is an excellent educational forum that brings insurance compliance professionals together for the purpose of enhancing compliance cooperation between the industry and regulators which ultimately adds value for insurance consumers. I am planning on attending, so if you are there and you see me, please stop by and say hello!

Not too long after the IRES Foundation National School on Market Regulation, four months to be exact, the IRES Career Development Seminar and Regulatory Skills Workshop will take center stage. The 2018 CDS will be held in San Antonio, Texas on August 12-15 (hint: mark your calendars). The CDS theme this year is Something to Remember, and the CDS Committee is hard at work putting together another fantastic event for attendees. Details about the CDS, including a tentative agenda, will be made available soon.

And while the CDS breakout sessions alone will be worth the trip, did you know that this year marks the San Antonio tricentennial? Commemorative events look like they will be reaching their peak in May, however when you turn 300 you know the party has to go on for a while...It would be nice to get a little taste of how of the city of San Antonio celebrated this noteworthy milestone.

For now, I'm heading back to the new IRES website and continuing to familiarize myself with all of the spiffy upgrades and enhancements that are now available at my fingertips—I hope you find IRES' new website and membership database to be as valuable and beneficial as I do. ■

Ken Allen

Ken has been with the Rate Regulation Branch of the California Department of Insurance since 1989. He was promoted to Deputy Commissioner of the Rate Regulation Branch in September 2016. Joining IRES in 2000, Ken has served on the Accreditation & Ethics Committee and the Membership & Benefits Committee, was Chair of the CDS Committee in 2014-15, Chair of the Meetings & Elections Committee, and now President. Ken holds AIE® and CPCU designations, and he was elected to the IRES Board in 2013. Ken, his wife, and daughter live a commuter train's ride outside of Los Angeles and enjoy all of the amenities that Southern California has to offer.

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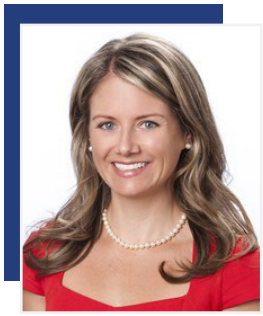

Stephanie Duchene

Editor's Corner

Punxsutawney Phil saw his shadow this year, guaranteeing that we are in for six more weeks of Winter. That is ok with us here at *The Regulator*® because we love winter -- particularly when its winds blow us such wonderful submissions from our fellow IRES members! In this issue Michael Morrissey provides us with insight into what regulators and examiners should expect from insurers in order to protect policyholder data and the challenges insurers may face in adopting these measures. Barry Wells helps us 'take the temperature' of the industry and regulators on climate change and its impact on insurance.

Ken Allen, our IRES president, keeps us up-to-date on the transition to our new Association Management Company (Van Petten Group), the significant enhancements to the IRES website and the upgrades to our IRES membership database. We get to know our Featured Member, Lindsi Swartz, a Life and Health Market Conduct Examiner for the Pennsylvania Insurance Department. Holly Blanchard provides us with an IRES State Chairs update including features of the new online experience that may be of particular interest to members. Finally, Kathy Donovan keeps us Zoned In on changes in state law.

I hope to see you all where the weather will be warm at the IRES Foundation National School on Market Regulation on April 8-10 in lovely Tucson Arizona.

Please let me know if you have any feedback on this issue, or ideas for upcoming issues. It's *your* organization: make sure *your* voice is heard — right here in *The Regulator*®! ■

Stephanie Duchene

Stephanie Duchene is a member of Dentons' Insurance Regulatory practice group. Her practice focuses on representing insurance companies, producers and other insurance licensees and insurance-related service providers in complex and sensitive regulatory matters, including single and multi-state examinations, sales practices compliance and product development and approval. Stephanie also regularly counsels insuretech companies, traditional carriers and non-insurance entities looking to understand the law's impact on innovation in the insurance industry. Stephanie represents clients in all lines of insurance, including accident, life and health, property and casualty, and surplus/excess lines.