

NOLHGA *Journal*

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National Organization
of Life and Health
Insurance Guaranty
Associations

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Chicago Welcomes Legal Seminar

By Sean M. McKenna

In his opening remarks to attendees of NOLHGA's 11th Annual Legal Seminar, NOLHGA President Peter Gallanis spoke of the challenges facing the life and health insurance guaranty associations and noted, "the crises that require emergency responses come in waves, not all of which are predictable." In the face of such unpredictability, he added, events like the Legal Seminar allow the guaranty system to hone its skills in anticipation of the next crisis.

The members of that system obviously agree, as more than 160 gathered at the Drake Hotel in Chicago on August 15 and 16 for the seminar. The largest crowd ever to attend the event, they were treated to an entertaining and challenging series of presentations on topics such as optional federal chartering, special purpose vehicles, the FDIC, variable products, the Reliance insolvency, and more—including a bit of the Socratic method that no doubt brought back memories (fond or otherwise) for the lawyers in attendance.

"Where the Ball Game Is"

Nathaniel S. Shapo, director of the Illinois Department of Insurance, used his welcoming remarks to address the issue of optional federal chartering, which he called "an umbrella issue over everything discussed in insurance today." He pointed to the congressional hearings on federal regulation of insurance as evidence that Congress "is really where the ball game is."

Shapo also pointed to a paradox at the heart of insurance regulation. The states have sovereignty, he said, "but it's delegated sovereignty" through the McCarran-Ferguson Act—and it's a sovereignty that will be revoked if it's exercised so strenuously by each state that the lack of uniformity among states grows too great.

In the face of this threat, Shapo added, states are acting to cede some of their sovereignty to retain the greater part of it. While hardly a new concept (he noted that the NAIC was founded on the idea), Shapo said that "the last two years have seen a new and ongoing level of that type of activity" as the states have worked together to increase uniformity in areas such as accreditation and product approval.

The challenge for states, he noted, is to create binding agreements to forge a national state-based system of regulation. "If the states can't do that themselves," Shapo said, "I think we'll be looking at a system of federal regulation."

In addressing the concept of federal regulation, a panel on the Federal Deposit Insurance Corporation gave attendees a "pros and cons" look at the FDIC's role as a guaranty system for the banking industry. William F. Kroener III, general counsel of the FDIC since 1995, took care of the "pro" side by providing an overview of the history and workings of the FDIC and by explaining its regulatory system and risk-based assessments. Kroener also reviewed the enforcement actions the FDIC can take against banks—such as administrative hearings, civil monetary penalties, and termination of insurance—and noted that "these enforcement authorities exist when the bank is open and continue when it is closed."

Kroener added that the FDIC investigates each failed institution with the goal of holding accountable those whose actions caused the failure. The organization's professional liability actions peaked in the early 1990s during the banking crisis, he said; "as the crisis has been resolved, the cases have gone away."

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PRESIDENT'S COLUMN

Anticipating the Next Challenge

By Peter G. Gallanis



The following is an adaptation of the keynote address to the 11th Annual NOLHGA Legal Seminar, which was held in Chicago on August 15 and 16, 2002.

Like many people my age, I was exposed to several waves of popularity for what has been called "folk" music. I heard the songs of the Weavers in my crib, followed over the years by such performers as the Chad Mitchell Trio, Peter Paul & Mary, Bob Dylan (before Newport!), Joan Baez, Arlo Guthrie, and Judy Collins.

In late July of this year I attended a Reston, Va., performance by one of the important contributors to that movement, Tom Paxton. Besides being a consummate stage performer, Paxton is a prolific songwriter whose songs have been covered by performers from Glen Campbell to John Denver to Nanci Griffith. For just a few examples drawn from so many, he wrote "Bottle of Wine," "The Last Thing on My Mind," "Ramblin' Boy," and "My Dog's Bigger Than Your Dog," a fine song that Madison Avenue later turned into an incredibly annoying television jingle that played for years.

Unlike many performers who first became prominent years ago, Paxton has never stopped writing fresh, compelling songs. He proved that in Reston when, as an encore, he performed a song he wrote after last September 11, "The Firemen's Song." It tells the story of a World Trade Center survivor saved only by the efforts of New York City firefighters who guided the evacuees to safety. But this survivor is afterwards haunted by dreams in which he hears the

sound of firefighters' boots running up the WTC stairs while he was running down. My written description simply cannot express the impact of the song as Paxton sang it; there were no dry eyes in the Reston Town Center at that moment.

In a country blessed as ours is in so many ways, we are fortunate to go through periods, some of them thankfully long, when freedom from calamities can render comparatively uneventful the job of the firefighter, the police officer, or the emergency paramedic. Especially now, no one begrudges the firefighter such moments of intermittent calm, because something inevitably will happen to provide a dramatic reminder of why we must have

For the guaranty system, as for police and fire professionals, the crises that require emergency responses come in waves, not all of which are predictable.

trained, capable professionals who are always ready and fully able to respond to emergencies.

The situation of the insurance guaranty system bears some real similarities to the societal role played by our public safety professionals. We see the life and health guaranty associations and the property and casualty guaranty funds most clearly when they are in the midst of addressing a crisis—for example, providing continuing life insurance protection at the height of the consumer anxiety caused by the Marty Frankel scandal, or paying consumer health care claims when a company like American Chambers fails.

For the guaranty system, as for police and fire professionals, the crises that require emergency responses come in waves, not all of which are predictable. There are periods of tremendous stress on the system, as we saw for the property/casualty funds in the late eighties, and for the life and health guaranty associations in the early nineties. There have also been periods of comparative calm for both systems.

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The property/casualty funds began to face a series of daunting challenges at the end of the last decade, challenges that seem only to have intensified with each passing month. From the latest reports issued by Standard & Poors, and even from this morning's newspapers, it appears that similar challenges are now in store for the life and health guaranty associations.

The property/casualty funds have been able to respond with great competence to their recent challenges for one reason—they always kept a vibrant national infrastructure in place, at the level both of the individual state guaranty fund offices and at their national coordinating facility, the National Conference of Insurance Guaranty Funds (NCIGF).

The life and health guaranty system will be similarly prepared when its next great challenges arrive. The life and health guaranty associations have also maintained a core level of professional staffing in each state appropriate to the state's needs, and the same has been done at the level of NOLHGA staff. Even through a period of comparative calm, we have maintained staffing and training levels at an appropriate "peacetime level of readiness" that now stands us in good stead as the storm clouds gather.

Firefighters drill and train and study during their periods of calm. We do the same at seminars like this one, or at the workshops in which so many of us from NOLHGA have participated in cooperation with the NCIGF, the International Association of Insurance Receivers (IAIR), and the National Association of Insurance Commissioners (NAIC).

Our job, in essence, is to serve and protect, and service takes many forms. We serve "in combat," so to speak, when we are in the process of responding to the immediate challenges of a new insurer insolvency. But we serve just as much here, where we will hone and perfect our skills in anticipation of the moment when consumers will most need us. On that note, we begin this 11th Annual NOLHGA Legal Seminar. ■

Legal Seminar

Continued from page 1

John K. Villa, a partner at Williams & Connolly LLP in Washington, D.C., had a decidedly less-rosy view of the FDIC and its regulation of the banking industry. According to Villa, who specializes in corporate- and financial services-related litigation and has opposed the FDIC in a number of civil and administrative proceedings, the FDIC "holds most of the cards" in litigation.

Villa said that the FDIC "has all the money in the world" to hire lawyers to pursue claims against officers and directors, and that it does so frequently; he added that the FDIC can exercise administrative enforcement even against a bank that is still open and insured. In his opinion, "in today's world, if your bank fails, you can pretty much be sure the FDIC is going to come after you."

"We're Not Banks, We're Insurance Companies"

The pros and cons format of the FDIC presentation was also used in a discussion of the potential benefits and drawbacks of federal chartering, as Michael S. Helfer and Wayne F. White engaged in a spirited debate in the panel entitled *The Federal Charter Option: Practical Business Perspectives*.

Helfer, president of Nationwide Strategic Investments and chief strategic officer for Nationwide, said that an optional federal charter would save his company money by allowing it to deal with one regulator rather than 50 or more; he noted that Model Acts don't create the same sort of uniformity, since many states change them and even identical wording can be interpreted differently by different states. He added that "a federal charter holds out the possibility of us doing business in every state," noting that Nationwide currently does not do P&C business in three states due to those states' regulatory mechanisms.

Helfer also stressed that a federal charter could solve a major problem for the insurance industry. "There's virtually no insurance expertise in Washington," he explained, noting that the debate over terrorism insurance dragged on because there

were no insiders at the White House with insurance industry knowledge.

White, president and chairman of Home Mutual Fire Insurance Company in Conway, Ark., took the opposing view. He pointed out the challenges in regulating insurance as opposed to regulating banking ("we're not banks, we're insurance companies"), while acknowledging that a lack of uniformity on pricing and prior approval of forms "is a stumbling block to a competitive marketplace."

The states, White maintained, "have made significant progress" in overcoming this stumbling block, and he stressed that the process cannot be rushed. White noted several "onerous provisions" in the bill offered by Senator Schumer (D-N.Y.); he pointed out that licensing done on the federal level leaves no incentive for companies to license on the state level as well, warning states that "you're going to lose every nickel of your licensing revenue." He also warned that federal regulation could result in the government telling companies where to write business and how to price it.

After the presentations, moderator Peter Gallanis called on the Socratic method familiar to many in the audience and asked White and Helfer a series of probing questions designed to test the strengths and weaknesses of their positions. Helfer agreed with Gallanis that appointing a federal "insurance czar" who was unqualified or even hostile to the insurance industry could pose serious problems for the industry, but he also noted that "the state system is not immune" from this sort of difficulty and stressed that the larger question is which regulatory system will benefit the industry in the long run.

Gallanis also pressed White about how much time the state regulatory system, in existence for 150 years, should be given to enact reform. White joked that he'd avoided the same question while testifying on Capitol Hill and added, "certainly, at some point you have to draw the line and say, 'This is not going anywhere.' Hopefully, we won't reach that point." He also noted that in his opinion, the discussion is really

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Be Prepared

By Sean M. McKenna

Ask Chuck Gullickson a question about optional federal chartering—or a question about almost anything, for that matter—and the odds are you'll get a well-thought-out, reasonable answer.

"I struggle with whether the GAs or NOLHGA should have a position, should be 'selling' something," says Gullickson, executive director and general counsel for the South Dakota Life & Health Insurance Guaranty Association. "Our boards have to make those kinds of decisions. But I am willing to point out what's working well so that they can draw upon that experience."

It's no surprise that Gullickson's answers are so well thought out; as chair of NOLHGA's Administrators' Education Committee, he spends a good deal of his time thinking about the challenges and major issues facing the guaranty association system. "Be prepared" may be the motto of the Boy Scouts of America, but in Gullickson's opinion, it's good advice for the guaranty association system as well.

"There's a lot of emphasis right now on training and new challenges, and I think it's imperative that we do that," he says. "The industry and the regulators rightly expect that we're going to be sophisticated and knowledgeable. As a system, I think we like to hold ourselves out as being lean—staffed at a minimum level and efficient. But I don't think that gives us the excuse to be amateurs."

Baptism By Fire

Despite his faith in the power of preparation, Gullickson admits that he didn't quite know what he was getting into in when he first began working with NOLHGA. The year was 1994 (less than a year after he joined the South Dakota guaranty association), and the insolvency was Confederation Life.

"Bob Ewald, who was then the MPC chair, called me and said, 'Chuck, you're new to the system. I think this might be a good

exposure to how the task force and GA system work, and I don't think it's going to take that much time,'" Gullickson says. "And he was one for two in terms of being accurate."

Needless to say, work on the Confederation Life task force took a good deal of time (Gullickson chaired the Asset Recovery Subgroup). However, it did serve as the introduction to the guaranty association system that Ewald promised, and it also proved to be one of NOLHGA's great successes.

Considering that he started off on the right foot, it's not surprising that Gullickson has been a frequent member of NOLHGA task forces and committees in the last decade. As he's seen the system work, he's come to appreciate what it can do, especially for small states like South Dakota.

"Even though this is a very small state, almost every insolvency has at least some policyholders in South Dakota," Gullickson says. "And I'm confident that if South Dakota had to go its own way and create its own solutions for every insolvency, it would be much more work and much more expensive for us."

For all states, but especially for small ones, the collective action of the guaranty associations, working through NOLHGA, is more or less indispensable on national insolvencies. In this case, bigger is simply better.

"If nothing else, it's the old adage that buying power has value," Gullickson explains. "If the individual guaranty associations negotiated their own deals for assumption reinsurance transactions, we would not get nearly as good a deal as we typically get when we work collectively. The pooled buying power of all the associations working collectively leads, I'm sure, to economies in negotiating assumption reinsurance transactions and in hiring consultants and service providers such as TPAs."

Eye on the Future

If there's a theme linking Gullickson's work with NOLHGA, it's preparation—the idea of keeping one eye on the present and the other trained on the future.

His work on a seminar hosted by NOLHGA, the National Conference of Insurance Guaranty Funds (NCIGF), and the International Association of Insurance Receivers (IAIR) is a perfect example. The seminar, which came on the heels of the passage of the Gramm-Leach-Bliley Act (GLB), was designed to prepare both guaranty systems and the receiver community for the financial realities of the post-GLB

"As a system, I think we like to hold ourselves out as being lean—staffed at a minimum level and efficient. But I don't think that gives us the excuse to be amateurs."

world. Gullickson served as the NOLHGA representative on the seminar's steering committee, helping to create a case study involving multiple insurance company insolvencies within a financial holding company.

"That turned out to be a very involved and time-consuming project, and one that I really enjoyed," Gullickson says. "I found the opportunity to work with the receivers group and the NCIGF educational and rewarding, and I think everybody got a lot out of it."

By placing NOLHGA, NCIGF, and IAIR members together on teams and having each team work out a plan for handling the insolvency, the seminar introduced attendees not only to a new type of insolvency but also to the different working styles and priorities of the L&H, P&C, and receiver communities.

"I think the exercise heightened the awareness on both the NOLHGA and NCIGF sides that even though the overall obligations of the two associations are quite similar, how they go about fulfilling those obligations can be pretty different," Gullickson says. "It also helped the guaranty association administrators get exposure to how receivers think about their responsibilities when they have an insolvency."

Gullickson also participated in NOLHGA's recent efforts to develop a new approach to handling health insurer insolvencies; he serves on the Health Insurance Issues Committee and helped prepare the committee's report on health insolvencies, which was approved by the NOLHGA Board of Directors in late 2001 and distributed to administrators soon afterward.

The report drew upon the guaranty association system's work on the Centennial Life and American Chambers insolvencies. "There were experiences with those insolvencies that were painful," Gullickson says, and the committee was charged with analyzing the insolvencies and developing recommendations on how NOLHGA and the state guaranty associations can handle health insolvencies more efficiently.

Gullickson worked on the report's Operations Subgroup, which met with both industry and guaranty association personnel to identify the chief demands of

health insurer insolvencies—such as quickly clearing out the claims backlog—and craft new approaches to meet them.

"I think the message of the report is that those people to whom we have to answer—the boards, industry, regulators, policyholders—want us to perform better," he says. "We need to do more to be prepared in advance for a potential health insolvency so that we're ready to hit the ground running." With claims backlogs that can be up to six months or more, he adds, "you have to find a way as quickly as possible to turn the spigot back on and get those old claims paid."

Balancing Act

This emphasis on speed and adequate preparation touches on another challenge Gullickson believes is facing all guaranty association administrators: balancing the local independence of the associations with the need to streamline the process by which NOLHGA and the guaranty associations handle insolvencies.

Gullickson points to a recommendation in the Health Insurance Issues Committee report concerning pre-authorization of third-party administrators (TPAs). The traditional method of finding a TPA, negotiating an agreement, and then sending the agreement to affected guaranty associations for an opt in/opt out period can take weeks or months—with the backlog of claims growing with each passing day.

To avoid this added delay in addressing the claims backlog, the report recommends compiling a list of pre-authorized TPAs to speed up the process. However, the switch to pre-authorization of TPAs would bypass the affected associations' opt in/opt out period. Gullickson says that administrators will face this kind of decision more and more in the future.

"There's going to be growing pressure on the guaranty associations to work collectively and efficiently—and perhaps find ways to delegate some of the things they do to smaller working units—without giving up their independence," he says. "I think the associations need to strike a good balance between achieving the benefits of working collectively—the buying power and collaboration I spoke of earlier—while still retaining the local control,

the local accountability, and the industry involvement."

While striking this balance may prove difficult, Gullickson believes the guaranty association system will rise to the challenge. After all, he's witnessed firsthand the system's ability to change with the times.

"I think there's been a significant evolution in terms of the guaranty association system and its efficiency," he says. "I'm impressed by how our system tries very hard to take each insolvency on a fresh basis and work from the ground up in tailoring a solution that works for that insolvency. It's a process of constant innovation."

In Gullickson's opinion, that ability to innovate, to call upon the experiences of the past without being bound by them, will serve the guaranty system well no matter what form it may eventually take. And while it won't fall to Gullickson to decide the future of the system, he will play a role in the process: by ensuring that those who make the decision are as informed—as prepared—as possible.

"I know it's not my job to perpetuate the particular system we have right now," he says. "On the other hand, I think it would be crazy to ignore the wisdom and the insights the guaranty associations can provide, and it would be crazy to ignore the lessons we've learned and the benefits we see flowing out of the current system." ■



Sean M. McKenna is the communications manager for NOLHGA.

The Gullickson File

Committees

Administrators' Education Committee (*chair*)
Health Insurance Issues Committee
Legal Committee

Task Forces

American Chambers Life Insurance Company (*chair*)
AMS Life Insurance Company
Confederation Life Insurance Company
Fidelity Bankers Life Insurance Company
Midwest Life Insurance Company
National Affiliated Investors Life Insurance Company (*chair*)

Legal Seminar

Continued from page 3

about federal regulation, not an optional charter. “It’s not a choice,” he said.

“Not Much Consensus at This Point”

As part of the seminar’s *Legal Update*, William P. O’Sullivan (senior vice president and general counsel for NOLHGA) briefed attendees on the June 2002 hearings of the House Subcommittee on Capital Markets, Insurance, and Government Sponsored Entities, which were held to examine regu-

lation and competition within the insurance industry and consider proposals for increasing the efficiency and uniformity of insurance regulation.

O’Sullivan reported that there was a general consensus among the 19 witnesses who testified at the hearings that the state insurance regulation mechanism is in need of immediate reform, especially in the areas of new product approval, producer licensing, company licensing, and market conduct. However, he also noted that “there’s really not much consensus at this point in terms of what the solution is.”

Some witnesses believed that the state-run system has been given enough time to reform itself and so supported an optional federal charter. Others recommended giving the states more time, and some suggested that the government intervene to help states establish a uniform system of regulation. One committee member voiced support for a tiered regulatory plan in which the federal government would regulate larger insurers or certain types of business.

Three of the witnesses at the hearings spoke on guaranty association issues; all three agreed that the current system is doing a good job of protecting policyholders and saw no need for federal involvement. O’Sullivan noted that the committee members showed an appreciation for the complexity of the issues before them. Roundtable discussions are scheduled for the fall, and O’Sullivan predicted, “Congress will continue to carefully consider its options.” He added that the likelihood of rapid action on this issue is small.

“It Was Mass Confusion”

Attendees got a different look at a familiar face in the presentation *The Other Side of the Mountain: Reliance Insurance Company from the P&C Perspective*, a panel discussion involving some of the key P&C players in the Reliance insolvency.

David S. Brietling, a member of the Pennsylvania Insurance Department Liquidation Team responsible for administering the estate of Reliance, spoke about the size and complexity of Reliance’s operations. The company’s decentralized structure and use of more than 170 TPAs, he said, made things difficult for the team. “There were no policy files or claims files for a huge amount of business they wrote,” Brietling said. After the liquidation, he added, “quite frankly, it was mass confusion.”

The sheer size of Reliance (the largest P&C insolvency ever) and the number of units that operated autonomously made for “a difficult three- to four-month period to get claimants the help they needed,” Brietling said, noting that two million proofs of claim were mailed out in the first four months. Reinsurance is the single largest asset in the Reliance estate, and Brietling considers it the key to a successful resolu-

Salami for Lunch

Salami wasn’t on the menu at the Legal Seminar luncheon, but it was on the mind of the guest speaker, Richard A. Epstein. Epstein, the James Parker Hall Distinguished Service Professor of Law at the University of Chicago and the author of *Takings: Private Property and the Power of Eminent Domain*, entertained the luncheon audience with a lecture on property rights and how they apply to regulation of the insurance industry. According to Epstein, it all boils down to what he calls “the principle of how you slice the salami.”

Epstein explained the concept of requiring the government to compensate its citizens when it confiscates their private property and the importance of the theory that property—like salami—is still property no matter how thinly you slice it. Since use of property is part of ownership, the government “takes” property not only when it confiscates it but also when it restricts its use.

The same principle applies to government regulation of business. In this case, however, the government needn’t always provide monetary compensation; it can also justify its actions (such as rate regulation) by showing how they benefit the public.

Under this theory of providing a benefit to the public, Epstein explained, rate regulations are only appropriate in the oversight of monopolies. “There is never justification for rate regulation when you’re dealing with a competitive industry,” he said. In fact, rate regulation of such an industry runs the risk of driving prices to an artificially low level, since there are no market forces to limit how low prices can be set.

Government regulation also plays a role in preventing fraud and maintaining public confidence in an industry, Epstein said, and in that sense there is “some justification for solvency regulation.” The danger to the insurance industry, he added, is when government action (and regulation) extends beyond the limited scope Epstein described.

That danger has grown in the past months as accounting scandals and large company bankruptcies have spooked the government and the public alike. According to Epstein, the onus is now on the insurance industry to prove that it doesn’t need federal regulation to fix its problems.

“Clean your house before somebody else decides to bring a crew in,” Epstein said. “And they’ll not only clean the house, they’ll break most of the furniture too.”

tion to the insolvency. However, the intricate operations of the company have made things difficult.

Kevin D. Harris of the National Conference of Insurance Guaranty Funds (NCIGF) noted that before the terrorist attacks on New York and the Pentagon on September 11, 2001, the P&C guaranty funds working on Reliance's rehabilitation hadn't been planning for liquidation. "In hindsight," he said, "it would have been very smart to work along two tracks."

In fact, Harris believes one of the biggest lessons the P&C guaranty funds have learned from Reliance is the need to acknowledge that once a company is taken over, insolvency is all but inevitable. "If there's anything we can do better as an insolvency system," he said, "it's recognize that reality" and plan for an orderly transition into liquidation from day one.

Harris also noted that Reliance's large-deductible business, which made up roughly one-third of the company's business overall, presented some problems in handling the insolvency. The P&C guaranty association laws and liquidation acts "haven't really kept pace with the evolution of commercial products on our side," he explained. "The insolvency laws haven't really worked well with Reliance." However, he added that the NCIGF, the state guaranty funds, and the Pennsylvania Insurance Department have largely been successful in overcoming these difficulties.

Mark H. Femal, executive director of the Wisconsin Insurance Security Fund, gave the audience a "view from the trenches" as he recounted his duties as the NCIGF's on-site liaison in the Reliance insolvency. According to Femal, the merging of many companies into Reliance presented a host of problems for the liquidation team; it was sometimes difficult to pinpoint which company had written a particular policy, and the merging of an unlicensed company with a licensed one led to questions of what business was covered by guaranty funds.

The multiple units that made up Reliance raised other obstacles as well. The company had two main offices, in Philadelphia and New York, and each office had "completely different systems," Femal said, with

no interaction between them. Other offices employed their own claims systems, making things even more difficult.

While there was no shortage of problems for Femal to tackle in his days at Reliance, he noted that one of the advantages of his being on-site was his ability to explain to Reliance personnel the challenges guaranty funds face and their priorities in protecting policyholders. "A real benefit to the Reliance people was having me there to give them an

idea of why guaranty funds were operating the way they do," he said. ■



Sean M. McKenna is the communications manager for NOLHGA.

Risk, Reinsurance & More

Other highlights of NOLHGA's 11th Annual Legal Seminar included:

It's Not Your Father's Oldsmobile: Use & Regulation of Special Purpose Vehicles in the Insurance Industry: Marc A. Siegel (Center for Financial Research & Analysis), Michael P. Goldman (Sidley, Austin, Brown & Wood), and Arnold L. Dutcher (Illinois Department of Insurance) gave the audience a detailed explanation of the various types of special purpose vehicles and their impact on business accounting.

The Roller Coaster of Risk: Where Are We on the Ride?: Larry M. Gorski (Illinois Department of Insurance), Daniel J. McCarthy (Milliman USA), and John R. Barmeyer (ING Americas) looked at how risk is evaluated, the risks presented by some of the products currently being sold in the industry, and the practice of operational risk management.

Reinsurance for Lawyers: Craig M. Baldwin (Transamerica Reinsurance), Arthur O. Dummer (Utah Life & Disability Insurance Guaranty Association), and Jeremy Starr (The Guardian Life Insurance Company of America) provided a primer on the different types of reinsurance and the laws and provisions affecting them.

Legal Update: In addition to William P. O'Sullivan's report, Brian J. Spano (Rothgerber, Johnson & Lyons) provided a review of stop loss policies and ERISA, and Tad Rhodes (Kerr, Irvine, Rhodes & Ables and the Oklahoma Life & Health Insurance Guaranty Association) detailed a situation in which the Oklahoma guaranty association provided loans to a troubled company under supervision before the association was triggered.

Who Cares About Long-Term Care?: Peterson Consulting's Timothy H. Hart, Steve E. Stanton, and Garrett W. Rush gave an in-depth analysis of the growing market for long-term care insurance and its implications for the guaranty association system.

Separate Accounts with Guarantees: What Happens When Variable Products Don't Vary?: Kevin P. Griffith (Baker & Daniels) and Thomas A. Campbell (Hartford Life) explained the different permutations of variable products (such as guaranteed minimum death benefits and variable annuity guaranteed living benefits) and examined the question of how—or if—these products are covered by guaranty association statutes.

Resolving Legal Ethical Dilemmas: The Good, the Bad, and the Ugly: William P. Hoyer (University of Notre Dame) used clips from films such as *The Verdict* and *Witness for the Prosecution* to engage the audience in a lively discussion of legal ethics and the difference between ethical dilemmas and moral ones.

Calendar

2002

September 9–12	NAIC Fall National Meeting	New Orleans, La.
October 13–15	ACLI Business Solutions 2002 (Annual Conference)	San Diego, Calif.
October 30	NOLHGA MPC Meeting	Washington, D.C.
October 31–November 1	NOLHGA Annual Meeting	Washington, D.C.
November 7–8	NCIGF/IAIR Joint Workshop	Henderson, Nev.
December 7–10	NAIC Winter National Meeting	San Diego, Calif.

2003

February 17–19	NOLHGA MPC Meeting	New Orleans, La.
March 8–12	NAIC Spring National Meeting	Atlanta, Ga.
May 7–9	NCIGF Annual Meeting	New Orleans, La.
May 19–21	NOLHGA MPC Meeting	Salt Lake City, Utah
June 21–25	NAIC Summer National Meeting	New York City, N.Y.
July 23–25	NCIGF Legal Seminar/COL Meeting	Jackson Hole, Wyo.



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