Volume XII, Number 1 | January 2006

nolhga journal

A Publication of the National Organization of Life and Health Insurance Guaranty Associations

Beach Bash

Hilton Head Island plays host to NOLHGA's 22nd Annual Meeting

By Sean M. McKenna

Beautiful beaches and strong ocean breezes formed the backdrop for NOLHGA's 22nd Annual Meeting, which was held in Hilton Head Island, S.C., in late October 2005. For two days, more than 160 guaranty system professionals, regulators, insurance industry executives, consultants, and dance instructors came together at the Westin Resort, Hilton Head Island to discuss the state of the insurance industry, identify the "next wave" in insolvency preparedness, and shag dance. The meeting proved without a doubt that the guaranty community knows its way around the complex topic of insolvency, though perhaps not around the dance floor.

Sportswriter and author Frank Deford got the meeting off to a great start with his luncheon speech, "Sports: The Hype & the Hoopla." People retain their love of sports despite the scandals and larger-than-life egos, Deford said, because "it's the child within you that lets you love sports."

The Faces of Reform

Regulatory reform was the topic of choice on the first day of the meeting. Alessandro Iuppa, superintendent of the Maine Bureau of Insurance and then–president-elect of the National Association of Insurance Commissioners (NAIC), provided an overview of the NAIC's efforts to modernize and reform state insurance regulation. Calling the group's efforts "a process of constant improvement," he noted that in the past few years, "an ever-increasing light" has been focused on insurance regulation and its perceived inefficiencies.

Iuppa also explained the NAIC's opposition to the draft of the State Modernization and Regulatory Transparency (SMART) Act. While the NAIC believed that SMART was "a healthy place to start" the conversation on regulatory modernization, he said, "there is significant state preemption in that bill" that would harm states' authority over insurance, create what he called "unhealthy regulatory confusion in the markets," and remove the ability of state regulators to protect consumers. He also addressed a possible optional federal charter bill, saying that "we are likely to have some issues" with any federal charter because a dual system of regulation could undermine the states.

Maine Superintendent of Insurance and NAIC President Alessandro Iuppa touched on a number of state and federal insurance regulatory initiatives in his presentation.

Iuppa stressed that despite its opposition to SMART and the optional federal

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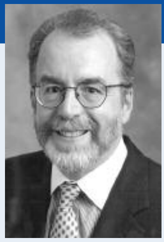

The Year in Review

The following is adapted from the President's Address given at NOLHGA's 22nd Annual Meeting on October 26, 2005.

My good friend and fellow Illinoisan Bob Ewald observed last year that the annual address by the NOLHGA President functionally amounts to a "state of our union" discussion. That's a helpful way to focus my remarks today, as I approach with great pride the seventh occasion on which I have had the honor to deliver this address. My best hope is that these comments start some dialogues and continue others, though I am under no illusions that I am providing the last word on anything.

My principal observations touch on four areas: our current insolvency environment, business and economic developments within the industry, federal government initiatives of concern to our guaranty system, and developments within the states and at the NAIC that matter to us.

The Insolvency Environment

It's no secret that life and health insolvencies are well below the peak levels of the early 1990s. As a public policy matter, and from the standpoint of the guaranty associations' member companies, that's terrific news. Nonetheless, we who serve the guaranty system might sometimes view it as a silver cloud with a dark lining—that dark lining being the understandable restlessness of a corps of outstanding firefighters who haven't recently been challenged by many notable fires. Allow me to make several observations on that score.

First, as Stephanie McElroy demonstrated during her presentation about the recent A.M. Best insolvency study updates at the NOLHGA Legal Seminar in Park City in August 2005, insolvencies are demonstrably cyclical. If the current "peace scare" seems anomalous, you need only stick around; it will change, as it always has before.

Second, there are factors at work in the industry, several of which have been touched on here and at Park City, suggesting that the next wave of insolvencies will bring us challenges different than those we have faced before—challenges for which we must do some serious homework to be ready when the time comes.

And third, as Outgoing Chair Ron Downing and Incoming Chair Merle Pederson have noted, we need to capitalize on the "peace dividend" that this current slow period amounts to. We must use this stretch of time to make sure that we are putting our knowledge and systems and tools together to position ourselves to be able to respond to the inevitable increase in insolvency business in the best way we know how.

Industry Trends

The life insurance segment of the industry, broadly defined, has made a strong recovery from the circumstances that prevailed three years ago, when adverse capital market developments posed significant threats. Surpluses are generally up now. If the general economy stays reasonably healthy, we can reasonably hope that life insolvency experience will continue to be favorable.

However, when the cycle next turns south, the industry will be a different industry than it was in 1991, the era of our last "perfect storm." Again, I'll refer you back to the incredibly valuable analysis in the recently updated A.M. Best Insolvency Special Report for all the relevant details, charts, graphs, and backup. Suffice it to say that the life industry today is involved more than ever in what might be characterized as investment business, compared to the greater focus in earlier years on traditional insurance products. (I note, however, that Tom Marra will tell us at this meeting about some important new areas of traditional risk protection that are becoming hot growth areas for the life industry.) Annuities are a bigger factor in the life industry than ever before, and both the fixed and variable annuities now being written—as Dennis Glass explained at this meeting—are more complicated and bear different and greater risks than what we knew in the early nineties. We have done much, within the guaranty system family and working with our friends in industry, to understand and to prepare for this changed environment. We must continue that work if we are to be fully prepared when the fire bell next rings.

It can also be said that the health insurance segment of the industry, the products it offers, and the risks that those products bear have all changed greatly since the early nineties. Those points were brought out in the outstanding panels on health care developments and long-term care insurance that Art Dummer and Dave Perry chaired at the recent Legal Seminar. Once again, we have been learning some hard-won lessons over the past several years, and you heard at this meeting about work that our MPC and NOLHGA staff is doing with the insolvency task force guidelines and in the development of some new project management tools, all of which are designed to better prepare us for the challenges that will be posed by future health carrier insolvencies. As with the life and annuity market, we have to keep learning and putting the lessons we learn to work for us in our preparedness planning.

Federal Developments

Since the issue of federal insurance regulatory developments has received a lot of recent attention, I won't dwell long on that issue now. Nonetheless, we need to recognize that, while NOLHGA neither advocates nor opposes a federal insurance regulatory role, the reality is that many others *do* advocate the development of such a federal role. Some support the SMART Act; others some form of optional federal chartering; and others still outright federal preemption as proposed by former Senator Hollings a couple of years ago.

Many of you heard former top Treasury Department official Wayne Abernathy express his informed opinion at the Park City Legal Seminar—that the development of some form of federal regulation (at least for life insurance and annuities), probably in the form of optional federal chartering, is a question not of *whether* but of *when*. Even Mr. Abernathy probably would agree that "when" is not this year and probably not next year. But ACLI President Frank Keating has said that an OFC bill will at least be introduced in early 2006. While the prospects of optional federal chartering may still be over the horizon, they're definitely visible on radar.

Consequently, it remains prudent for this organization to maintain a program of open communications with, and proactive education of, opinion leaders in Washington, with the goal that those leaders develop a clear understanding of the current state-based guaranty system. They need to know how well our system performs in protecting policyholders in the current environment and how well, how effectively, and how inexpensively it could protect policyholders under any reasonably foreseeable alterations to the current regulatory climate.

State Regulatory Developments

I've said during this address for each of the past two years that, no matter how interesting (for good or ill) the prospect of federal insurance regulatory developments may seem for the long run, there is nothing more significant to us in the here and now than the work that we do in cooperation with our state insurance commissioners and the departments and receivers they supervise. Even if the ACLI were to get its full wish list of optional federal chartering legislation tomorrow, the state guaranty associations would still be dealing with both old and new receiverships of state-domiciled life and health companies for decades.

As a former state receiver, I view that as a good thing. There are a great many things that state insurance department personnel and the NAIC do very, very well. And there are some things that state regulators and receivers and the NAIC do less well that might be improved by our constructive engagement with regulators.

In that regard, I note two conflicting vectors in developments at the state level affecting guaranty associations. One vector is very positive both for consumers and the guaranty system. The other has the potential to be very harmful, not only to the guaranty associations, but I believe also to insurance consumers, to state taxpayers, to regulators, and perhaps to the future of state regulation.

The positive development is the growing recognition among a substantial body of state regulators that they—the commissioners and their senior staff—and we**,** the guaranty system, are natural allies serving the common, broad goal of protecting consumers whose insurers have failed. Never was this point so clearly recognized among insurance commissioners as when, only within the last year, the NAIC, in executive and plenary sessions, adopted a landmark white paper entitled, "Communication and Coordination Among Regulators, Receivers, and Guaranty Associations: An Approach to a National State Based System."

That white paper formally and officially expresses the view of the NAIC that regulators (and their receivers) are effectively partners with the guaranty system in the receivership process, and that, together, commissioners and the guaranty associations "…(N)eed to pursue actively the shared goal of protecting insureds and claimants of insurance companies in liquidation." (p. 3)

The white paper goes on to endorse a number of critical concepts and action steps whereby regulators, receivers, and guaranty associations can and should exchange information and work cooperatively from the earliest practicable point during an insurer's failure to plan, prepare for, and execute a strategy best designed both to benefit consumers in a particular insolvency and also to preserve the ability of guaranty associations to protect consumers in future insolvencies.

At the core of what I call the NAIC's "White Paper Understanding" is the recognition, "…(T)hat guaranty associations are fundamentally different from any other 'stakeholder' in a potential insolvency. Like regulators and receivers, guaranty associations are creatures of statute that were established by state law for the primary purpose of protecting consumers in the event of insurer insolvency." (p. 10)

In other words, just like the regulators and their receivers, guaranty associations are and long have been active participants in the effort to provide frontline protection to consumers. That is precisely the job the state legislatures have given the guaranty associations, as part of the seamless web of state insurance regulatory law designed to protect consumers.

The White Paper Understanding is the correct "map" of the receivership world that leads to better protection of consumers. *We* have always known that, when an insurer fails, the guaranty associations ride into the insolvency corral wearing white hats; but it was very gratifying to see the NAIC explicitly and formally recognize that fact in the NAIC's 2004 White Paper.

Unfortunately, the White Paper Understanding, less than a year after its formal adoption by the full NAIC, appears to have been forgotten or covertly rejected by some within the world of state regulation, who seem to prefer a "flat earth" map of the receivership world.

That is one way, I believe, to explain the positions that several receivers have recently taken rejecting the well-settled subrogation rights of guaranty funds and associations in major litigation on both the East and West coasts. The anti–guaranty association positions of the receivers in those cases is providing, even if only indirectly, aid and comfort to other parties attempting to paint our legitimate interest in guaranty association subrogation (and the preservation of guaranty system capacity it provides) as something somehow sinister and nefarious, instead of the consumer benefit that it is. That story has been peddled to national consumer periodicals and elsewhere, casting the guaranty system in a false light and causing consumers unduly to worry about the extent to which the safety net will provide them the protections it promises.

That rejection of the White Paper Understanding—the "flat earth" view—has been even more clearly represented during very recent debates about the final drafts of the NAIC's Insurer's Receivership Model Act, commonly referred to as "IRMA."

A little background about IRMA may be in order. In 1999, the NAIC recognized that the model receivership law it had adopted five years earlier was flawed, as evidenced by the failure of even a single state to adopt that model. In light of very favorable comments then being made by some regulators, receivership stakeholders, and others about an alternative model law known as the Uniform Receivership Law, the NAIC commenced conducting a ground-up review of its own model receivership law.

That ground-up review was pursued through subgroups of the Receivership and Insolvency Task Force made up of state regulators and receivers with expertise in the field, and in an open process that, for the following six years, involved give and take discussions by experts both in government and within the community of the receivership stakeholders whom the receivers serve as fiduciaries.

As many of you who participated know, the process was long, detailed, tedious, technical—and sometimes less than fully spiritually rewarding. Many compromises were made along the way by all parties. That's how the process of developing substantial legislation works. Finally, in April 2005, the drafting subgroup approved what it considered a final version of the model, IRMA, and passed it up to the Receivership and Insolvency Task Force. On May 18, the task

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“These Are Not Promising

Illinois Insurance Director Mike McRaith discusses IRMA, contingent commissions, and a national approach to insuring against natural catastrophes

Michael T. McRaith, director of the Illinois Division of Insurance

Michael T. McRaith was appointed director of the Illinois Division of Insurance on March 21, 2005. Before joining the division, he spent 15 years in private practice as an attorney in Chicago, representing national and regional financial institutions (including insurers) in various litigation matters. As director, he has guided the division’s investigation into the practice of contingent commission payments by insurers to brokers and, with his peers from Florida, California, and New York, convened the nation’s first National Catastrophe Insurance Summit.

Q. *What has been the most challenging aspect of your first year as director of the Illinois Division of Insurance?*

A. The biggest challenge has been learning that decisions made in the public sector sometimes take longer than they would in the private sector. There’s a different timeline, a different level of patience. When formulating a policy approach, there are many different constituencies that I need to hear from. So the level of patience is not so much challenging, I guess. I’d say it’s continually awe-inspiring.

Actually, probably the most challenging aspect of my job has been learning the different acronyms. And NOLHGA is right there at the top of the list.

Q. *How did your years in private practice help prepare you for this position?*

A. I spent 15 years as a litigator, and I defended some very large financial institutions and litigated some very sophisticated and complex finance-related cases. And the value of that experience is that I learned how to evaluate and analyze both sides of a position. I learned the importance of knowing all the relevant details before standing up and talking. I also learned how to rely on the people I worked with. In getting ready for a trial, we rely on other lawyers and our assistants, and it’s no different in the public sector.

Q. *How have you handled the switch from representing financial institutions to regulating them?*

A. It’s nice not to have to bill them for the time I spend working on their files. But it’s been very exciting for me to move from the legal side, where I’m interpreting or attempting to enforce in a civil way a policy decision made by a regulator or legislature. In my current position, I’m not only charged with enforcing policy decisions made by a legislature, I’m also responsible for evaluating all the considerations that go into formulating a policy. So I’m on the policy formulation side, talking with legislators, regulators from other states, my own staff, consumer groups, and industry representatives. The formulation of a policy, as I mentioned earlier, requires a lot of listening and patient interaction with a variety of constituents.

Q. *You’ve guided the Illinois division’s investigation into contingent commissions. How big a problem is this in the insurance industry, in your opinion?*

A. The practice of contingent commissions, in and of itself, doesn’t appear to me to be a problem. As a lawyer, I’ve heard all the lawyer jokes. I could barely attend a social event without hearing a lawyer joke—and that’s essentially still true. And there’s a grain of truth to some of those jokes, but the fact is that it’s a very small percentage of lawyers who act in a way that negatively impacts the reputation of the legal community. I think the same thing can be true for what in Illinois we call producers—brokers or agents. Insurance brokers and agents provide an incredibly valuable service to the business sector, the commercial world, and to the private consumer sector. We rely on our insurance agents to protect our most valuable assets—even on the most basic level, such as homeowner’s, car, or renter’s insurance. Those agents provide a valuable service, and they’re an important component of the community.

Having said that, I think what we’ve seen is that there are, unfortunately, a few “colorful” examples where agents have not acted in the best interests of their clients. And the contingent commission arrangements, as I’ve said, are in and of themselves not bad. Rewards for volume or profit-based rewards are

Numbers"

inherent parts of capitalism. The problem is that if there's a conflict of interest, which there can be with contingent commissions, how do we protect the consumer who is vulnerable to that conflict? That is what the industry is working through right now, and what we continue to work through in the state of Illinois.

I'm personally convinced that there's a way to recognize and emphasize the consumer's interest that is not exclusive of the business reality. We don't want to detract in any way from the legitimate, lawful income of the insurance agent. There's a way to protect both the consumers and the sources of that income. That's what we've set out to do.

Q. *How far along in that process are you?*
A. We've seen different approaches throughout the country. I know the NAIC adopted a model disclosure form, and I believe NCSL [National Conference of State Legislatures] and NCOIL [National Conference of Insurance Legislators] did as well. There are other extremes. In New York, the attorney general has entered into agreements that ban the acceptance of contingent commissions. In our own state, working with our attorney general, we have entered into agreements that ban contingent commissions for a couple of large brokers that are based in Illinois.

The insurance community, in my opinion, is a "person-based" community. I don't want to sound too clichéd, but it's important that as regulators we keep in mind that insurance is ultimately about the people who are protected. In Illinois, we're continuing to work through the best way to handle contingent commissions so we can protect consumers but respect the business realities. Time will tell whether we end up with the NAIC model or something more rigid.

Q. *Is it a concern to you that issues so closely linked to insurance regulatory policy have been driven to such an extent by someone like Eliot Spitzer, a law enforcement official without an insurance background?*
A. I am concerned when policies are made nationally by a state-elected official. I think that's a legal jurisdictional issue. It's a little different than what you're asking, but as a practical public policy matter, I'm not sure that an attorney general elected by the voters in one state should be in a position to dictate what's appropriate for other states around the country.

Having said that, I think that Attorney General Spitzer and his staff are obviously very skilled and sophisticated lawyers. It's my hope that attorneys general, when they do become involved with insurance matters, will consult with their state regulators so whatever actions they take will be informed by regulatory realities and insurance business realities.

Q. *You recently co-sponsored the National Catastrophe Insurance Summit in California, which was held to devise a national policy to cover damages from catastrophes. What was discussed, and what needs to be done to better prepare the nation before the next catastrophe?*
A. A number of topics were discussed at the summit. Among other things, we heard from three different professional disaster modelers. One showed the impact of a level 4 or 5 hurricane on Long Island, N.Y. Another showed the impact of an earthquake along the New Madrid fault line, which is in the Midwest on the Tennessee/Missouri/Southern Illinois border. And the third showed the impact of a nuclear attack through a ship at Long Beach harbor in California.

Those models kind of set the stage for a discussion about whether there's a better way as a nation to deal with what we call "mega-catastrophes"—incidents so enormous and of such significant financial impact that they threaten the viability of the private insurance market in the affected region.

Among other things, we talked about how in states like Florida and the coast lines of Texas, Alabama, Louisiana, and Mississippi, homeowners' options to purchase insurance are limited, and those they do have are more expensive. It's even more difficult for them to buy the coverage that will protect them from obvious perils like hurricanes, floods, etc. We also talked about how, in California, there is a state-founded and, I believe, partially state-funded California Earthquake Authority. That was set up in the early to mid-1990s to provide earthquake coverage for California homeowners.

We learned that only 13% to 14% of California homeowners are policyholders with the California Earthquake Authority. That means the rest don't have earthquake coverage, because it's not available on the private market. In Florida, nearly 30% of homeowners are insured by the insurer of last resort in that state. These are not promising numbers, and the question is, given these realities, is there a better way for us as a nation to fund the rebuilding of areas that are destroyed by these catastrophes?

One gentleman at the conference pointed out that what we have now is an "Air Force One" policy, where the president kind of flies over and drops bags of taxpayer money. Here in Chicago, we don't face the prospect of hurricanes, and if there were an earthquake along the New Madrid fault line, it wouldn't have a significant impact on Chicago. Given these facts, I have been asked why am I, an insurance regulator in the middle of the country, concerned about residents on the coast lines?

The other point people make is that there's no way a national plan would be accepted if homeowners in Illinois are asked to subsidize the rates of people in Florida or California. The question I ask is whether we already subsidize these homeowners—maybe not on the front end, but on the back end, when our president pledges almost $150 billion, I think, to rebuild the Gulf region after Hurricane Katrina? How much of that could have been an insurable loss? And how much will it cost those of us in Illinois, as taxpayers?

The answer that I've heard, and I'm open to being educated further on this, is that half of that—$75 billion or $80 billion—could have been insured under a national program. That would have saved the average taxpayer a few thousand dollars at least, from what I'm told, because those checks are being written on credit, effectively. We have a significant deficit, and by the time those funds are paid back, the average taxpayer will have paid a few thousand dollars.

So the question isn't whether we should subsidize the homeowners, because we're already doing it. The question is, is there a better way to do it? And we have to have this discussion.

There was one point that everyone agreed on, and that was the value of loss-mitigation efforts. That would include the private sector and homeowners as well as the public sector—things like premium incentives if you retrofit your home, improving building codes, tax breaks for developers who build at a certain level of hurricane readiness. Everyone agreed that people should be working together to develop and foster these efforts more than we've done so far.

Q. *What lessons should be learned from Hurricanes Katrina and Rita in this regard?*

A. Certainly, we saw that the public and private sectors have to work together on improving loss-mitigation strategies throughout the region. We also saw that the national flood insurance program didn't work the way it was supposed to work. Only 20% to 25% of the affected homeowners in the Gulf region had flood insurance.

Looking at the financial side of that, the flood insurance program premiums are already subsidized by the federal government. The flood insurance program ran out of money a month or five weeks ago, and taxpayers are going to have to come up with the money to fund the program.

So those are two obvious developments from Hurricanes Katrina and Rita—we need to look at improving both the loss mitigation and the national flood insurance program. Now, the back end of this is going to be where we see a real impetus for a national catastrophe plan. That is, do these homeowners in the Gulf States have any options to buy coverage for reasonably expected perils? We don't know the answer to that yet, but I expect that we'll see there are fewer private insurance companies offering homeowner's insurance in Louisiana, Mississippi, and Alabama. There will be fewer options for these people, and it's my expectation that there will need to be some sort of regional and national plan to give those homeowners reasonable coverage at reasonable prices.

Q. *Did you discuss whether there are different approaches needed for natural catastrophes and events like terrorist attacks?*

A. There was limited discussion about whether terrorism should be included in any national plan, and the answer to that discussion was ultimately no. Superintendent Mills of New York, Commissioners McCarty and Garamendi of Florida and California, and I all agreed that TRIA [the Terrorism Risk Insurance Act] must pass and that terrorist acts would not be covered under a national plan. The fact is that TRIA is up for renewal in 2005. Whether a national catastrophe insurance plan gets voted on in Congress, it won't happen soon. We have to get TRIA passed to provide a backstop now.

Q. *One emphasis of the summit was on planning ahead by prefunding for catastrophic losses. Where would the money come from, and what role would the insurance industry play?*

A. As contemplated, there are at least three layers to the national plan. The first is the private layer, and that would include the homeowners and private companies. Above that would be a state or regional catastrophe fund, which would be funded by insurance companies based on the percentage of premium they write in that state. And above that would be the national fund, and that would be funded by the state or regional funds.

To the extent that a mega-catastrophe exceeds the capacity of the national fund, there could be a draw upon the Treasury—probably a short-term loan—but the Treasury would be reimbursed through that same mechanism. So the funding would come from insurers paying into the state or regional plan. If you participate, the plan would cap your losses in that state or region. That's the incentive for insurers to participate.

I do think there are concerns about whether some guaranty associations are...interested in protecting their companies, which have a financial interest in the amount of payoffs the guaranty associations have to make. But that hasn't been our experience here in Illinois.

Because accreditation is taken so seriously...I don't think an IRMA provision would be added to the accreditation criteria if it were not found to be absolutely essential...

Q. *So there would be no public funding from the government?*
A. The idea is to remove the cost for these natural catastrophes from the taxpayers so that the companies would pay for the regional and national levels.

Q. *The NAIC approved the Insurer's Receivership Model Act (IRMA) in December 2005. A number of proposals, which were not included in the final version of the act, would have placed some of the responsibilities of the life and health guaranty associations in the hands of receivers. What was your opinion on that issue and the decision to remove those proposals?*
A. Well, I wasn't surprised that people were up in arms about those proposals. In Illinois, based on conversations with my special deputy and other staff members, we don't have the challenges with our guaranty funds that some other states have. It's my understanding that the guaranty associations have very specific responsibilities. If they fail to satisfy those responsibilities in a given state, those proposals might have more merit in that state than they would in Illinois.

There are always going to be aspects of any estate administration that we would like to see dealt with differently. It's not as if there are never points of contention. But there is not what we perceive to be a wholesale failure of the guaranty fund system. We feel that we've worked well with them, certainly during my tenure. To the extent that another state has a problem with their guaranty fund or association, they might view the issue differently.

Q. *In light of these proposals, was there a fundamental disagreement among some commissioners on the role of the life and health guaranty associations?*
A. I can only speculate, but I would say that there might be some fundamental disagreement on what the authority and scope of responsibility should be for the guaranty associations. I do think there are concerns about whether some guaranty associations are ultimately protecting the interests of their board members.

Q. *So there have been questions as to whether the associations were protecting the interests of their board members and not the policyholders?*
A. Or that the board members were interested in protecting their companies, which have a financial interest in the amount of payoffs the guaranty associations have to make. But that hasn't been our experience here in Illinois.

Q. *Are the proposals a sign that some in the regulatory community don't think the life and health guaranty association system is doing its job well? If so, what areas of improvement have been pointed out?*
A. I understand the process has taken years and that IRMA has more than 80 different provisions. It's not surprising that there is disagreement and that the experiences of some states would be injected into the discussion of what the provisions of the model act should include. Again, I would only be speculating, but I do think that the proposals themselves reflect legitimate concerns that some regulators have. I'd also say that I think this process is an example of how the NAIC system works well, in that it allows for a variety of opinions to be expressed in a respectful if occasionally hostile manner.

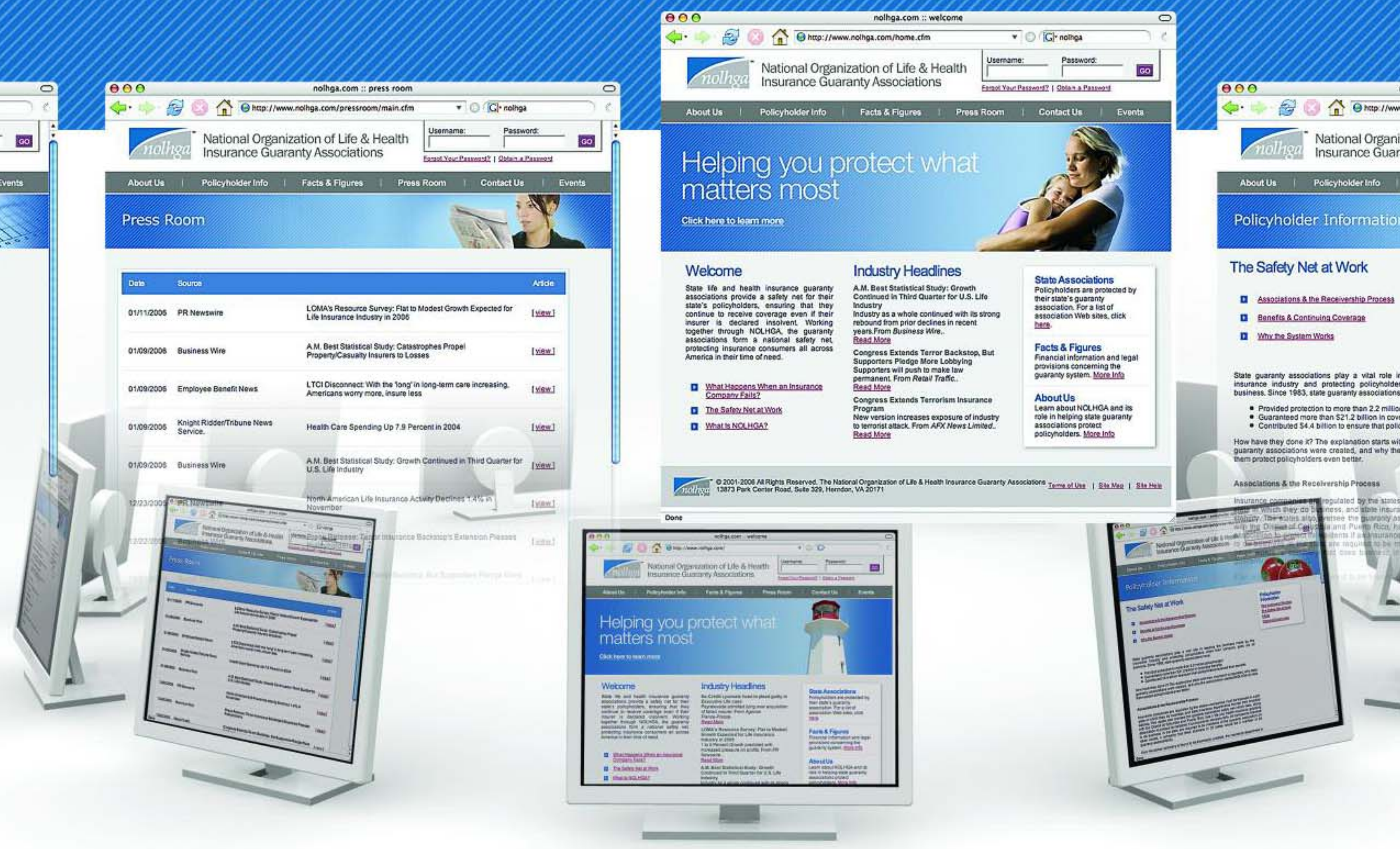
Q. *The NAIC is now considering whether to make adoption of all or part of IRMA a requirement for state accreditation. This has prompted some state legislative objection to what has been characterized as the NAIC "forcing" controversial regulations on states as part of the accreditation process. What's your opinion of this type of objection?*
A. Accreditation is one of the greatest values that the NAIC provides to consumers and the industry. It allows, among other things, for fair and efficient regulation. I don't believe the NAIC would whimsically change the accreditation criteria. If there's a part of IRMA that the appropriate committees believe is an essential component for accreditation, that would suggest to me that it's something that all states should adopt.

I guess I'm kind of defending the process. Because accreditation is taken so seriously and is somewhat sacred, really, I don't think an IRMA provision would be added to the accreditation criteria if it were not found to be absolutely essential and critical.

Q. *From your perspective, how do you think legislators in Illinois would react to an attempt to force them to adopt IRMA to maintain Illinois's accreditation?*
A. Probably like many other states if not every other state, our legislature values its autonomy and its ability to govern the state in a way that it thinks appropriate. So there's naturally hostility to a requirement imposed by an outside body. Having said that, our legislature is sophisticated enough on insurance issues—because of the valuable role of the insurance sector in our state economy—that this is something they'd look at and consider very seriously. And while I think they might not welcome, as I said, an out-of-state third party requiring a change in Illinois law, I do think they would welcome the informed perspective of the NAIC on insurance regulation.

On the one hand, they're not going to like someone telling them they have to change something in a way that someone outside the state thinks is best for Illinois. On the other hand, from an insurance perspective, I have a lot of confidence in the ability of our general assembly to recognize the value of the NAIC and the importance of accreditation. ✯

>>Clicking with the Public



In Web site design, it's all about the clicks. An organization has information that someone—its members, the public, or perhaps the media—wants. An effective design makes that information available as quickly as possible. If users have to click more than two or three times to get the information they need, the site has failed—and the users aren't likely to return.

NOLHGA's Web site (www.nolhga.com) is really two sites in one. The password-protected site contains information, much of it confidential, for guaranty associations and other stakeholders in the insolvency process. This part of the site has received consistently high marks in our user surveys, and it was recently upgraded with the redesigned "Company Information" section.

The public part of the site, however, is geared toward the general public, the media, and anyone who has questions about how the guaranty association system operates. For years, the site has presented a wealth of information on how guaranty associations protect policyholders in their time of need. Any policyholder trying to find that information, however, needed a combination of luck and persistence to do so.

If You Build It, Will They Come?

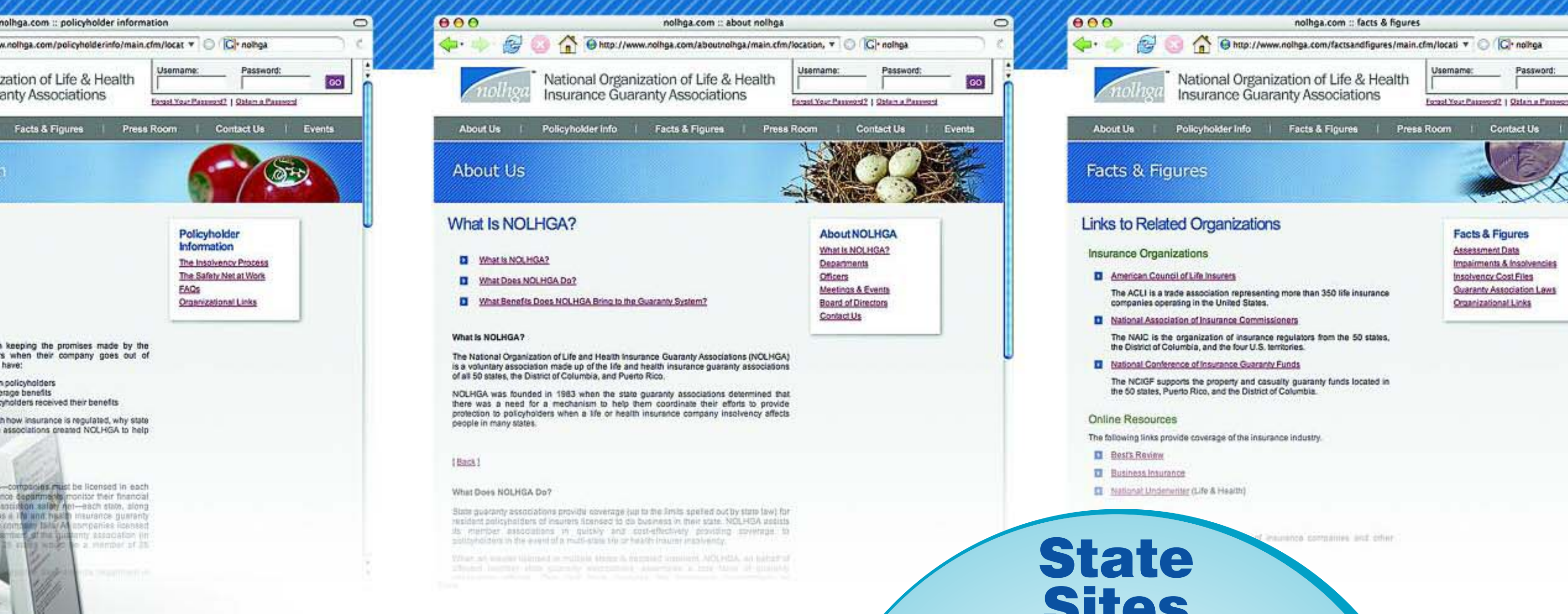
NOLHGA receives a number of e-mails each year from policyholders who have come to our Web site with questions about coverage, and we routinely direct people to their state guaranty association. These queries told us two things. First, people were finding the NOLHGA site even if they weren't locating their state guaranty association's site. Second, the content on our site wasn't making clear the role the associations play in protecting their policyholders. If the content was on target, people would simply contact their associations directly. Clearly, the public section of NOLHGA's site needed a makeover.

After a lengthy search, NOLHGA selected BrowserMedia (www.browsermedia.com), a Bethesda, Md.–based Web design firm, to redesign our site. BrowserMedia analyzed NOLHGA's site in June 2005 and highlighted a number of structural and content areas that could be improved. The firm then worked with NOLHGA staff for months to design a professional-looking and inviting site that uses new graphics and revised content to convey the protective role of the state guaranty associations (for example, visitors to the site are immediately met with the motto "Helping you protect what matters most"). The design also enhances site navigation, placing information at users' fingertips.

The next step in the redesign process was to revise the content of the public site to better describe the vital role state guaranty associations play in protecting policyholders. With the help of NOLHGA's Communications Committee, the old content was reworked in a

NOLHGA's new Web site makes it easy for policyholders to find their state association, and the answers they need

By Sean M. McKenna



"plain English" style to highlight the importance of state associations and to make it as easy as possible to contact the associations through the use of drop-down menus and Web site links.

A Refined Focus

While directing policyholders to their state guaranty association is one of the primary roles of the NOLHGA Web site, the site also serves other constituencies, including the media, insurance industry personnel, and researchers. These groups have some questions similar to those of policyholders, but they're also interested in the guaranty system as a whole. Since state guaranty association sites are designed with resident policyholders in mind, the NOLHGA site is the only place people can turn for a comprehensive look at how associations work together to ensure that the guaranty system safety net stretches nationwide.

The new NOLHGA site, which went live in January 2006, serves these groups in a number of ways. The heart of the redesign is the new "Policyholder Information" section. Users can access this section through a link across the top of the homepage or through a link beneath the "Helping you protect what matters most" motto. In addition to a menu of association Web sites, the "Policyholder Information" section contains links to "The Insolvency Process," which explains the roles of the insurance commissioner, receiver, and other "major players" in receiverships; "The Safety Net at Work," which details how guaranty associations work together to provide continuing coverage to policyholders; and the "Frequently Asked Questions (FAQs)" section, which mirrors a similar section on many state sites but includes additional information touching on the guaranty system as a whole.

The site also features a new section called "Facts & Figures" that houses information for anyone doing research on the guaranty system. This section includes a list of impairments and insolvencies, assessment and capacity information, and a breakdown of state guaranty laws and provisions. While much of this information was present on the old NOLHGA site, the redesign makes it easier to find.

In the end, that was the underlying goal of the Web site redesign: making things easier to find. People come to the site with questions—about a particular policy or about the entire system—and if those questions are answered quickly and accurately, they leave the site with a favorable impression of the guaranty community. Ease of navigation, a streamlined structure, and simpler, more concise content all work together to help accomplish this. When they do, everything just clicks. ✯

Sean M. McKenna is NOLHGA's director of communications.

State Sites

NOLHGA isn't the only group with a new Web site. As part of the redesign process, NOLHGA also enlisted BrowserMedia to collaborate on a new design for the Web site template NOLHGA uses to host 39 guaranty association sites. Like the NOLHGA site design, the new template enhances site navigation and improves on the overall look of the sites. The new association sites were unveiled in December 2005 and January 2006.

The association sites were also upgraded in early 2006 with the addition of assuming carrier information in the "Insolvencies" section. That section will receive another upgrade later in 2006.

A New Approach to Health Insurance Regulation

Rhode Island creates a Health Insurance Commissioner to monitor an increasingly complex industry

By Meg Melusen

In an effort to address what Rhode Island Governor Donald L. Carcieri called the state's "health-care crisis," Rhode Island legislators voted in 2004 to establish the new position of Health Insurance Commissioner for the state of Rhode Island. The cabinet-level position effectively created a "carve-out" relieving the Rhode Island Superintendent of Insurance of the highly scrutinized duty of regulating health insurance.

Like many states, Rhode Island is dealing with a concentrated health insurance market and increasing numbers of uninsured residents who cannot afford the rising cost of insurance premiums. By separating health insurance regulation from other insurance industries, the general assembly intended to provide a statewide focus on sustainable and accessible health care. According to the new law, the position requires the new Health Insurance Commissioner to "view the health care system as a comprehensive entity and encourage and direct insurers towards policies that advance the welfare of the public through overall efficiency, improved health care quality and appropriate access."

On January 13, 2005, Governor Carcieri tapped the former chair of his transition team's Health Care Advisory Committee—Christopher F. Koller—to fill the newly created role. Koller, with an extensive background in the HMO industry, most recently served for eight years as CEO of a 68,000-member Rhode Island–based HMO that primarily serves Medicaid recipients. The Rhode Island Senate confirmed Koller's nomination in February 2005.

As Health Insurance Commissioner, Koller serves as the point person for all health-care access and affordability initiatives in the state. His responsibilities include guarding the solvency of health insurers, protecting the interests of consumers, encouraging the fair treatment of health-care professionals, and encouraging policies that improve the quality and efficiency of health-care service delivery and outcomes. In addition, he has sole jurisdiction over enforcement of health insurance regulations. He can make recommendations on rates and other matters—such as regulations, reserves, and operations—but cannot set rates. He is also required to hold public meetings reviewing the rates, services, and operations of health insurers.

According to the new commissioner, separating the regulation of health insurance from other lines of insurance makes sense. "The fundamental concept of health insurance is completely different from the other lines," Koller says. "For example, no one expects a car insurance policy to cover routine vehicle maintenance," but consumers expect their health insurance to cover routine checkups. The regulation of health insurance is also steeped in public policy issues, he adds, which require the focused attention of the new commissioner.

With less than a year on the job, Commissioner Koller has undertaken a number of important initiatives. Among his early accomplishments, Koller formed an advisory council that includes consumers and representatives from the medical community to consider regulatory issues. "There has never been this level of consumer input before," he says.

Koller's office also revised the specialized rate hearing process for Blue Cross Blue Shield and has begun a market conduct examination for small group underwriting. In September 2005 the commissioner, in conjunction with the Rhode Island Health Department, released an analysis of the financial performance of Rhode Island health insurers. With many eyes watching the success of Rhode Island's new approach to health insurance regulation, it will be interesting to see whether other state legislatures choose to follow the same path. ✯

Meg Melusen is counsel with NOLHGA.

By separating health insurance regulation from other insurance industries, the general assembly intended to provide a statewide focus on sustainable and accessible health care.

["Beach Bash" continues from page 1]

charter, the NAIC recognizes "there is a need to improve the regulatory environment while maintaining the protections we have today." He pointed to the group's success with the Interstate Compact and other speed-to-market initiatives as well as efforts to improve market conduct oversight, which are focused on uniform exam procedures, greater interstate collaboration, and more-structured market analysis.

A different type of reform was on the mind of Jefferson-Pilot Corporation President and CEO Dennis R. Glass, who spoke about the necessity of changing the way reserve requirements are calculated. Glass emphasized the importance of principle-based reserves, which he said allow companies to keep prices down and so reach more consumers. The key, he said, was reaching more people, not selling more products: "If we can get better-priced products into the hands of the consumer, that's good for America."

Jefferson-Pilot Corporation President and CEO Dennis R. Glass discussed the complexity of new insurance products and the need for reserving reform.

The biggest challenge for regulators setting reserve standards, according to Glass, is the increasing complexity of products and the guarantees they offer. "Three years ago, secondary guarantees didn't exist" as far as customers were concerned, he said. Today, 60% of universal life products are bought because of these guarantees. "There's no question that the world is changing and that the regulatory environment needs to react to these changes and what's embedded in these products," Glass said.

What is needed, he added, is an approach that takes into account what he called the "optionality" of products. Thanks to advances in actuarial science, companies can predict product performance (and the reserves needed to cover these products) over a range of possible environments, factoring in changing economic conditions as well as changes in consumer preferences. These sophisticated analyses can aid in replacing traditional reserve calculations (what Glass called the

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Delivering on the Promise

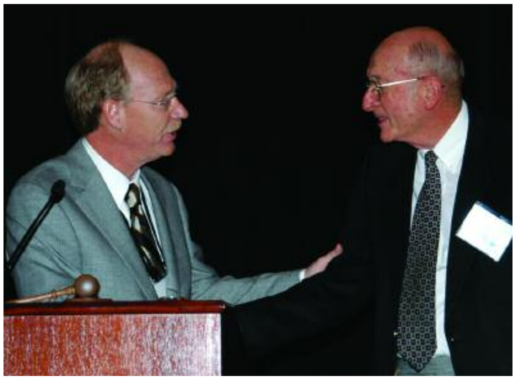
Promises and one-liners were delivered by NOLHGA's incoming and outgoing chairs during their addresses at the 2005 Annual Meeting. Outgoing Chair Ronald G. Downing weaved a number of jokes, many at his own expense, through an address that also touched on corporate governance, an optional federal charter, and the importance of communications.

Downing, who chairs the ACLI's Corporate Governance Committee, stressed that "the guaranty system can't ignore the move toward heightened governance and transparency" and urged associations to take a close look at the governance recommendations developed by the Guaranty System Modernization Task Force (GSMTF). He also predicted that an optional federal charter would be passed in the next few years. In a strange way, he said, new life has been breathed into the push for a federal charter by opposition to the State Modernization and Regulatory Transparency (SMART) Act. Thanks to opposition from NAIC and NCOIL, he explained, "we've found that the folks behind the act have opened their ears up to us a little more when we talk about the value of an optional federal charter."

The big question, Downing added, is what kind of guaranty system will go along with a federal charter. "If you told many industry leaders they could have an optional federal charter if they threw out the current guaranty system, they'd make that deal in a New York minute," he said. To ensure its future, the guaranty system has to continue to make its case to industry leaders, Congress, and congressional staffers. "That's really the biggest challenge we face—communicating and getting our message out," Downing explained.

The theme of Incoming Chair Merle T. Pederson's speech was "delivering on the promise," and he began by praising the various segments of the guaranty community—board members, administrators, NOLHGA staff, and consultants—for "brilliantly" delivering on the promise of helping policyholders in their time of need. To do so, it's vital that these groups continue to work together despite any tensions that may arise. "Our differences are not nearly as many or as great as our similarities," Pederson said.

Pederson cited the GSMTF as a prime example of the guaranty community doing its best work as a team. The goal of the GSMTF is to improve the system, and Pederson made it clear that this goal has



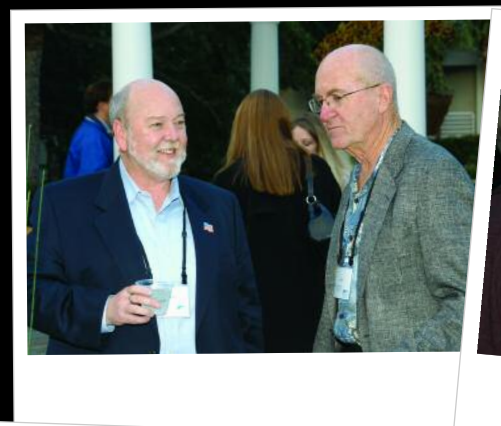
New NOLHGA Chair Merle T. Pederson (left) and Outgoing Chair Ronald G. Downing.

little to do with outside forces like the prospect of federal regulation. "You don't strive to be your best because someone is watching," he said. "You strive to be your best because it's the right thing to do."

Ultimately, the system will move forward only as far as its members take it. "For our guaranty association system to survive and thrive, we need leaders from every corner of the system," Pederson said. Leadership that is "focused on building the future, not just preserving the past," he concluded, will enable the guaranty community to continue to deliver on the promise to policyholders that it's kept for decades.

Friendly Faces

NOLHGA's 22nd Annual Meeting gave attendees a chance to catch up with old friends and make new ones.





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"formulaic" approach), which result in artificially high reserve requirements. Using more-advanced approaches, Glass said, would yield adequate but not excessive reserves for insurance products, protecting a company's solvency while allowing it to price its products more attractively.

When Can I Retire?

Two presentations on the meeting's second day looked to the future, in the form of retirement products and an economic forecast for 2006. Hartford Life President and COO Thomas M. Marra referred to the "arms race" he currently sees in the industry driving the incredibly rapid pace of product development in annuities. He also described the unprecedented opportunity for the industry as the initial wave of Baby Boomers begins to "hit shore" and requires help in all areas of retirement planning.

Marra believes that insurance companies can play a powerful role in coming years as many Americans begin to retire, draw income, and seek financial security in the form of guarantees. "Living benefits are super-popular right now," he said, urging the guaranty system to consider the implications of the guarantees being built into more and more products.

The industry, Marra said, needs to serve policyholder needs by adapting to the changing face of retirement. "It is no secret

that we are living longer and healthier lives," he said. "This is obviously a good thing, but it brings its own set of challenges. As an industry, we haven't done a good job helping clients deal with longevity challenges." That can and will change, he said, as the industry creates more products that take into account the likelihood of people living to be a hundred years old or more. Marra was particularly enthusiastic about "longevity insurance" that would provide a guaranteed income stream if a person lived past 85.

Retirees will need products like these, Marra explained, because the traditional "three-legged stool" of retirement income—Social Security, pensions, and personal savings—is changing. The problems with Social Security and employer pension funds have been well-documented, and these troubles mean that personal savings will take on greater importance for retirees. The insurance industry "needs to do some things to fill in the holes" left by Social Security and pensions, he said, and longevity insurance will play a vital role.

The economy will also play a role, and Nicholas P. Sargen, senior vice president and chief investment officer of Western & Southern Financial Group, gave attendees an overview of the major risk factors facing the economy in 2006: soaring energy prices, a possible overreaction by the Federal Reserve Board, a

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large drop in consumer spending, and tensions between China and the United States leading to a trade war.

Sargen called the energy price prediction the toughest of the four. He pointed out that the United States isn't the only price driver—the Pacific Rim is "the other growth engine"—and added that recent hurricanes in America had yielded "a supply shock on top of the demand shock." The silver lining, he said, is that "we're starting to see conservation taking place," and he predicted that energy prices would not go much higher.

Sargen added that he feels the Fed is doing a good job of managing a surprisingly resilient economy, and that consumer prices will probably experience a dip, not a plunge. "The American consumer has been rock steady" in spending, he said, although that same consumer doesn't save very much, on average. He expressed a bit more worry about the prospect of trouble between China and the United States. China has been good for the world economy, he said, although it doesn't import much and has an exchange rate that's too low. "The risk is Congress listening to people saying, 'you've got to do something'," Sargen added, which could lead to protectionism. However, he noted that the Bush Administration had recently softened its rhetoric toward China.

Board Talk

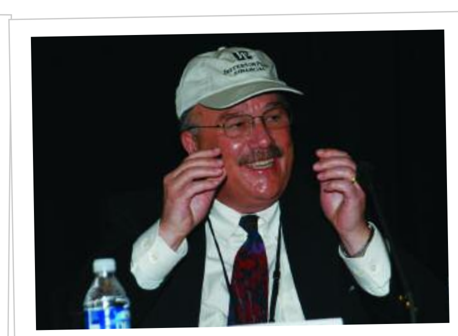
The meeting concluded with a guaranty association board member forum moderated by Christopher L. Chandler, vice president, government affairs, for Prudential Insurance Company of America and a board member of the Arizona, Colorado, Minnesota, New Mexico, and Wyoming associations. The other participants were Alexis M. Berg, vice president and division general counsel for Colonial Penn Life Insurance Company (Pennsylvania association); Stephen E. Rahn, vice president and associate general counsel for Lincoln Financial Group (California and Indiana associations); and Frank A. Sutherland Jr., vice president and insurance counsel for Jefferson Pilot Financial Insurance Company (Michigan, North Carolina, South Carolina, Tennessee, and Virginia associations). The panel discussed issues such as attracting new board members, corporate governance, board member responsibilities, the relationship between a guaranty association and NOLHGA, and the importance of board meetings.

The panel members agreed that attracting new board members is difficult in today's hectic business environment. This, coupled with the low number of insolvencies, means that participating in guaranty associations is not a priority for many companies. To combat this, associations need to market the benefits of board service. "You're going to meet insurance commissioners and their staff people at the meeting, and that's very valuable," Sutherland said.

Once a person joins the board, orientation into the little-known world of guaranty associations can be difficult. Berg outlined the informal orientation program the Pennsylvania association employs (an information packet, meetings with the executive director and others), but she stressed that board service is often a "learn as you go" situation. "It's up to the initiative of the individual board member," she said.

Noting the growing importance of corporate governance, Rahn noted that boards in a variety of industries are moving toward increased documentation of processes and procedures to heighten transparency. This movement has been spurred by guidelines established by the Sarbanes-Oxley bill, and guaranty associations "probably would not be safe" in assuming that these guidelines don't apply to them. Also, since associations



Nicholas P. Sargen (top row, left) dubbed 2005 the "Yogi Berra economy, because it's déjà vu all over again." Hartford Life's Thomas M. Marra (top row, middle) spoke of the opportunities and challenges presented by the Baby Boomers nearing retirement age. The state board member forum was moderated by Christopher L. Chandler (top row, right). The panel—Frank A. Sutherland Jr., Stephen E. Rahn, and Alexis M. Berg—discussed the challenge of attracting new board members and the importance of corporate governance guidelines. In honor of Lincoln National's pending acquisition of Jefferson-Pilot, Sutherland presented Rahn with a J-P hat, which he said would soon be a collector's item.

See You in October!

NOLHGA's 23rd Annual Meeting will be held on October 10 and 11, 2006, at the Laguna Cliffs Marriott Resort & Spa in Dana Point, Calif. (an MPC meeting will take place on October 9). The property is situated on the coast between Los Angeles and San Diego and is easily accessible via the Los Angeles, San Diego, and Orange County airports. Information about the resort can be found at www.lagunacliffs.com. More information on the Annual Meeting will appear in future issues of the *NOLHGA Journal* and in other NOLHGA publications.

are quasi-governmental bodies and state governments are moving toward greater transparency as well, associations would be wise to follow their lead.

The panel spoke highly of the guaranty association best practices checklist produced by NOLHGA's Guaranty System Modernization Task Force but added that associations would need to tailor the checklist to their own needs. "There is no perfect checklist," Sutherland said. "One size doesn't fit all." The panel also endorsed the new NOLHGA Model Plan of Operation—Berg called it "an excellent document"—but again stressed that the plan's recommendations might not work for every association.

The value of outside auditors was also discussed, with Chandler noting that the Colorado association's recent adoption of an Audit Committee charter "raised the consciousness of the board" about the importance of an outside audit. The panel agreed that board members with financial expertise, while difficult to find, are a great asset to any board.

On the topic of meetings, Rahn pointed out that on one level, the question of how many meetings to have is simple: "You have to have as many meetings as your statute requires." After fulfilling that requirement, the board itself has to determine how frequently it meets.

Participation in board meetings is "a pretty basic duty of a board member," Rahn said, but it's important for the association to make the meetings as efficient and valuable as possible. "You need to keep the members engaged" with an orderly meeting agenda and convenient meeting times and locations. While attractive meeting locations can also be an incentive to attend, the panel members warned that long meetings and travel times can be a detriment due to demands placed on board members by their companies. ✯

Sean M. McKenna is NOLHGA's director of communications.

["The Year in Review" continues from page 3]

force approved the drafting group's final product with minor amendments and in turn passed the draft up to the parent Financial Condition (E) Committee.

NOLHGA—mainly Joni Forsythe—along with a number of guaranty association administrators and life company representatives, attended all of the public drafting sessions throughout that six-year process and made a number of detailed comments, both orally and in writing. When the May 18 draft was approved by the task force, our reaction was that it was far from perfect, but that it did the job reasonably well and was reasonably fair to the stakeholder community, including the guaranty associations. To put it as Charlie Richardson might, we could live with the May 18 draft, even if we weren't prepared to kiss it on the lips.

Notwithstanding the six years of meticulous study and compromise that led to the task force draft of IRMA, serious efforts have been made at the eleventh hour by some, particularly from the community of contract receivers, to revise radically the task force draft in direct contradiction of the NAIC's own White Paper Understanding. Arguments for some of the more radical revisions included at least one full-throated, frontal attack on the good faith of the guaranty system.

Some of these eleventh-hour proposals would significantly expand the discretionary authority of special deputy receivers and diminish accountability, transparency, and stakeholder participation in the receivership process.

Additionally, certain proposals would, if adopted, have the effect of taking claim handling and disposition—the heart of guaranty association functions—away from the guaranty associations in whose states policyholders reside and transferring those responsibilities to the domiciliary receiver. That domiciliary receiver would also, under related proposals, be granted authority to make coverage determinations for all non-domiciliary guaranty associations, in direct conflict with existing current guaranty association laws in every single jurisdiction. The effect of these amendments would be to provide statutory authority to the domiciliary receiver to compel non-domiciliary guaranty associations to write and sign "blank checks" to the domiciliary receivers for GA obligations.

The latter proposals are particularly troubling. They would permit divesting the Virginia guaranty association, for example, of all ability to administer its statutory responsibilities for protecting Virginia policyholders (under the supervision of the Virginia Commissioner) if the insolvent company that sold policies to Virginians were domiciled, say, in California—and even if that California company had no California policyholders. Moreover, Virginia would lose all ability to control the quality, timeliness, and cost of protections provided to Virginia consumers, with the result that both policyholder protection issues and the impact, through tax offsets, on Virginia taxpayers would be determined entirely outside of the Commonwealth of Virginia by persons not accountable to the Commonwealth.

In essence, one of the biggest problems of *current* receivership law and practice—the inability of non-domiciliary regulators to affect how citizens of their states are protected in a receivership solely administered by the domiciliary receiver in another state—would be *compounded* under these proposals by divesting non-domiciliary states of control over even their own guaranty association operations.

State regulators would really do better to turn over all receivership-related functions to the federal government, because in that case they would at least be able to appeal to their own congressional representatives for intervention. Under the proposals at issue, non-domiciliary

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state regulators could hardly be more powerless to protect local consumers and taxpayers when an out-of-state company fails.

If you've sat through discussions for the past couple of days at this Annual Meeting, you know that steps are being taken, both by our member association representatives and by concerned regulators and stakeholders in the receivership process, to raise forceful objections to these dangerous proposals[1], just as appropriate steps are now being taken in the courts to vindicate the subrogation rights of guaranty associations and preserve the capacity of our system.

I raise all of this—the unfounded challenges to our subrogation rights and the IRMA experience—not only to focus on the status of those specific questions, but also to note a growing and more general concern: increasingly, parties hostile to the guaranty system are, with some success, misrepresenting the nature and the good faith of this system, to our detriment and ultimately to the detriment of the consumers we protect.

Such misrepresentation is possible in part because we say so little about ourselves. Historically, the guaranty associations and NOLHGA have not sought out opportunities to make the public aware of who we are and what we do. There are some good reasons for this general approach, including a legitimate moral hazard concern, as well as the more general concern that guaranty association funds and attributes might come under assault if we were to assume a higher profile.

But I offer this as a final thought: recent history suggests that there is no long line of people seeking the opportunity to tell the world the good and true things about our system that we are reluctant to say about ourselves. Meanwhile, our occasional critics are more than happy to misrepresent us. That is a conundrum to which I propose we give some serious attention in the coming year.

In the meantime, we have plenty of immediate challenges to pursue in our insolvency task forces and committees, as you have seen from the meetings and discussions of this week. I believe that our membership is better situated than ever before to address those challenges; that we are taking the right steps to improve and enhance our preparedness to serve insurance consumers in the future; and that the state of this union remains strong. I look forward to working with all of you in the coming year. ✯

Peter G. Gallanis is president of NOLHGA.

End Note

1. In fact, opposition by a large number of regulators and receivership stakeholders resulted in the removal of the provisions directly abrogating state guaranty association prerogatives from the final version of IRMA that was approved by the NAIC at its quarterly meeting in Chicago in December 2005.

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NOLHGA Journal
Vol. XII, No. 1 | January 2006

The *NOLHGA Journal* is a publication of the National Organization of Life and Health Insurance Guaranty Associations dedicated to examining issues affecting the life and health insurance guaranty system.

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NOLHGA Calendar of Events

2006

February 2–3	IAIR Insolvency Workshop San Diego, Calif.
February 20–22	**MPC Meeting Phoenix, Ariz.**
March 4–5	IAIR Spring Quarterly Meetings Orlando, Fla.
March 4–7	NAIC Spring National Meeting Orlando, Fla.
May 22–24	**MPC Meeting Indianapolis, Ind.**
June 10–11	IAIR Summer Quarterly Meetings Washington, D.C.
June 10–13	NAIC Summer National Meeting Washington, D.C.
August 1–2	**MPC Meeting Baltimore, Md.**
August 3–4	**NOLHGA's 14th Annual Legal Seminar Baltimore, Md.**
September 9–10	IAIR Fall Quarterly Meetings St. Louis, Mo.
September 9–12	NAIC Fall National Meeting St. Louis, Mo.
October 9	**MPC Meeting Dana Point, Calif.**
October 10–11	**NOLHGA's 23rd Annual Meeting Dana Point, Calif.**
October 22–24	ACLI Annual Conference Orlando, Fla.
November 2–3	Joint NCIGF/IAIR Seminar Salt Lake City, Utah
December 9–10	IAIR Winter Quarterly Meetings San Antonio, Tex.
December 9–12	NAIC Winter National Meeting San Antonio, Tex.