

aicp

Journal for Insurance Compliance Professionals

A Publication of The Association of Insurance Compliance Professionals



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AICP 21st Annual Conference

Compliance at the Crossroads – Gateway to Our Success

October 5 – October 8, 2008

Hilton Atlanta – Atlanta, Georgia

Come to the premier event for the insurance compliance community! This year's 21st Annual Conference in Atlanta, Georgia offers real value for insurance compliance professionals.

This year's program provides a wide variety of topics for all specialties and experience levels. Industry professionals, trade association representatives and regulators will present timely and relevant topics that will be of interest to first timers, seasoned compliance professionals, and everyone in between.

- If you are new to compliance, you will appreciate the sessions designed to provide you the "nuts and bolts," including Claims Compliance: The Life of a Claim, How to Research Effectively, Project Management 101, and Advertising in a Regulated Environment.
- Moving beyond the basics? Plan to attend sessions on Electronic Processing, Market Analysis, Sales of Insurance Products Through Banks, E-Commerce, Effectively Managing Complaints, Disaster Recovery – Pandemic Preparation, Document Storage, Indexed Annuity Market, Fraud – SIU View, Audit Planning and Management, Long Term Care Partnership, Secondary Market for Life Insurers, ISO for AICP, Medicare Supplement, and SERFF.



Continued on Page 4



Life ... is not simply a series of exciting new ventures. The future is not always a whole new ball game. There tends to be unfinished business. One trails all sorts of things around with one, things that simply won't be got rid of.

~ British novelist Anita Brookner, in *Lewis Percy* (1989)

I chose as the theme for my presidential year, "Building Upon the AICP's Strong Foundation".

The AICP's strong foundation provided many successes during the past year, including

- Finance Committee member and Great Lakes Treasurer Jim Morgan rose to the occasion when he was appointed to fill the vacancy in the National Treasurer's office.
- Experienced Conference Planning Vice Chair Elaine Bailey and past Conference Planning Chair Bill Douglas "brought their 'A' game" in revisiting their roles as Chair and Vice Chair of Conference Planning when it became necessary to fill a vacancy in committee leadership with Carole Deschambault continuing in her position of Consulting Chair.
- The Education Committee, ably led by Mike Hollar and Shirley Grossman, recognized substantive product differences by creating a new emphasis for Annuities specialists in the Certified Compliance Professional (CCP) curriculum.
- The Community Marketing Committee, with Nick Marrangoni and Judy Wickens at the helm, strengthened the AICP's relationship with IRES and awarded 3 scholarships.
- Co-chairs Kim Kennedy, Bill Douglas, Jan Vitus and Erica Brownell led the Government and Industry Relations Committee in staging the annual Regulator's Meeting in conjunction with our Board meeting in Boston and worked with Conference Planning to bring many insurance regulators to our Annual Conference in Atlanta.
- An updated website (<http://www.aicp.net>) is set to launch just a few days before this edition of The Journal is to be posted. Laine Lester, Tyrone Settlemier, Susan Eckler-Kerns and the Website Committee have used their skills to accomplish the refreshment.

The list of our successes this year is considerably longer than the bullet points above but even the president of the AICP has to be mindful of space constraints in The Journal!

I appreciate every member of our elected and appointed leadership, and recognize the leaders not mentioned above for their contributions with a special "shout out" to Mary Keim, Dan Hurley, Shawna Greenway, Jennifer Kreitler, Donna Benard, Greg Theobald, Katie Gurnett, Steve LeHew, Joe Bienienk, Charles Lynch, Linda Snook, Ranell Tinsley, Edward Lybrook, Tom Tomlinson and Executive Director Rick Guggolz!

However, while closing out this short year, I find unfinished business remains in building the AICP's future. For example:

- How do we identify our successes?

Working with Vice President Steve LeHew, Past President Katie Gurnett and the other members of the AICP's Board of Directors, we've built upon our Annual Charges process and ongoing effort completing a comprehensive administrative manual to start documenting our programs, what our programs are intended to accomplish and how we can measure our successes.

Every organization tends to "keep on keeping on" so the challenge becomes how to identify what's working and what should be changed. Describing what we do, measuring outcomes and making decisions about our programs helps improve the value of the AICP to our members.

- How do we provide the most value to our members as an information source?

Our redesigned website (<http://www.aicp.net>) has a new look thanks to the Website Committee, and the Publications Committee is developing recommendations to improve The Journal for Insurance Compliance Professionals.

I remain convinced that the best value to our members will require a convergence between our website and The Journal. We haven't determined how such a convergence can be accomplished with available resources and without competing against commercial enterprises (including businesses employing our members).

We also need to leverage technology for web conferencing, bringing value to our members without incurring costly travel expense.

The Board of Directors and committee chairs have initiated these conversations, which need to be continued until decisions are reached and implementation is completed.

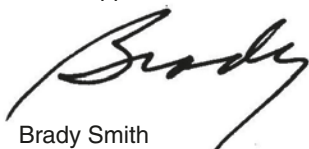
- How often should the AICP hold a complete strategic planning session for our Board of Directors, committee chairs and other interested parties?

Strategic planning, done correctly, can be expensive and time-consuming but helps build understanding, consensus and 'buy in' from the leadership. Most of our current Board members and committee chairs have not participated in a complete strategic planning event that would help the AICP do more than "keep on keeping on."

Last year in Portland, the outgoing and incoming national board of directors with the outgoing and incoming committee leadership spent an entire Sunday identifying the AICP's programs and ways to measure our successes. It was a long, intense day that didn't have time to address important questions, including: Is this necessary? Should we be doing something else or conducting these programs differently? Do these programs meet the needs of our members? What should we be doing in the future?

The bottom line: Through the good work of our volunteers and leadership, the AICP has had many successes this year. Because we want the AICP to grow and prosper, unfinished business requires our continuing attention.

Finally, thank you for the opportunity to serve the AICP as its president! I have had a year of learning, challenges and achievement, which opportunities came only because of your trust.



Brady Smith
President
Association of Insurance Compliance Professionals

Publisher's Statement

The Journal is published on a quarterly basis for the members of AICP. General correspondence and membership applications should be mailed to: Association of Insurance Compliance Professionals, 12100 Sunset Hills Road, Suite 130, Reston VA 20190-5202. Phone 703-234-4074; fax 703-435-4390. The information contained in the newsletter is complete and accurate to the best knowledge of each contributor. The Association, however, assumes no responsibility. Readers are advised to confirm all information through alternative sources. Editorial copy may be mailed directly to Darrell Turner or sent to the regional editors.

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- Interested in developmental or career building tools? Plan to attend sessions that focus on Business Ethics and Leadership, Public Speaking, Derail Your Thinking to “think outside of the box” and Leadership One-On-One. These sessions will provide you with the opportunity to broaden your skill set and take away suggestions on how to apply those skills to your day-to-day activities.
- Sessions on Emerging Hot Topics for the L&H and P&C industry presented by nationally recognized organizations such as: ACLI, AIA, AHIP, AAIS, ISO, NAIC, AIPSO, SERFF, NAMIC, and PCIAA.
- Many sessions will be devoted to current and future compliance challenges. Learn about Interstate Compact, International Insurance, NAIC Initiatives, Civil Union Legislation, ACLI / AHIP Update, NAVA Straight Through Processing Standards Initiative, Significant Changes in the Regulatory Approach, as well as federal issues such as OFAC and Anti-Money Laundering.

Networking: Opportunities for information and networking will be plentiful. We are expecting 700+ attendees including regulator representatives from over 25 states plus 7 insurance commissioners. John Oxendine, Georgia Insurance Commissioner, will be our keynote speaker at the Tuesday morning breakfast.

Commissioners' Corner: Once again this year we are proud to present the opportunity for attendees to hear an esteemed panel of state insurance commissioners. Six commissioners will be in attendance to address the pertinent issues in the market place at the time of Annual Conference for both L/H and P/C. Scheduled to speak are: Walter L. Bell, Alabama Insurance Commissioner; Mary Jo Hudson, Ohio Insurance Commissioner; Scott H. Richardson, South Carolina Commissioner; Roger A. Sevigny, New Hampshire Commissioner; Thomas R. Sullivan, Connecticut Commissioner; and Susan E. Voss, Iowa Commissioner.

A Good Time For All: If you have attended previous conferences, you know that in addition to being the premier educational event for compliance professionals, the AICP Annual Conference offers plenty of opportunities for good times and networking. This year we have two events you won't want to miss. Our Welcome Reception is planned for Sunday evening, where you can visit and learn about the products from our vendors while enjoying light hors d'oeuvres and refreshments. On Monday evening come join us for some “Southern Hospitality” at our Gala Event. Enjoy a southern style theme with an assortment of food, and dance to music from the Magno Band. Renew acquaintances and create new friendships with your fellow attendees.

Chapter Events: These have become popular events where AICP members or those looking to join AICP have an opportunity to learn about their local chapters and meet their fellow chapter colleagues. To learn what your chapter is planning, visit the link on the conference website at <http://www.aicp.net/annualconference/2008conference/program/chapterevents.cfm>.

If you haven't signed up yet, what are you waiting for? Registration has never been easier. Visit the AICP Annual Conference website at www.aicp.net to register for the conference and to sign up for the individual sessions of your choice. Once you are finished, print your individualized conference schedule.

We hope to see you in Atlanta!

Elaine Bailey
2008 AICP Annual Conference Chair



Thoughts on Market Regulation – Learning to Run *(Part 2)*

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Introduction

In Part 1, we described the genesis of interest in a different approach to the Market Conduct Examination. This part will describe the basis for the new approach.

Management and Corporate Governance

The NAIC Market Conduct Examiners Handbook contains guidelines for the items and areas to be tested in a Market Conduct examination. This includes suggestions that certain procedures (e.g., claims handling, complaint processing, internal audit, etc.) be reviewed; however, the Handbook does not provide direction concerning what would constitute such a review. Management of well-run companies, insurance or otherwise, adopts processes that are similar in structure. The absence or ineffective application of operating processes in a regulated entity often presages an adverse result. These results are usually detected with sample testing conducted in the course of a Market Conduct Examination. An effective procedure review should determine if the management cycle adequately considers each of four key functions: planning, implementation, measurement and reaction.

Planning

The planning function is where directions, policies, objectives and goals are formulated. This function is found in the written policies of the company. The resultant direction, policy, objective or goal may indicate the basis for a particular procedural approach, but is not critical to the review of the applicable procedure.

Implementation

The implementation function is where directions, policies, objectives and goals are translated into a written procedure of the regulated entity. The procedure is then disseminated to appropriate and affected persons. How a regulated entity structures and documents its procedures will tell the regulator a considerable amount about the company's operation. It will indicate whether a regulated entity is proactive or reactive in the management of its operations; whether the corporate compliance activities are a cause for concern; and whether particular areas of concern to the regulator are managed in a way to avoid the need for regulatory intervention. It is important to test the quality of the procedure. The elements of this testing include but are not limited to the following questions:

- Is the procedure in writing and current?
- Is the procedure coherent, readable and on point?
- Is the procedure functional, and does it fit the intended purpose?
- Does the procedure comport with statutes and contain state exceptions where applicable?
- Is the procedure readily available to affected persons?
- Is the procedure being utilized?
- Are affected persons trained in the use of the procedure?
- Does the procedure address all areas identified in any risk assessment performed by the regulated entity?

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Measurement

The measurement function evaluates the results of planning and implementation and is usually found in internal audits, management reports, supervisory reports, minutes of the Board, minutes of the Compliance Committee, minutes of the Quality Review Committee, market conduct examination reports, etc. Measurement is concerned with the quality of information developed to inform the Board and upper management of the results and effectiveness of its directives. Without measurement, management cannot know that its directions are being implemented effectively. The measurement process must be written, formal, and documented. It is the control function in corporate governance. The question in this case is: how does the regulated entity know that its intended process is utilized, functioning and working?

Reaction

The reaction function is where the regulated entity has the opportunity to correct or apply to the process what it has learned through the measurement of its procedures. The regulated entity must maintain some reasonable way to utilize the information arising out of internal audits, management reports, and complaint systems. This would typically be reflected in the responses to internal audits, management reports, supervisory reports, minutes of the Board, minutes of the Compliance Committee, minutes of the Quality Review Committee, market conduct examinations, and detected errors. Information of this nature needs to flow directly back to management so that it can use these findings to modify its procedures. The regulated entity should also resolve, through documented remediation, any errors that resulted in harm to policyholders and the public.

The cycle

The process of preparing procedures, disseminating those procedures, testing the results, and modifying the procedures should be a continuous and ongoing cycle. A continuous and ongoing cycle is indicative of proactive management. If the process is incomplete or deficient, that is indicative of reactive management. Of course, not every company is fully proactive or fully reactive. Depending on which business area is being reviewed, experience shows that a regulated entity can be at both ends of the proactive/reactive spectrum. For example, a regulated entity with a proactive claims environment may have a reactive underwriting environment. Experience also shows that business areas with reactive or passive processes or procedures have a greater propensity for error and violation than those that are proactive.

Author Information

Don Koch, CIE, MCM is the Director of Market Regulation and a Principal of NorthStarExams, LLC. His insurance career started in Philadelphia in 1960. He worked for the Alaska Division of Insurance for 27 1/2 years, where he served as Chief of Market Surveillance. In this capacity he supervised the rate and form filing section; trained examiners; structured the examination process; and supervised or conducted Alaska's Market Conduct examination efforts. Don held concurrent positions at various times as Acting Director of Insurance, Acting Deputy Director of Insurance, and Special Deputy. He chaired the NAIC Working Group that drafted the current Market Conduct Examination Handbook and participated in numerous other working groups and Committees. Following his tenure in Alaska, he was the Contract Supervising Market Conduct Examiner in Delaware for 9 years.

NorthStarExams, LLC provides regulatory services to state governments primarily in the area of Market Conduct Examinations and Training.

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2008 AICP Scholarships Recipients Named

The Association of Insurance Compliance Professionals (AICP) has named three winners of \$1,000 scholarships for the 2008-2009 academic year:



Hristo Kozhuharov of Royal Oak, Michigan

Hristo is a graduate student at Concordia University majoring in Organizational Leadership and Administration. He graduated Magna Cum Laude in May 2007 from Olivet College with a degree in Insurance/Risk Management and General Business and has completed several courses and designations with the American Institute for CPCU and the Insurance Institute of America. Hristo has had student internships at Regency Group Insurance, Accident Fund Insurance Company of America, and First Mercury Financial Corporation. He has volunteered with the volunteer Income Tax Assistance Program and Heifer Project International. Hristo's goal is to be a qualified professional in Insurance & Risk Management. His long term goal is to have his own reputable insurance agency.



Troy Hart of Gaylord, Michigan

Troy is a junior at Grand Valley State University majoring in Marketing. He has spent the past three summers working for Farm Bureau Insurance in Michigan. In high school, Troy was a National Honors Society member as well as all conference in football and baseball and captain for the teams. Troy's goal after graduation is to work for a large insurance firm to learn the business with the long-term goal of owning his own agency in a rural community.



Cynthia Price of Topeka, Kansas

Cynthia is a Publications Writer for the Kansas Insurance Department. She is working on her MBA at Baker University. Cynthia graduated from Emporia State University as a member of the University Honors Program. She has been a National Scholastic Press Association judge and earned an Instant Citation from Associated Press Managing Editors for a story she did in 2001. Cynthia is using her MBA studies to increase her business knowledge so that she can better serve the industry.

The AICP Scholarships Program is administered by the Community Marketing Committee. The application deadline for the 2009-2010 academic year will be May 1, 2009.

Connie Doud
Scholarships Subcommittee
Community Marketing Committee

2008 Jim Latteman Scholarship Winner



The Heartland Chapter of the Association of Insurance Compliance Professionals (AICP) is happy to announce the winner of the 2008 Jim Latteman Scholarship, Tyler Hohenstein.

Tyler is a recent graduate of South Sioux City High School. This fall, he will be attending Wayne State College planning to major in mathematics with the goal of becoming an actuary. Tyler is the son of AICP member Janice Hohenstein.

Tyler had an outstanding high school experience: captain of the basketball team, captain of the baseball team, a state qualifier for golf and a member of the national Honor Society; all this and maintaining a 4.0 GPA.

Congratulations, Tyler, and all the best for the future!

Connie Doud
Heartland Chapter

Did You See It?



Website Redesign Scheduled for Launch in Early September

Did you see it? During early September, there was a BIG change on the AICP Website. Earlier this year, the AICP Website Committee sent a survey to the membership and listened to the leadership and other interested parties regarding the changes people would like to see with the website. These ideas were considered and developed into a redesign plan that resulted in a website that presents more current information on the homepage, while providing a fresh look and feel. Check it out at www.aicp.net!

Laine Lester
Website Committee Chair

Website Committee 2nd Annual Trivia Corner

Welcome to the 2nd Annual Website Committee's Trivia Corner! This is the second year for the Website Committee to provide the most intriguing questions related to the domain www.aicp.net for the 2007-2008 year. So sit back and test your knowledge with this cerebral workout!

1. What happened when there was a problem with an AICP Forum post?

ANSWER:

Website Committee Member Susan Byrnes used the administration tools to fix the problems!

2. During the first few months of 2008, why was Jim Morgan busy at his keyboard for hours on end?

ANSWER:

He was sending emails to Committee Chairs and Chapter Officers giving them information on how to access website features and receiving their replies.

3. Who were the three people the Chapters relied on to request changes to the website?

ANSWER:

The three Chapter Group Administrators were Susan Eckler-Kerns serving the Chapters in the northeast, Susan Byrnes serving the Chapters in the south and Tyrone Settlemier serving the Chapters in the northwest.

4. Which Website Committee member continued to show her administrative prowess with Website enhancements, and in what part of the Website were these enhancements made?

ANSWER:

That would be Consulting Chair Susan Eckler-Kerns, who headed up the enhancement project for the Conference registration and session modules!

5. Who volunteered to review our Latest News section this year?

ANSWER:

Jennifer Young took on this periodic duty!

6. What Website Committee member stepped up to be Vice Chair this year?

ANSWER:

The answer is... Tyrone Settlemier! Thanks for learning about Website Committee leadership and being there when I was out, Tyrone!

7. Which Website Committee Members are scheduled to review the redesigned website when it is launched in early fall?

ANSWER:

EVERYONE! There will be a lot to review and all will take part!

8. What non-Website Committee Members should also get some kudos for their work on behalf of the AICP website this past year?

ANSWER:

As always, our web developer, Potomac Digitek and the AICP management company, Drohan Management Group, are always responsive to our needs.

The members of the Website Committee are involved in many different important roles which ensure that our website runs as smoothly as possible. I would like to thank all of the members for their hard work and dedication this year. I look forward to working with everyone for the 2008-2009 year as we continue to make the AICP website the best it can be!

Laine Lester
AICP Website Committee Chair

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Gracias, Danka, Thank You, Conference Planning Committee

Mere words are not enough to say how much we have appreciated our Conference Planning Committee this year. This is a group who went above and beyond the call of duty from the very beginning. Our committee was faced with short deadlines and demanding schedules due to getting a late start on planning this year's conference. Every person on the committee made sure our deadlines were made and that the conference would be one of our best!

How does one thank so many people for so much work? Conference would have been impossible without the hard work of all of our subcommittees. Committee Fair has freshened its look and will definitely bring more attention to our committees. Education Committee has worked hard on the recognition breakfast for our designees. Exhibitor Committee has been busy filling all of our booths and expanding sponsorship for our events. Extracurricular Committee made sure that there is a wide range of things for everyone

to do in Atlanta. Silent Auction has worked hard to bring back the fun of bidding on items and finding a charity to receive the funds. Volunteer Recognition Committee has planned an appreciation lunch to thank all of our volunteers. Website Committee once again gave us a great module for our registration. Program Committee spent months developing the program and finding the right speakers for each topic.

All of these individual committees worked together to produce a great conference. Members spent many hours on the phones working with their committees, speakers, exhibitors, sponsors and others involved in our event. Everyone stepped up and made sure that not only was the work done, but that new ways and ideas of doing things were also presented to make the conference better than it was last year.

Without all of these hard-working individuals, our conference would not be the premier event in the compliance industry. We thank you for all of your time, your energy, your creativity and your enthusiasm. We would not be a success without you.

Elaine Bailey, Conference Planning Chair
Bill Douglas, Conference Planning Co-Chair

Thank You, Bylaws Committee

The following people served on the Bylaws Committee this year: Shawna Greenway, Julie Levine, Charlie Lynch, Sandra Makela, and Larry Wilk. Together we were able to provide the AICP's Board of Directors with proposed revisions to both the Bylaws and the Model Chapter Handbook. Every single person on this committee made significant contributions to the effort, which shows in the end result to be approved by the Board in October.

My heartfelt thanks to everyone involved.

Steve LeHew, Bylaws Chair

Education Committee

The Education Committee is responsible for the ongoing review and administration of the AICP Certification Program and the Continuing Education Accreditation Program. The Certification Program is made up of the Associate Compliance Professional (ACP) and Certified Compliance Professional (CCP) designations. Both designations require several classes through any of the following organizations: LOMA, AHIP, AICPCU, IRES or NAIC. The Accreditation Program is available to members who have earned 100 points during the three year period following their CCP designation or have earned the required 100 points yearly. For both programs we ensure that applicants have completed the proper requirements and confer designations and recognize continuing education achievements at Annual Conference.

This year our committee members kept busy with various projects. One of those projects was to add an Annuity Concentration to the CCP designation, which the Executive Board adopted at its July Board meeting. Besides this project, below are other projects the Education Committee has been working on this past year.

- Updating the Rate Making manual, study guide, and exam, as the last revision occurred in 2001. The rating

formulas have been revised, and the committee is now working on updating the actual text.

- Review and grade the Rate Making exam when taken by an AICP member.
- Promote the Partnership Shirley and I have with AHIP by submitting articles and eye catching advertisements for the AICP Journal.
- Secure CE credits for those attending the Annual Conference.

Our great group of volunteers include: Debra Rainey, Kate Manthey, BJ Baldwin, Larry Gardener, Mike Fioto, Robin Cherry, Rebecca Nichols, Fran Linker, Chris Throckmorton, and Anne Grobber.

Please stop by the Education Committee table at Conference to say "Hi" and thank this wonderful group of dedicated volunteers. We are always open to new suggestions and ideas AICP members have that correlate with Education.

Shirley and I would like to personally thank each of our great volunteer committee members for their assistance throughout this past year. We look forward to working with them again next year.

Michael Hollar and Shirley Grossman
Education Committee Co-Chairs

A Big THANK YOU to Members of the GIR Committee!

Thank you very much for all of your efforts this year as the Government & Industry Relations (GIR) Committee set out to achieve another banner year. Each of you has shown what can be accomplished when our AICP volunteers pull together to get things done — the true spirit of volunteerism!

Just a few of our accomplishments:

- Established aggressive growth and retention goals for regulator membership. To date we have attained 83.7 percent of our growth goal and 96 percent of our retention goal. And, we expect to meet our target goals by Conference.
- Partnered with IRES on some of its initiatives:
 - (1) Participated in IRES CDS Conference planning;
 - (2) Worked to plan time for MC+ Educational Program to begin during Annual Conference.
- Held a successful Regulator Meeting in conjunction with the April 2008 Board of Directors meeting.
- Contacted all Insurance Departments regarding the AICP's ability to send out DOI Alerts.
- Contacted all non-renewed Regulator members regarding our membership drive/renewal initiative.
- Updated the AICP website with links to industry speed-to-market initiatives.
- Continued to provide our members with timely DOI Alerts.

- Participated in Conference Planning relative to regulator involvement and seminars.
- Developed and mailed congratulatory letters to new insurance commissioners and directors.

...and these are just a few of the many, many successes achieved by our GIR Committee members!

The strength of the AICP lies in its members, especially those who volunteer to get in and support our initiatives and activities. And it's clear that the GIR Committee's success is solely due to the efforts of each and every GIR Committee member. A big THANK YOU to each of you: Joe Bieniek, Robert Boyce, Jon Brynga, Cora Butler, Tom Carswell, Susan Eckler-Kerns, Sue Ezalarab, Michael Fioto, Stephen Fisher, Brian Hoffman, Kori Johanson, Gordon Johnston, Rolf Junge, Walter Kozuch, Julie Lee, Fran Linker, Sandra Makela, Florence Marafatsos, Nick Marrangoni, Ginny McHugh, Dave Milligan, David Morris, Eric Nordman, Roger Osgood, Cate Paolino, Terri Parker, Doug Pennington, Charlie Rapaccioulo, Pamela Sampey, Todd Shasha, June Stracener, John Takayoshi, and Tom Tomlinson.

You are who make the GIR Committee GRRRRRREAT!

GIR Committee Co-Chairs:

- Erica Brownell, Safeco Insurance Company
- Bill Douglas, Standard Insurance Company
- Kim Kennedy, The Travelers
- Jan Vitus, Oregon Insurance Division

Thank You, Marketing Steering Committee

This committee is being absorbed into the new Marketing Committee next year. This year, committees were told to assign one representative to the Marketing Steering Committee. The lucky individuals were: Elaine Bailey, Bonnie Blue, Bill Douglas, Dan Hurley, Ed Lybrook, Nick Marrangoni, Jim Morgan, Deb Rainey, Tyrone Settlemier, Linda Snook, and Ranell Tinsley. To all of you, thanks for helping review our vendor list, and for participating in our teleconferences earlier this year.

Steve LeHew
Marketing Steering Chair

Gratitude for the Nominating Committee

This year's Nominating Committee – Walter Kozuch, Mary Keim, Penny Kilberry, BJ Baldwin, Peggy Schwartz, Susan Byrnes and the current vice president, Steve LeHew, who worked with the committee up until the time of nominations, was a great team. This is a group of individuals who were always available to handle any task that needed to be done. They worked diligently at interviewing nominees for the national positions and reviewing campaign material. The great slate of candidates would not have been possible without this team making sure that all of the information needed from each candidate arrived by the deadline. They were always available to review information that went out to the members – mainly to make sure I hadn't misspelled anything and that I had remembered to include all of the information. I really appreciated their insights into the process and their willingness to suggest changes which would make it better.

Thank you team – you are the best!
Katie Gurnett
Chair, Nominating Committee

Thank You, Membership Committee!

The Membership Committee is in a never-ending flurry of activity. From member retention, renewal and recruitment, to the publishing of the membership directory, there is hardly a week that goes by where something doesn't need to be accomplished. We want to take this opportunity to sincerely thank each and every one of our members for their hard work, dedication and attention to detail. Each member brought commitment and talent to the committee, and we appreciate each and every one of them.

Here are just a few of the Membership Committee accomplishments so far this year:

- Produced the 2008 Membership Directory
- Answered members and potential members questions/concerns
- Kept AICP Logo Shop stocked and up to date
- Updated Membership Brochure with a brand new look
- Monitored the membership Renewal and Retention Incentive Program

So, thank you Cami Adiletto, Mikki Andrews, Robin Cherry, Betty Dabrowski, Doris Jackson, Walter Kozuch, Ginny McHugh, Marci Spiegle and Kim Wright for making this year a total success. We could not have done it without you!!

Linda Snook
Elaine Bailey
Membership Committee Co-Chairs

Heartfelt Thanks to the Publications Committee!

According to Webster's, a journal is a periodical containing articles of interest to a particular group. While this simple and straightforward sentence provides an adequate definition, it does not describe the amount of work that goes into the actual publication.

The Journal is published four times a year, and four times a year we ask for copy, prepare copy, edit copy and ultimately publish copy for The Journal. This takes place for most members behind the scenes, after receiving an e-mail announcement. The Journal miraculously appears in March, June, September and December, like a present prepared by elves.

I would like to take this opportunity to thank our industrious and hard working "elves." Our volunteers take time out from their work and home lives to make sure that The Journal remains the premier publication that it has become. Without their participation and support, there would be no Journal.

I would like to extend a heartfelt thank you to all the members of the Publications Committee. Your hard work, dedication, and willingness to participate are very much appreciated. Kudos to you!

Darrell Turner, National Editor
Stacye Adams, Assistant Editor
Cynthia Burleson, Assistant Editor
Brady Smith, Consulting Editor
Art Bowden, Central Region Co-Editor
& Publications Co-Chair
Bonnie Blue, Central Region Co-Editor
Lindsay Cleveland, Gulf States Region Co-Editor
Rich Fidei, Gulf States Region Co-Editor

Betty Dabrowski, Mid-Atlantic Region Co-Editor
Anne Aponte, Mid-Atlantic Region Co-Editor
Peggy Schwartz, Northeast Region Co-Editor
Cailie Currin, Northeast Region Co-Editor
Jan Vitus, Northwest Region Co-Editor
Doug Geraci, Northwest Region Co-Editor
Donna Benard, South Central Region Co-Editor
Lori Chamber, South Central Region Co-Editor
Lois Pimentel, Southwest Region Co-Editor

And committee members:

Erika Ashley, Hazel Delane, Penny Kilberry, Diane Lynn King, Stephanie Long, Gary Pedigo,
Deanna Yarbrough and Teri Littlefield.

I am proud of all of you and appreciate your commitment, contribution and camaraderie. Please stand up and take a bow – adulation well deserved!

Greg Popolizio
AICP Publications Co-Chair
Northeast Region Co-Editor

Thank You, Silent Auction Committee

Thank you to the Silent Auction Committee! Their efforts have made it possible to put the auction back on the schedule this year.

Earlier in the year the committee was busy about finding a great charity to which to donate the proceeds of the auction. We found that in the Atlanta's Children Shelter. The committee has since been busy creating the donation forms, setting up a plan for soliciting and receiving donations, and writing up articles for e-mail blasts reminding members to get their donation forms completed and turned in for those pledged items. Currently, the committee is all about getting those donations confirmed and planning for the set up of the auction at conference.

Many thanks to the committee members: Terri Parker of American Equity Investment Life, Monica Murray of Oden, Terry Henschel of Farmers Insurance Group, and Kim Wright of Ohio National Financial Services.

Special thanks to Elaine Bailey at Red Shield Insurance Company and Trish Fratarcangelo at Drohan Management Group, for sharing their wisdom and knowledge of this event with us, and to Nancy French for soliciting the vendors for donations for the auction.

Doris Jackson
Silent Auction Committee Chair



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Frances Sample

Frances Sample has been a member of the AICP since 1999. For the last four years, she has been the Co-Chair

of the New England Chapter's Planning Committee. Frances is dedicated to ensuring that the New England Chapter meetings are educational, informative, and provide networking events that maximize interaction among members while leveraging points of interest around the meeting location.

When asked about her feelings about the AICP, Frances stated: "The AICP has been one of the most valuable tools in moving my career forward. The professionalism of the members, the resources they bring to the organization and the extensive networking base they provide make this association second to none."

Frances began her insurance career 22 years ago as a Commercial Underwriter for The Hartford. She moved from underwriting to sales as an agent for New York Life and Prudential Preferred. Frances then moved into Compliance and Regulatory Affairs and spent 9 years with Medical Liability Mutual Insurance Company before being recruited by a technology company that develops compliance software for insurance companies. She currently works for Satyam Computer Services as an Insurance Domain Expert.

She holds the designations of CPCU, ACP, ARC, and was previously licensed as a stockbroker, New York Property & Casualty Broker, and New

York Life and Accident/Health Agent. Frances received her undergraduate degree from the State University of New York in Philosophy and completed graduate studies in Law.

Frances lives in Schenectady, NY, with her three cats. She is an avid gardener, frequently hikes or snowshoes, and is the committed restorer of her 1917 home.

Thank you, Frances, for your contribution to AICP.

Joseph D. Spada
President
New England Chapter



Donna Benard

It is my extreme pleasure to recognize Donna Benard as the Publications Member in the News for 2008.

To me Donna epitomizes the AICP unsung hero, which is a member and volunteer who works tirelessly in the background but does not always get the recognition that the person deserves. It is my good fortune to give Donna this recognition.

Donna started out in the insurance business in 1978 as an Underwriting Rate Calculation Clerk. From there, she went into claims for nine years and since 1989 has held positions in compliance.

Donna Benard (con't)

Donna's fulltime AICP involvement began in 2000. She has participated on the National Program Committee, the Public Relations Committee, and is currently the Regional Director of the Southwest Region. I want to concentrate on her participation with Publications.

At a time when it was virtually impossible to get people to volunteer, short of bopping them over the head, Donna approached me and asked if she could assist in any way. I was bowled over by her enthusiasm and willingness to participate.

Donna became Regional Editor of the Western Region. In her zeal to streamline the process and seek improvement, she was the first to institute co-editors within a region which lessened the burden on individual editors. This assisted in the longevity of participation. We now have co-editors in almost all regions. When her co-editor, Kathie Banks, became ill, Donna stepped up to the plate and took over the role full time. When Donna moved to Texas, she took the role of co-editor for the Western Region with her until a replacement was found and later assumed the editorship of the South Central Region. Once again Donna was instrumental through hard work and perseverance in finding a co-editor for this region.

Donna steps up to the plate. She says what she means and she follows through on her commitments. To me, this is what embodies the spirit of volunteerism and this is the foundation of the AICP. For this reason, it is my honor to have Donna Benard as our Publications Member in the News.

In her spare time, Donna likes to read and write and is a big fan of novels written by her mom, J.C. Nicholson. Donna acts as publicist for her mom in the creation of multi-media material including websites, blogs, and business cards. For the second time, Donna has obtained an autographed copy of one of her mother's books for the AICP Silent Auction, which is another one of her many contributions to the Association.

Thank you Donna for all that you have done and continue to do. Your participation, spirit and camaraderie are very much appreciated!

Greg Popolizio
Publications Co-Chair

**Judy Wickens**

"WWJD." In our case, this acronym stands for "What would Judy do?" Judy Wickens is currently Regional Director for the Midwest Forum Chapter. Previously, she served as

Vice-President, President, and past President. She has always set the standard by her professionalism and her "can-do" and "will-do" attitude. As I have followed behind her in the chapter offices, I find myself, when faced with a difficult decision that must be made, pondering, "What would Judy do?" With that kind of guidance, no one can go wrong!

Judy began her career with Forethought Financial Services, Inc. 25 years ago. She has assumed various roles with the company, beginning as an Administrative Assistant in the

Judy Wickens (con't)

Legal Department. After some moving around the company, she returned to the Legal Department and is currently a Senior Compliance Analyst/Paralegal.

Judy has an Associate's Degree in Paralegal Studies from St. Mary's of the Woods, in Terre Haute, Indiana. She has been married to her husband, Tony, for 44 years! She has three sons and three grandchildren, with the 4th grandchild expected soon. Her children are spread out from St. Louis, MO to Bremen, IN.

She is originally from the Columbus, Ohio area. Judy met Tony at a USO dance at the Lockburne Air Force Base, outside Columbus, during the Vietnam War. They moved around a couple of times, from Illinois to Ohio, and settled in Indiana.

When she is not busy with work, Judy enjoys reading and spoiling her grandchildren. She is also on the Twin Parrish committee at her church. This organization collects shoes in the spring to send to their sister parish in Jamaica. Last year they sent 1,509 pairs of shoes. (There is always a demand for gently used old soccer shoes that are still in good condition.) In the fall they ship school supplies.

Judy is an enthusiastic supporter of the association and has always been there for the Chapter. She is a great Regional Director keeping the Chapter Board aware of the discussions at the National Board meetings and seeks the Chapter Board members' input whenever applicable. She is a valued member and has been an asset to this organization.

Thank you, Judy, for all that you do for the AICP!

By Karen Crooks
Past President
Midwest Forum Chapter

**Julie Levine**

Most volunteers would agree that the Bylaws Committee is not one of the more glamorous AICP committees. This may explain why it has only six members, one of whom is appointed automatically each year. All of the Bylaws volunteers have been invaluable this year, and it is hard to single out one for special attention. Nonetheless, I thought it would be fun to share some little known facts about one of them, Julie Levine.

Those of you in the New England chapter should already be familiar with Julie. She served as the New England Chapter Vice President in 2005, President in 2006, and Past President in 2007. She has also served on the conference planning committee for nine years.

I very much appreciate the work Julie has put into the Bylaws Committee. She has been a positive influence, and could always be counted on for creative, constructive solutions to sticky bylaw wording problems.

So now on to the little known facts about Julie. This should give you an excuse to chat with her the next time you see her at a chapter event or at national conference.

Julie is a soprano in the West Hartford Women's Chorale. She has been singing with this group for two years now. She used to sing with the Greenwich Chorale society, and travelled to England with a small subset of the choir that sang at the prestigious Aldeburgh Festival. As a musical person, she does have an iPod, but only because her daughter donated her old one to her. Needless to say, she doesn't use it very often.

Julie Levine (con't)

Julie lived in Israel for five years, and spent one of those years in an agricultural school, and another at the Hebrew University of Jerusalem. She speaks Hebrew, and used to teach Israeli folk dancing.

She once performed CPR on a pet fish with a chopstick. Sadly, the procedure was unsuccessful.

Julie is enjoying time with her 19-year-old daughter, who has been home for the summer and a counselor at a local theater camp. Perhaps not surprisingly, they don't have any pets.

Although Julie is totally devoted to insurance, she does maintain a very small family law practice on the side. In the past she has done mostly divorces, but she is working to change over to divorce mediation exclusively, due to her disenchantment with the adversarial process.

It has been a pleasure working with Julie on the Bylaws committee this year.

Steve LeHew
Bylaws Committee Chair

**Rich Fidei**

The Community Marketing Committee would like to introduce you to one of our members, Richard Fidei ("Rich"). Rich is just completing his first year as a member of the Community Marketing Committee. He has been a member of AICP for about 5 years. In addition to being a member of Community Marketing, Rich is a

Rich Fidei (con't)

contributor to the AICP Journal providing information on new regulatory issues.

Rich is currently a candidate for the office of Vice President of the Gulf States Chapter. In 2007, he served as chairman of the Gulf States Education Day. On July 17, 2008, Rich spoke at The Gulf States and Mid-Atlantic Chapter E-Day. His topics were Federal Emerging Issues and Florida Legislative Changes.

In addition to his AICP activities, Rich is an attorney for the firm of Colodny, Fass, Talenfeld, Karlinsky, & Abate, P.A. in Fort Lauderdale, Florida. While the firm provides assistance in various areas of insurance, Rich specializes in insurance regulatory law as well as business and corporate transactional law. Rich travels around the United States to meet with state regulators on behalf of his clients. He also spends some of his time working on Federal insurance issues. Rich has been with this firm since moving to Florida in 1996. Prior to his move to Florida, Rich practiced law in Pennsylvania and specialized in insurance litigation.

Rich admits to being a warm weather, sun person. He enjoys golf, tennis, coin collecting, rare book collecting, and photography.

We are happy that Rich Fidei chose to join the Community Marketing Committee and hope he plans on working with us for many years to come.

Judy Wickens, AIRC
Co-Chair
Community Marketing

Walter Kozuch

“The man in the fancy boots”

I first met Walter when he was Regional Director for the South Central Chapter. At that time, one of the first things I noticed was his penchant for really unusual cowboy boots. Since Walter is from Texas, this should not be surprising – however, a man who likes to shop for shoes is a little unusual!

Walter is a man of many talents besides having an eye for the right kind of boots. He started in the business as an actuarial student for Home Insurance Company in 1975. Since that time he has held numerous positions including planning, research, actuarial, operations, manager of end-using computing, and internal consulting. Currently, Walter is Vice President of Technical Services for Glencoe Specialty Services. His many duties include the development and maintenance of rates and rules, as well as the program due diligence, and reviews of operational and performance metrics. Walter’s favorite part of his current job is that it involves traveling and meeting with the company’s many partners, which enables him to discuss industry trends and new product development.

Walter has been a member of AICP since 1996 when it was the Society of State Filers. He has been very active in the South Central Chapter, serving as vice-president and president, as well as part of the executive committee. He has also been involved at the national level as the South Central Regional Director and a member of numerous committees including Bylaws, Membership, Finance, Government and Industry Relations, and Nominating.

When asked which National Conference was his favorite, Walter answered that it was a toss-up between Dallas and Portland. He really liked Portland because he and his wife, Pat, had never been to that part of the country and thoroughly enjoyed the wine country tour. Dallas was another favorite, not only because it is his home base and he was able to recommend and participate in a number of the activities – but also because it gave him a chance to wear a different pair of cowboy boots every day!

Walter and his wife have been married for 36 years and have enjoyed traveling to many different places. They met while in high school living in New York and working at a local grocery store. They have three children (Tricia, Walter III, and Gene) and four grandchildren, (Dylan, Haley, Samantha, and Mary, who was born in January) with another grandson due in September. Pat was a personal banking officer until she decided that taking care of Walter and keeping him out of trouble was a fulltime job all by itself.

Now, what about those boots? Aside from his traveling hobby, Walter owns 15 pairs of cowboy boots. His two most unusual pairs include a pair made from red eel and another one made from white and black rattlesnake. However, his favorite pair is a Cayman - which I’m told is gator.

So, next time you meet up with Walter, make sure to shake his hand and then look at his boots!

Katie Gurnett
Chair
Nominating Committee



Central Region News

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Great Lakes Chapter: Illinois & Wisconsin

Heartland Chapter: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

Midwest Forum: Indiana, Kentucky, Michigan, Ohio, West Virginia

IA Clarifies Definition of Rebates

Iowa Insurance Commissioner Susan Voss has issued a bulletin to clarify which practices in the insurance business are considered illegal rebates and which practices are permitted as advertising or charitable activities.

The clarifications came in the wake of a controversy that arose when she issued Bulletin 08-11 on June 30, 2008. The bulletin said offering of any goods or services to a current or prospective policyholder that are not incorporated into the policy is considered rebating and is barred. She rescinded that bulletin after a public hearing August 15 during which representatives of several insurance organizations expressed concern that the bulletin was overly restrictive.

Bulletin 08-13, which was issued August 21, 2008, gives several examples of giving things of value that comply with the Iowa law on rebating, including items with a value of \$5.00 or less, educational events open to everyone, and such value-added services as risk management services offered to a customer to promote safety. The bulletin may be found online at <http://www.iid.state.ia.us/docs/bull08-13.pdf>

Commissioner Voss indicated that the Insurance Division will draft regulations to identify specific prohibited practice and will post them when available. You can check the division's website for updates at <http://www.iid.state.ia.us/docs/bull08-13.pdf>

Darrell Turner AIS, ARC

IL Requires Exceptions for Consumers in Disaster Areas

Illinois' director of insurance, Michael McRaith, issued Bulletin #CB 2008-04 on June 17, 2008, requiring that carriers extend payment due dates and delay cancellations of coverage to insureds in declared disaster areas in the state. Carriers were required to post information on their websites about compliance with the Bulletin and to notify the Department if they could not comply. The extension was to be given from June 10, 2008, through August 18, 2008, or later, depending on individual circumstances. The bulletin applies to all types of insurance for consumers. The bulletin may be found online at <http://www.idfpr.com/DOI/General/CB200804ExceptionsforConsumersinDisasterareasDOI.pdf>

The DOI also published a Q&A on July 7, 2008, to provide additional guidance to carriers regarding the bulletin. The Q&A may be found online at <http://www.idfpr.com/Forms/Misc/DOIFloodBulletinQuestionsandAnswers.pdf>

Bonnie Blue, FLMI, ACS, AIRC, ACP

IA Issues Policy Cancellation Moratorium for Disaster Areas

Indiana Insurance Commissioner James Atterholt issued Bulletin 163 on June 17, 2008, instituting a moratorium on the cancellation of policies for consumers in areas affected by recent flood or storm disasters. The department considers this to be an extension of any applicable grace periods – it is not a waiver of the premiums that would otherwise be due. After the 60-day period, consumers are required to resume premium payments in order to keep a policy in force. Bulletin 163 may be found online at http://www.state.in.us/idoi/files/Bulletin_163.pdf

Bonnie Blue, FLMI, ACS, AIRC, ACP

IA Requests Deferral of Premium Payments

Iowa Insurance Commissioner Susan Voss issued Bulletin 08-09 on June 16, 2008, as a supplement to Bulletin 08-08, which was issued on June 12, 2008. Bulletin 08-09 requests that carriers operating in the state extend due dates for premiums due by the end of June for at least another 60 days for consumers in affected disaster areas in the state. The commissioner also issued an update to Bulletin 08-09 on June 24 to provide additional clarification on questions that were presented to the division. The bulletins apply to all lines of coverage. Carriers that were unwilling or unable to comply were required to notify the state within five days from the date of the bulletin.

Bulletin 08-08 may be found online at <http://www.iid.state.ia.us/docs/bull0808.pdf>.

The revised Bulletin 08-09 may be found online at <http://www.iid.state.ia.us/docs/Q&Aforbulletin0809.pdf>

Bonnie Blue, FLMI, ACS, AIRC, ACP

IA Addresses Life Forms Compliance with Regulations

In Bulletin 08-06, issued May 15, 2008, Iowa Insurance Commissioner Susan Voss addressed issues in life insurance form filings regarding compliance with Iowa Replacements Regulations, such as application forms not including the required replacement questions.

Bulletin 08-06 may be found online at <http://www.iid.state.ia.us/docs/bull0806.pdf>

Bonnie Blue, FLMI, ACS, AIRC, ACP

IA Clarifies Extension of Health Coverage for Children

The Iowa Insurance Division issued a Q & A on June 24, 2008, to provide additional clarification in regard to law HF 2539 that was enacted effective July 1, 2008, to extend health coverage for children. The Q & A explains that this is a continuation of coverage and that it does not apply to self-insured plans (other than self-insured state employee plans).

The Q & A may be found online at <http://www.iid.state.ia.us/docs/HF2539G&A-age25.pdf>

Bonnie Blue, FLMI, ACS, AIRC, ACP

IA Establishes Procedure and Fees for Copies of Medical Records

The Iowa House has established a procedure for a patient, a patient's legal representative or attorney, or an adverse party to order copies of medical records from a provider. It did so by adding a new subsection 4A, to Section 622.10, Code Supplement 2007, effective July 1, 2008, Iowa House File 2700. Any provider must provide copies of the requested records or images within 30 days of receipt of the written request. The request must be accompanied by a legally sufficient patient's waiver unless the request is made by the patient or the patient's legal representative or attorney. The fee charged for the cost of producing the requested records or images is to be based on the actual cost of production. If the written request authorizes the release of all of the patient's records for the requested time period, the amount charged may not exceed the rates established by the workers' compensation commissioner for copies of records in workers' compensation cases. If requested, the provider is to include an affidavit certifying that the records or images produced are true and accurate copies of the originals for an additional fee not to exceed ten dollars.

A copy of House File 2700, which contains the new subsection, may viewed online at <http://www.votesmart.org/billtext/20265.pdf>

The pertinent part of the bill is Section 81.

Art Bowden, AIC

IA Establishes Consumer Advocate Bureau

The Iowa Legislature has enacted House File 2555, an omnibus insurance bill with multiple effective dates. The bill includes these provisions:

- The creation of a Consumer Advocate Bureau to be responsible for ensuring fair treatment of consumers by persons in the business of insurance and for preventing unfair or deceptive trade practices in the insurance marketplace. The consumer advocate will be appointed by the commissioner of insurance. The bureau will receive and may investigate consumer complaints and inquiries from the public and will conduct investigations to determine whether any person has violated any provision of the insurance code and any provisions related to the establishment of insurance rates.
- A requirement for the commissioner of insurance to keep confidential the information submitted to or obtained by the insurance division in the course of an investigation or inquiry by the consumer advocate, although certain information may be released in limited circumstances, as explained in the law.
- Several changes to the regulation of workers' compensation rates, particularly in regard to the deviations that may be filed by members of a rating organization. The Insurance Division issued Bulletin 08-05 on May 9, 2008, to give guidance to the industry regarding the manner in which this will be implemented, as well as guidance on dividend plans and schedule rating.

To find the bill online, use the link below and scroll down to HF 2555. Section 7 is the pertinent part.

<http://www.legis.state.ia.us/asp/disposition/house.aspx>

Art Bowden, AIC

KS Requires Disclosure of Child Support Debtor Information

Kansas Senate Bill 273, effective July 1, 2008, requires liability insurers to disclose requested information about a claimant if the amount of the claim totals \$1,000 or more. Disclosure for claims totaling less than \$1,000 is optional. The secretary of social and rehabilitation services will provide information about the data matching process, including instructions for disclosing claimant information. The information must be disclosed as soon as reasonably possible after the first submission of the claim.

The bill may be viewed online at <http://www.kslegislature.org/bills/2008/273.pdf>.

Art Bowden, AIC

KS Amends Prompt Pay Laws

Kansas law SB 113 amended existing prompt pay laws to state that when an insurer makes an erroneous payment, any attempt to recover that payment must be initiated within 18 months of the end of the month in which the erroneous payment was made.

SB 113 may be found online at <http://www.kslegislature.org/bills/2008/113.pdf>

Bonnie Blue, FLMI, ACS, AIRC, ACP

KS Increases Access to Private Health Coverage

Kansas law SB 81, which took effect July 1, 2008, was enacted to increase access to private insurance. The key provisions of the bill follow:

- Requires insurers offering group policies to offer the option of establishing a premium-only cafeteria plan.
- Eliminates a premium assistance program that was created in 2007 but not launched.
- Allows employers offering coverage, of which any portion of the premium is payable by the employee, to offer the option of a premium-only cafeteria plan.
- Subject to appropriations, provides dental coverage and smoking cessation programs for pregnant Medicaid beneficiaries and expands Medicaid eligibility to 200 percent of the federal poverty level for pregnant women.
- Subject to appropriations, authorizes expansion of SCHIP eligibility to children with a family income of up to 250 percent of the federal poverty level beginning in 2010, with participants required to contribute to coverage on a sliding scale according to income and to prove citizenship or legal alien status.
- Increases the maximum lifetime benefit for participants in the high-risk pool from \$1 million to \$2 million.
- Defines and creates standards for medical homes and directs the Kansas Health Policy Authority (KHPA) to incorporate the use of medical homes for enrollees in Medicaid and SCHIP.
- Establishes an outreach program within the KHPA to enroll eligible beneficiaries in Medicaid and SCHIP.
- Expands the state's continuation of coverage period from 6 to 18 months.
- Establishes a task force to study physician workforce issues and accreditation at the Wichita Center for Graduate Medical Education.
- Subject to appropriations, establishes a statewide community health record program.
- Subject to appropriations, increases access to screening programs for various cancers.

SB 113 may be found online at <http://www.kslegislature.org/bills/2008/81.pdf>

Bonnie Blue, FLMI, ACS, AIRC, ACP

KY Explains Discretionary Clauses

The Kentucky Office of Insurance has issued Advisory Opinion 2008-05 relating to Discretionary Clauses. It defines such clauses as “contract provisions that confer on the insurer discretionary authority to determine eligibility for benefits and to interpret the terms and provisions of the policy.” The definition was provided to ensure that an insurance contract is not fraudulent, unsound, or illusory.

Advisory Opinion 2008-05 may be found online at

<http://doi.ppr.ky.gov/Kentucky/Documents/Advisories/DiscretionaryClauses06052008.asp>

Bonnie Blue, FLMI, ACS, AIRC, ACP

KY Adds Laurel County as Qualified Mine Subsidence Participant

The Kentucky Department of Insurance has announced that Laurel County is now a qualified participant in the Mine Subsidence Insurance Fund. In Bulletin 2008-03, issued July 8, 2008, the department advised that insurers issuing property policies in Laurel County must amend their property contracts covering structures to include premium and coverage for losses arising out of mine subsidence. Insureds within Laurel County have the option to sign a written waiver if they don't want mine subsidence coverage.

Bulletin 2008-03 may be found online at

<http://doi.ppr.ky.gov/kentucky/Documents/Bulletins/MineSubsInsLaurelCounty.asp>

Art Bowden, AIC

MI Clarifies Rate Approval Procedures, Defines Off Road Vehicle

Michigan House Bill 5559, which took effect July 17, 2008, amends sections 500.2418 and 500.2618 of the Insurance Code to provide that the commissioner's subsequent disapproval of a previously approved filing will not affect any contract or policy made or issued before the filing becomes ineffective as indicated in the commissioner's order. It also amends section 500.3101 to define off road vehicle (ORV). An ORV does not include a vehicle described in this subdivision that is registered for use upon a public highway and has the security described in section 3101 or 3103 in effect. The new definition also specifies that the terms “motorcycle” and “motor vehicle,” as previously defined in the code, do not include ORVs.

House Bill 5559 may be found online at

<http://www.legislature.mi.gov/documents/2007-2008/publicact/htm/2008-PA-0241.htm>

Art Bowden, AIC

MI Disapproves Michigan Basic Rate Filing

In Order 08-019-R dated May 11, 2008, Michigan's commissioner of financial and insurance regulations disapproved a rate filing submitted by the Michigan Basic Property Insurance Association (Michigan Basic). Commissioner Ken Ross has determined that rates calculated using the average base rates of the top 10 insurer groups are no longer appropriate or lawful. Rather, rates should be calculated using the average premiums of the top 10 insurer groups. The order requires Michigan Basic to file insurance rates using the new calculation method as soon as practicable. Also, Michigan Basic must amend its plan of operation to specify that home insurance rates will now be calculated using the average premium method.

Order 08-019R can be viewed online at http://www.michigan.gov/documents/dleg/MBPIA_Order_05-11-08_234183_7.pdf.

Art Bowden, AIC

MN Changes Minimum Limits for Residential Contractors

Effective August 1, 2008, Minnesota House Bill 3574 requires residential building contractors, residential remodelers, manufactured home installers and residential roofers to have commercial general liability insurance with limits of at least \$100,000 per occurrence, \$300,000 aggregate limit for bodily injury, and \$25,000 for property damage, or a policy with a single limit for bodily injury and property damage of \$300,000 per occurrence and \$300,000 aggregate limits. The required per occurrence limit was previously \$300,000, including at least \$10,000 property damage coverage. The insurance may not be canceled without the insurer first giving 15 days' written notice of cancellation to the commissioner of the Minnesota Department of Labor and Industry. The legislation also authorizes the commissioner to increase the minimum amount of insurance required for any licensee or class of licensees if the commissioner considers it to be in the public interest and necessary to protect the interests of Minnesota consumers.

The liability insurance provisions are in Section 7 of the bill, which may be viewed online at <https://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H3574.3.html&session=ls85>.

Art Bowden, AIC

MN Clarifies Insurer Use of Estimating System in Collision Cases

Effective August 1, 2008, Minnesota Senate Bill 3508 adds to the list of actions prohibited in collision cases to provide that no adjuster or insurer may unilaterally and arbitrarily disregard a repair operation or cost identified by an estimating system that the insurer and collision repair facility have agreed to use in determining the cost of repair.

Senate Bill 3508 may be found online at <https://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=S3508.1.html&session=ls85>.

Art Bowden, AIC

MN Expands Health Care

Minnesota S.F. 3780 expands health care in the state through such provisions as restructuring payments for public assistance programs, expanding public programs, establishing medical homes, encouraging wellness programs, and requiring Section 125 plans for employers with more than 11 employees (an opt-out has been included). The bill sets several deadlines for the establishment of guidelines or compliance with expanding health care coverage in the state.

S.F. 3780, which took effect July 1, 2008, may be found online at <https://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=S3780.1.html&session=ls85>

Bonnie Blue, FLMI, ACS, AIRC, ACP

MN Clarifies Regulations on Long-Term Care Policies

Minnesota H.F. 3783 contains several provisions relating to long-term care insurance. Section 22 clarifies that a long-term care policy cannot be issued at the point of sale even if the insurer uses its underwriting guidelines. Section 25 describes the process for electronic enrollment for a group long-term care policy and Sections 29 through 32 concern long-term care benefit triggers, what constitutes a qualified long-term care insurance policy, reserve standards, application of the long-term care loss ratio to life policies, and similar provisions.

To find a copy of the bill online, use the link below and search for 3783 under House of Representative. <http://www.leg.state.mn.us/leg/legis.asp>

Bonnie Blue, FLMI, ACS, AIRC, ACP

MN Amends Social Security Privacy Provisions

Minnesota S.F. 3446 amends the general prohibition on assigning or using a Social Security number as a primary account identifier by providing an exception in cases where it is in conjunction with an employee or member retirement or benefit plan. It also clarifies that the prohibition on the sale of Social Security numbers does not include the transfer of disclosure of the number to a third party if it has no economic value to the seller or is incidental to a larger transaction and initially collected for the purpose of identifying the individual.

To find a copy of the bill online, use the link below and search for 3446 under Senate. <http://www.leg.state.mn.us/leg/legis.asp>

Bonnie Blue, FLMI, ACS, AIRC, ACP

MN Requires Notice of Availability for Small Group Health Policies

Minnesota S.F. 3446 requires small employer carriers to disclose the availability of flexible benefit plans to each small employer at the time of renewal and to display the information on the carrier's website.

To find a copy of the bill online, use the link below and search for 3446 under Senate. <http://www.leg.state.mn.us/leg/legis.asp>

Bonnie Blue, FLMI, ACS, AIRC, ACP

MN Creates Tax Credits for Section 125 Plans

H.F. 3149 is the 2008 omnibus tax bill, which, among other provisions, creates a tax credit for small employers to offer Section 125 plans and charges the Commissioner of Commerce with developing rules and guidelines for the program. A copy of the bill can be found at the following location:

https://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H3149.4.html&session_year=2007&session_number=0

Bonnie Blue, FLMI, ACS, AIRC, ACP

MO Governor Names Linda Bohrer Acting DOI Director

Missouri's Governor Matt Blunt announced on May 30, 2008, that Linda Bohrer will serve as acting director for the Department of Insurance, Financial Institutions and Professional Registration.

The announcement may be found online at

<http://insurance.mo.gov/cgi-bin/news/news2.cgi?newsid=EkEkEZkIFAgQESWYp>

Bonnie Blue, FLMI, ACS, AIRC, ACP

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MO Explains HIPAA Enforcement

Linda Bohrer, Missouri's acting insurance director, issued Bulletin 08-07 on June 10, 2008, addressing the enforcement of individual health plans under HIPAA. As of July 1, 2008, the enforcement of HIPAA requirements will be moved from the federal Center for Medicare and Medicaid (CMS) to the state of Missouri for individual policies issued July 1, 2008, and after. Individual policies issued or renewed before July 1, 2008, will continue to be overseen by CMS.

The bulletin includes links to additional HIPAA information and information about expedited filings for individual health plans within the first 60 days after the date of the bulletin. It notes that discussion continues between CMS and the Department of Insurance in regard to group health plans in Missouri, based on discrepancies between federal HIPAA law and Missouri's HB 818, which was enacted in 2007.

Bulletin 08-07 may be found online at <http://www.insurance.mo.gov/laws/bulletin/08-07.htm>

HB 818 may be found online at <http://www.house.mo.gov/content.aspx?info=/bills071/biltxt/truly/HB0818T.HTM>

Bonnie Blue, FLMI, ACS, AIRC, ACP

MO Bill Abrogates Workers' Compensation Decision

Missouri House Bill 1883, which took effect June 26, 2008, provides that the right to unaccrued compensation for permanent total disability of an injured employee terminates on the date of the injured employee's death and does not survive to the injured employee's dependents, estate, or other persons to whom compensation might otherwise be payable. The bill was enacted to abrogate the Missouri Supreme Court's ruling in January 2007 in the case of Schoemehl v. Treasurer of the State of Missouri, 217 S. W.3d 900 (Mo. 2007).

House Bill 1883 may be found <http://www.senate.mo.gov/08info/pdf-bill/scs-hb/HB1883.pdf>.

Art Bowden, AIC

MO Reduces Fees for MVRs

Missouri Senate Bill 711, which took effect August 28, 2008, limits the fee for batch/bulk customer requests for MVRs to one half cent per record.

The bill may be found online at <http://www.senate.mo.gov/08info/pdf-bill/tat/SB711.pdf>. The pertinent section is on page 67.

Art Bowden, AIC

NE Eliminates Paper Bulletins

In a cost-cutting move, the Nebraska Department of Insurance has announced that it will no longer mail paper copies of bulletins and notices. Rather, it will distribute these communications by posting them on the department's website at www.doi.ne.gov. The bulletin reminds all insurers and producers to regularly monitor the website.

The announcement was made in Bulletin CB-117, dated June 18, 2008. The bulletin may be found online at www.doi.ne.gov/bulletin/cb117.pdf.

Art Bowden, AIC

OH Amends Stranger Owned Life Insurance (STOLI) Regulations

Ohio HB 404, which took effect September 9, 2008, amends statutes governing viatical settlements regulating the sale of stranger-originated life insurance (STOLI) policies. The bill creates a five-year moratorium on the sale of STOLI policies and contains language which would make unenforceable any premium financing arrangements that are not disclosed to the insurer issuing the policy. The bill includes requirements for life insurers to file electronically, on or before June first of each year, a description of the measures taken by the insurance company to detect and prevent stranger-originated life insurance. Companies will also be required to include questions in their life insurance applications that are reasonably structured to identify and prevent stranger-originated life insurance. Rules will be issued to provide more guidance to carriers.

HB 404 may be found online at http://www.legislature.state.oh.us/bills.cfm?ID=127_HB_404

Bonnie Blue, FLMI, ACS, AIRC, ACP

OH Gives Retail Establishments Liability Protection

Ohio House Bill 150, effective September 12, 2008, gives retail establishments immunity from civil liability for the injury or death of a customer resulting from any act or omission in allowing a customer with a certain medical condition to use an employee toilet facility if the act or omission is not willful or grossly negligent. The medical conditions listed in the law are Crohn's disease, ulcerative colitis, any other inflammatory bowel disease, irritable bowel syndrome, use of an ostomy device, or any other medical condition that requires immediate access to a toilet facility.

The bill may be found online at http://www.legislature.state.oh.us/bills.cfm?ID=127_HB_150.

Art Bowden, AIC

OH Requires Liability Coverage For Acupuncturists

Effective August 22, 2008, Ohio Senate Bill 245 requires an acupuncturist to have at least \$500,000 worth of professional liability insurance coverage.

The bill may be found online at http://www.legislature.state.oh.us/bills.cfm?ID=127_SB_245. The pertinent provision is at the end of the bill.

Art Bowden, AIC

SD Issues Health Insurance Filing Requirements

South Dakota Insurance Director Merle Scheiber issued Bulletin 08-04 on May 29, 2008, outlining new filing standards and guidelines effective July 1, 2008. The new standards are the result of HB 1213, which was enacted during the 2008 legislative session.

The bulletin may be found online at
<http://www.state.sd.us/drr2/reg/insurance/documents/08-04pdf.pdf>

Bonnie Blue, FLMI, ACS, AIRC, ACP

SD Announces New Annuity Suitability Requirements

South Dakota Insurance Director Merle Scheiber issued Bulletin 08-05 on July 2, 2008, regarding a new law on the suitability of annuity transactions.

The bulletin may be found online at
<http://www.state.sd.us/drr2/reg/insurance/documents/08-05.pdf>

The new law, SB 37, may be found online at
<http://legis.state.sd.us/sessions/2008/Bills/SB37ENR.htm>

Bonnie Blue, FLMI, ACS, AIRC, ACP

WV Provides Guidelines for Life Insurance Illustrations

The West Virginia Offices of the Insurance Commissioner has issued a rule providing guidance regarding life insurance illustrations. The new rule follows the NAIC model and includes requirements for the submission of illustrations to the insurance commissioner, the delivery of illustrations to applicants, and record retention.

Rule 114-11C-1+, which took effect August 1, 2008, may be found online at
http://www.wvinsurance.gov/rules/pdf/p_rule_011c.pdf

Bonnie Blue, FLMI, ACS, AIRC, ACP

WV Establishes Requirements on Annuity Products

The West Virginia Offices of the Insurance Commissioner has established requirements for insurers and producers to use to determine the financial suitability of annuity products before recommending them to consumers. The rule is based on the NAIC model law and includes record retention requirements. Rule 114-11B-1+, which took effect August 1, 2008, may be found online at

http://www.wvinsurance.gov/rules/pdf/p_rule_011b.pdf

Bonnie Blue, FLMI, ACS, AIRC, ACP

WV Requires Buyer's Guide for Life Insurance

The West Virginia Offices of the Insurance Commissioner is requiring insurers to provide a buyer's guide to prospective purchasers of life insurance coverage before accepting an initial premium or premium deposit.

Rule 114-11A-1+, which contains the requirement, took effect August 1, 2008. It may be found online at http://www.wvinsurance.gov/rules/pdf/p_rule_011a.pdf

Bonnie Blue, FLMI, ACS, AIRC, ACP

WV Adopts Military Sales Practices Regulation

The West Virginia Offices of the Insurance Commissioner has adopted the NAIC model military sales practices regulation to establish standards that protect military personnel from dishonest and predatory insurance sales practices.

Rule 114-82-1+, which took effect August 1, 2008, may be found online at http://www.wvinsurance.gov/rules/pdf/p_rule_082.pdf

Bonnie Blue, FLMI, ACS, AIRC, ACP

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A map of the United States with the Gulf States region highlighted in orange. The highlighted states are Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, and Tennessee. The rest of the United States is shown in a light gray color.

Gulf States Region News

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Gulf Chapter: Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee

Puerto Rico (PR)

AL Adopts Standards to Protect Military Personnel

On July 9, 2008, the Alabama Department of Insurance released a bulletin aimed at all life insurers licensed in Alabama. The bulletin advised such insurers that they must comply with the Federal Reporting Requirements of the Military Personnel Financial Services Protection Act and be able to demonstrate compliance to the commissioner upon request. Alabama also adopted a regulation (Chapter 482-1-140) setting standards to protect active duty service members of the United States Armed Forces from dishonest and predatory insurance sales practices and declaring certain identified practices to be false, misleading, deceptive or unfair.

The regulation (Chapter 482-1-140) may be found online at <http://www.aldoi.gov/Word/Legal/Reg140.doc>.

To view the bulletin follow the link below and click on Required Reporting of Disciplinary Actions Pursuant to the Military Personnel Financial Services Protection Act.

<http://www.aldoi.gov/Legal/Bulletins.aspx>

Lindsay Cleveland

AL Announces Effective Dates for Increase in Auto Minimum Limits

A bulletin issued on June 6, 2008 by the Alabama Department of Insurance announced the change in minimum limits for automobile liability insurance pursuant to Alabama Act No. 2008-393. The new minimum limits for automobile liability insurance are \$25,000 per person, \$50,000 per accident for bodily injury or death, and \$25,000 for property damage. The effective dates for the new limits are August 30, 2008 for policies of new business and November 28, 2008 for all renewal policies. This is expected to provide adequate time for insurers and consumers to make the necessary adjustments to be in compliance with the Alabama Act No. 2008-393.

To view the bulletin, use the link below and click on Increase in Minimum Limits, Effective Dates.

<http://www.aldoi.gov/Legal/Bulletins.aspx>

Lindsay Cleveland

FL Hurricane Catastrophe Fund Finalizes Reimbursement Contract

The Florida Hurricane Catastrophe Fund (FHCF) Reimbursement Contract for 2008-2009 has been finalized, with the exception of a fourth addendum that needs to be added to give effect to the extension of the \$10 million FHCF optional coverage provided by the Florida Legislature during the 2008 session.

The 2008-2009 FHCF Reimbursement Contract may be found online at <http://fhcf.paragonbenfield.com/current/08contract.html>

Rich J. Fidei

FL Adopts Requirements for Evidence of Workers' Compensation

The Florida Department of Business and Professional Regulation, Board of Employee Leasing Companies Division has adopted Rule [61G7-10.0014](#): Requirements for Evidence of Workers' Compensation Coverage. The rule addresses specific parameters associated with the requirement that employee leasing companies (ELCs) maintain workers compensation coverage. The rule provides that all applicants for ELC licensure and licensees seeking renewal of their Florida licenses file evidence of workers' compensation coverage for all leased employees with the Board of Employee Leasing. In addition, evidence must be submitted to the board that the employee leasing company's obligations concerning payment of workers' compensation insurance premiums for leased employees have been fulfilled.

The rule may be found online at <https://www.flrules.org/gateway/readFile.asp?sid=0&tid=5842327&type=1&File=61G7-10.0014.doc>

Rich J. Fidei

FL Workers Compensation Manual Revised

The Florida Workers Compensation Joint Underwriters Association (FWCJUA) Operations Manual has been revised. Individual updates include:

[Circular 08-06](#) Market Assistance Program

[Circular 08-07](#) Acknowledgement of FWCJUA Premium Payment Options

[Circular 08-08](#) Form Revisions to the Truckers Supplemental Application, Contractor's Supplemental Application, and the Employer's Affidavit

[Circular 08-09](#) Operations Manual Rule Revision – Agency and/or Designated Producer Request for Reinstatement

[Circular 08-10](#) Employer Quarterly Self-Audit Program

To find the circulars online, click on the name of each one above.

Rich J. Fidei

FL Division of Workers Compensation Adopts 32 New Rules

The Florida Division of Workers' Compensation has adopted 32 new rules. They relate to the following Chapters of Florida Administrative Code and all became effective June 26, 2008.

Chapter 69L-29 Health Care Provider Certification

- 69L-29.001 Definitions
- 69L-29.002 Requirements for Certification
- 69L-29.003 Certification Time Frames
- 69L-29.004 Occasional Health Care Providers
- 69L-29.005 Decertification of a Health Care Provider
- 69L-29.006 Decertification Process
- 69L-29.007 Recertification Process
- 69L-29.008 Determining Certification Status
- 69L-29.009 Carrier Responsibilities
- 69L-29.010 Health Care Provider Responsibilities
- 69L-29.011 Workers' Compensation Certification Training Courses

Chapter 69L-30 Expert Medical Advisors

- 69L-30.002 Definitions
- 69L-30.003 Qualifications for Expert Medical Advisor Certification
- 69L-30.004 Application for Expert Medical Advisor Certification
- 69L-30.005 Selection of Expert Medical Advisors
- 69L-30.006 Temporary Expert Medical Advisors
- 69L-30.007 Expert Medical Advisor Responsibilities
- 69L-30.008 Billing and Reimbursement for Expert Medical Advisor
- 69L-30.010 Expert Medical Advisor Decertification

Chapter 69L-31 Utilization and Reimbursement Dispute Rule

- 69L-31.003 Petition Form
- 69L-31.004 Carrier Response Form
- 69L-31.005 Petition Requirements
- 69L-31.006 Consolidation of Petitions
- 69L-31.007 Service of Petition on Carrier and Affected Parties
- 69L-31.008 Computation of Time
- 69L-31.009 Carrier Response Requirements
- 69L-31.010 Effect of Non-Response by Carrier
- 69L-31.011 Complete Record
- 69L-31.012 Joint Stipulation of the Parties
- 69L-31.013 Petition Withdrawal
- 69L-31.014 Overutilization Issues Raised in Reimbursement Dispute Resolution
- 69L-31.015 Managed Care Arrangements

The rules may be found online using the link below. Click on page 2 to access 69L-31.011 and 69L-31.012.

https://www.flrules.org/notice/QuickResult.asp?P0=Stat_FAC_Div&P1=370&P2=90

Rich J. Fidei

FL Sets Standards for Military Sales Practices

The Florida Department of Financial Services, Division of Insurance Agents and Agency Services, has adopted the final version of Rule 69B-240.001: Military Sales Practices, which sets forth standards to protect active duty service members of the United States Armed Forces from certain insurance sales practices. The rule applies only to the solicitation or sale of any life insurance or annuity product by an insurance producer. Exemptions include credit insurance, certain types of group life insurance or group annuities, individual stand-alone health policies, including disability income policies, contracts offered by Servicemembers' Group Life Insurance or Veterans' Group Life Insurance, or life insurance contracts offered through or by a non-profit military association, that are not underwritten by an insurer.

The rule may be found online at

<https://www.flrules.org/gateway/ruleNo.asp?id=69B-240.001>

Rich J. Fidei

FL Adopts Retrofit Construction Manual

The Florida Building Commission has adopted the final version of Rule **9B-3.0475**: Mitigation Retrofits Required, which adopts the 2007 Manual of Hurricane Mitigation Retrofits for Existing Site-Built Single Family Residential Structures, Version 2. The manual provides requirements for construction in addition to those contained in the Florida Building Code.

The rule may be found online at

<https://www.flrules.org/gateway/ruleNo.asp?id=9B-3.0475>

Rich J. Fidei

FL Announces More Changes to Citizens Depopulation

The Florida Office of Insurance Regulation (OIR) announced a series of new requirements for companies participating in the depopulation of Citizens Property Insurance Company. In addition to procedures already in place, the OIR specified that a "takeout" company must meet the following new requirements to participate in the depopulation process:

- Send out a direct solicitation to the agent of record, and copy the agency principal, utilizing e-mail and at least one other method of contact, such as phone, fax, or regular mail.
- Provide a list of the policies specific to each agent that it wishes to remove.
- Provide a copy or website link to the proposed appointment contract and the policy form.
- Provide a chart identifying differences in coverage from that provided by Citizens.
- Provide all agents with a minimum of 14 days to review the solicitation and a contact number for qualified staff to answer agent questions.
- Provide an overview of its strategy for handling claims.

Citizens Agent Technical Bulletin #007-08, issued April 2, 2008, contains more information on the takeout plan.

To find the bulletin online, use the link below, select the year 2008, and click on ATB#007-08.

https://www.citizensfla.com/agent/ac_techbulletins.cfm

Rich J. Fidei

FL Citizens to Apply 105-Day Rule to Non-Renewals

Florida's Citizens Property Insurance Corporation has advised that it will no longer apply to depopulations the standard in Senate Bill 2860 that at least 180 days prior notice is required to non-renew a policyholder who has been insured with the same insurer for five years or more. SB 2860 was enacted during the 2008 Regular Legislative Session.

In essence, this 180-day non-renewal rule meant that takeout companies could not assume any policies (regardless of how long they were in Citizens) that were due to expire within that 180-day period, thereby severely restricting the number of policies subject to assumption. In the future, starting with the August 2008 takeouts, Citizens will not apply this 180-day notice of non-renewal provision in setting the blackout period for policies that may not be assumed. Rather, it will apply the 105-day notice of non-renewal rule that generally applies under Florida law, with certain exceptions, in setting the blackout period for assumptions.

To find more information about the change, use the link below and do a search at the bottom for 105-day rule.

<http://www.cftnews.com/index.php?cmd=article@id=2373>

Rich J. Fidei

FL Makes Changes in Citizens Property Insurance Corporation

Florida Senate Bill 2860, which signed into law on May 28, 2008, makes several changes in the Citizens Property Insurance Corporation, including the following:

Rate freeze — Requires Citizens to make actuarially-sound rate filings beginning July 15, 2009 for all personal and commercial lines of business, which shall take effect no later than January 1, 2010. This extension prohibits implementation of the screened enclosure exclusion and appropriately-priced optional buyback program until the freeze is lifted.

Homestead vs. non-homestead — Eliminates the distinction between homestead and non-homestead properties for assessment purposes.

Streamlined assessments — Eliminates multi-layered assessments on policyholders and instead requires surcharges of up to 15 percent of the policy premium for 12 months on all policies, whether collected upon issuance or renewal; an assessment against insurers of up to 6 percent of the policy premium or 6 percent of the remaining deficit, which may be recouped from policyholders if the first assessment is not enough; and funding of any remaining deficit through multi-year emergency assessments of up to 10 percent of policy premiums or 10 percent of the remaining deficit, whichever is greater.

Eligibility of higher-valued homes — Increases the maximum allowable replacement cost of a residence in the High Risk Account from \$1 million to \$2 million to be eligible for coverage with Citizens.

Code-plus — Eliminates the code-plus building standard provision in current law affecting properties constructed on or after January 1, 2009 located within 2,500 feet of the coastal construction control line.

Also, Citizens will be replacing its outdated wind-only policy form with industry-standard ISO forms.

Senate Bill 2860, as enrolled, may be found online at

<http://www.flsenate.gov/data/session/2008/Senate/bills/billtext/pdf/s2860er.pdf>

Rich J. Fidei

FL Citizens Adds Rules to Disputed Claims Appraisal Policy Form

Citizens Property Insurance Corporation has made changes to its Disputed Claims Appraisal policy form for the disputed claims appraisal process following a loss. The changes include:

- Requiring the parties (the insured claimant and Citizens) to agree to a memorandum of appraisal listing the specific items to be appraised.
- Requiring each appraiser, and the appraisal award, to separately set the amount of the damage for each item listed in the memorandum of appraisal.
- Requiring that the amount of the loss as determined in the appraisal process be adjusted for prior payments, policy deductibles and all policy conditions.
- Limiting the time period in which the insured and Citizens may demand Appraisal.
- The option to require examination under oath and recorded statements for all property claims.

For more information on the changes in the form, use the link below and click on item 07F.

https://www.citizensfla.com/about/mDetails_boardmtgs.cfm?event=227&when=Past

Rich J. Fidei

FL Releases 2008 Filing, Compliance Symposium Materials

The Florida Office of Insurance Regulation held its annual Florida Filing and Compliance Symposium in Orlando, Florida, on May 22 and 23, 2008. Sessions reviewed recent Florida legislation and provided information on how insurers may expedite rate filings.

Presentations from these sessions may be found online at

<http://www.cftnews.com/index.php?cmd=article&id=2332>

Rich J. Fidei

FL Makes Changes in Credit Life and Credit Disability Insurance

Florida House Bill 343, which was signed into law May 28, 2008, made several changes in credit life and credit disability insurance. A summary provided by the Florida Office of Insurance Regulation included the following provisions:

Section 4

Section 627.553, F.S., Debtor Groups, is amended to remove the \$50,000 limit and the exception for loans not exceeding one year in duration.

Section 5

Section 627.679, F.S., is amended to remove the \$50,000 limit for credit life and allows for a limit not to exceed the amount of the indebtedness.

Section 6

Section 627.681, F.S., is amended to remove the 10-year limit for credit disability and allows for a term not to exceed the term of indebtedness.

HB 343 may be found online at

<http://www.myfloridahouse.gov/Sections/Bills/billsdetail.aspx?BillId=37649&SessionId=57>

Rich J. Fidei

FL Sets Requirements for Health Insurance and HMOs

Florida Senate Bill 2534, which was signed into law May 21, 2008, made several changes in requirements for health insurance and health maintenance organizations. A summary provided by the Florida Office of Insurance Regulation included the following provisions:

Section 8 – Scope, format of policy.

Section 627.602(1)(c), F.S., was amended to require all health contracts offering coverage for dependent children of a policyholder to comply with the provisions of Section 627.6562, F.S.

Section 9 – Dependent Coverage.

Effective upon becoming a law and applicable to policies issued or renewed on or after October 1, 2008, Section 627.6562, F.S., was amended to require an insurer that offers coverage under a group, blanket or franchise health insurance policy that insures dependent children, to offer the policyholder the option to insure a child to the end of the year in which the child reaches the age of 30 if the child meets certain criteria.

Senate Bill 2534, as enrolled, may be found online at

<http://www.flsenate.gov/data/session/2008/Senate/bills/billtext/pdf/s2534er.pdf>

Rich J. Fidei

FL Requires Annual Notices to Long-Term Care Policyholders

Florida Senate Bill 2012, which was signed into law June 23, 2008, requires insurers offering long-term care insurance to notify policyholders, at least annually, of the right to designate a secondary addressee. The notice must also inform the policyholder to update any change made to the address of the secondary addressee. The notice of possible lapse in coverage due to nonpayment of premium shall be given by United States Postal Service proof of mailing or certified or registered mail to the policyholder and the secondary designee at the address shown in the policy or the last known address provided to the insurer. If a policy is canceled due to nonpayment of premium, the policyholder is entitled to have the policy reinstated if specific conditions are met. These changes were made in Section 627.94073, F.S., effective January 1, 2009, and applicable to policies issued or renewed on or after that date.

Senate Bill 2012, as enrolled, may be found online at

<http://www.flsenate.gov/data/session/2008/Senate/bills/billtext/pdf/s2012er.pdf>

Rich J. Fidei

FL Sets Rules for Group Health ID Cards

Florida House Bill 535, which was signed into law June 10, 2008, amended Section 627.657, F.S. to specify that identification cards of group health insurance policies and Outline of Coverage documents must include certain minimum information. It also amended Section 627.4236, F.S. to revise the meaning of “bone marrow transplant” to include non-ablative therapy with curative or life-prolonging intent.

House Bill 535 may be found online at

<http://www.myfloridahouse.gov/Sections/Bills/billsdetail.aspx?BillId=37949&SessionId=57>

Rich J. Fidei

GA Develops Online Insurance Fraud Reporting System

Georgia has developed an online fraud reporting system using the NAIC model. A directive issued by the Georgia Insurance and Safety Fire Commissioner's Office on June 27, 2008 announced that all licensed insurance carriers are required to report all incidences of insurance fraud and suspected incidents of insurance fraud through the Online Fraud Reporting System beginning August 1, 2008. This will provide a central location for all fraud-related material and will be accessible to state insurance departments and authorized users. All licensed carriers will be required to have user and password verification to enter the portal, which is coordinated through the NAIC.

The directive, which includes a link to the Online Fraud Reporting System, may be found online at <http://www.gainsurance.org/ExternalResources/Announcements/Directive-792008-1023.pdf>

Lindsay Cleveland

MS Sets Standard for Trauma Care Charges

In Bulletin 2008-5 issued on June 19, 2008 the Mississippi Insurance Department advised health insurers and third-party administrators of a provision of House Bill 1405 that affects them. The provision says:

“Any hospital that reasonably activates a trauma care team in response to a request for trauma care services may charge the patient for the reasonable cost of activating those services and shall be reimbursed for those services by the health care insurer by assignment from the patient or from the patient. That cost shall be reimbursed regardless of whether services were actually rendered to the patient, and those trauma care services shall be deemed as a matter of law to have been medical services provided to the patient.”

The bulletin may be found online at <http://www.doi.state.ms.us/bulletins/20085bul.pdf>

Lindsay Cleveland

NC Outlines Procedures for Catastrophic Event Adjusters

North Carolina Insurance Bulletin Number 08-B-03 issued May 1, 2008, outlines the procedures each company would need to follow if a catastrophic event were to occur in North Carolina. Companies must provide each catastrophic event adjuster with an identification badge so the adjuster will be granted access to a declared disaster area. The Department of Insurance will permit individuals who satisfy all of these requirements to adjust claims in North Carolina for a specified period of time without obtaining a state adjuster's license.

To find the bulletin online, use the link below, select the year 2008 and click on Bulletin 08-b-03. http://www.ncdoi.com/LS/ls_bulletins.asp

Lindsay Cleveland

SC Explains Workers' Compensation Loss Cost Procedures

In Bulletin 2008-10, issued May 29, 2008, the South Carolina Department of Insurance specified the procedures for insurer members of the National Council on Compensation Insurance to adopt approved loss costs and outlines the procedures for the filing of the insurer's loss cost multiplier.

To find the bulletin online, click on the link below and scroll down to Bulletin 2008-10.

<http://www.doi.sc.gov/bulletinsandorders/2008bulletins.htm>

Lindsay Cleveland



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Mid-Atlantic Region News

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Mid-Atlantic Chapter: District of Columbia, Delaware, Maryland, New Jersey, New York City,
Pennsylvania, Virginia

DC Requires Coverage of Approved Clinical Trials

The District of Columbia's Clinical Trials Insurance Coverage Act, which took effect June 11, 2008, prohibits health benefit plans from denying coverage of routine patient care health costs to qualified individuals in connection with an approved clinical trial.

To find the text of the act online, use the link below and search for Division V, Title 31, Subtitle IV, Chapter 29B.
<http://government.westlaw.com/linkedslice/default.asp?SP=DCC-1000>,

Betty Dabrowski

DE Requires One Check for Multiple Applications

The Delaware Department of Insurance has advised that, effective August 1, 2008, if a company submits multiple hard copy applications at the same time, the company must submit one check for all of the applications. The Delaware Insurance Department will no longer accept multiple checks.

The notice was contained in Agent Bulletin No. 16 and Domestic/Foreign Insurers Bulletin No. 30, both of which were issued July 1, 2008. The bulletins may be found online at
<http://www.delawareinsurance.gov/departments/documents/bulletins/bulletins.shtml>

Betty Dabrowski

DE Sets Requirements for Scalp Hair Prosthesis Coverage

The Delaware Legislature has amended Title 18 §3356 and §3371B of the Insurance Code to set requirements for individual, group and blanket health insurance policies concerning coverage for scalp hair prosthesis.

To find these amended sections of the Insurance Code, use the links below.
<http://delcode.delaware.gov/title18/c033/index.shtml#TopOfPage>
<http://delcode.delaware.gov/title18/c035/sc04/index.shtml#TopOfPage>

Betty Dabrowski

DE Launches Online Premium Tax Filing System

The Delaware Insurance Department is partnering with the NAIC in launching OPTins, a new online premium tax filing system. OPTins is a web-based application that offers insurance companies the ability to submit their premium tax forms electronically. OPTins was expected to be available for use in time for companies to submit their third-quarter premium tax installments, due September 15, 2008. Interested insurers may contact the NAIC directly at http://www.optinshelp@naic.org or by calling 816-783-8990.

Domestic/Foreign Insurers Bulletin No. 32, which announced the implementation of the program, may be found online at <http://www.delawareinsurance.gov/departments/documents/bulletins/Bulletin32-OPTins.pdf>

Anne Aponte

MD Excludes Medical Stop-Loss Insurance from Code

The Maryland Legislature has amended Section 3-302 of the Insurance Code by adding “medical stop-loss insurance” to the list of items to which the subtitle does not apply, effective June 1, 2008.

Also effective June 1, 2008, Section 15-129 has been amended to revise the definition of “aggregate attachment point,” add a definition of “carrier” and “medical stop-loss insurer” and replace the definition of “stop-loss insurance” with a definition of “medical stop-loss insurance.”

To find the amended sections, use the link below, click on Maryland Code, then Insurance, then the specific references under Title 3 and Title 15.

<http://www.michie.com/maryland/lpext.dll?f=templates&fn=main-h.htm&2.0>

Betty Dabrowski

MD Amends Regulations on Conversion of Group Health Insurance

Maryland Life and Health Bulletin 08-10, issued May 2, 2008 notifies insurers and nonprofit health service plans of amendments to COMAR 31.11.01, Conversion of Group Health Insurance. The amendments apply to contracts issued or renewed on or after April 7, 2008. They include an increase in minimum benefits and clarification of the time period to apply for conversion coverage. Carriers may need to file amendments to contracts in order to comply with the amendments.

The bulletin may be found online at

<http://www.mdinsurance.state.md.us/sa/documents/BulletinL&H08-10-Conversions05-08.pdf>

Betty Dabrowski

MD Explains Choices for Continuation Coverage

Maryland Life and Health Bulletin 08-13 issued May 30, 2008, explains continuation coverage under the federal COBRA and the Maryland continuation laws and says an individual who leaves an employer group need not choose between the provisions in the federal or state laws for continuation coverage but may choose both. The bulletin replaces Bulletin 02-20.

Bulletin 08-13 may be found online at

<http://www.mdinsurance.state.md.us/sa/documents/BulletinL&H08-13ContinuationCoverage.pdf>

Betty Dabrowski

MD Sets Rules for Domestic Partner Coverage

A new chapter on Domestic Partner Coverage has been added to the Code of Maryland effective July 8, 2008. The chapter, COMAR 31.10.35, defines terms and lists information that an insurance carrier may require as proof of a domestic partner relationship.

To find the new chapter, use the link below and search for domestic partner coverage.

http://www.dsd.state.md.us/comar/search_all.htm

Betty Dabrowski

MD Provides Form for Exempt Commercial Policyholders

Maryland Insurance Administration Property and Casualty Bulletin 08-12 provides a revised form for certification of eligibility as an exempt commercial policyholder. In October 2006, the Maryland General Assembly amended the law to make it easier for businesses to qualify as exempt commercial policyholders. Form CECP (rev. 05/2008), which is attached to the bulletin, must be filed to qualify.

To find Bulletin 08-12, use the link below. Click on Insurer Services, then Bulletins, then Property and Casualty, then Exempt Commercial Policyholders.

<http://www.mdinsurance.state.md.us/sa/jsp/Mia.jsp>

Anne Aponte

aicp

Mission Statement

The Association of Insurance Compliance Professionals serves the insurance compliance community by promoting relationships, exchanging information, and providing learning opportunities within a dynamic regulatory environment.

MD Seeks Information on Homeowners, Auto Premiums

Maryland Insurance Administration Property and Casualty Bulletin 08-14 requests that each property and casualty insurer provide information related to homeowners insurance and private passenger auto insurance premiums. This will enable the department to publish rate comparison guides for consumers. Annual premiums in effect as of August 1, 2008 must be submitted on the Excel spreadsheet formats shown in the attachments to the bulletin and must be transmitted by e-mail.

The bulletin may be found online at

<http://www.mdinsurance.state.md.us/sa/documents/BulletinP&C08-14-rateguidesall.pdf>

Anne Aponte

NJ Requires 2001 CSO Mortality Table

In Bulletin No. 08-02, the New Jersey Department of Banking and Insurance has advised life insurance companies that they will be required to use the 2001 CSO Mortality Table for policies issued on or after January 1, 2009. The bulletin also provides guidance on the submission of individual life forms to comply with this requirement.

The bulletin may be found online at

http://www.state.nj.us/dobi/bulletins/blt08_02.pdf

Betty Dabrowski

NJ Regulates Sales to Military Personnel

New Jersey's Adopted rule, Military Sales Practice: N.J.A.C. 11:2-23A became effective March 17, 2008. The Military Sale Practice rule, which took effect March 17, 2008, applies to specified solicitations and sales of life insurance or annuity products. It sets out exemptions and defines terms and enumerates practices deemed to be false, misleading, deceptive or unfair.

To find the new rule, N.J.A.C. 11:2-23A, use the link below, click on New Jersey Administrative Code, go to Title 11, then Chapter 2, then Subchapter 23A.

<http://www.michie.com/newjersey/lpext.dll?f=templates&fn=main-h.htm&cp=>

Betty Dabrowski

NJ Sets Rules for Filing Annual Statements

New Jersey Insurance Bulletin No.: 08-06, issued March 24, 2008, provides instructions to foreign and alien insurers for filing annual statements electronically with the NAIC. The bulletin advises that foreign insurers with more than 90 percent of its direct written premiums should continue to follow the instructions for domestic insurers.

The bulletin may be found online at

http://www.state.nj.us/dobi/bulletins/blt08_06.pdf

Betty Dabrowski

NJ Requires Coverage for Orthotic and Prosthetic Appliances

New Jersey Insurance Bulletin No. 08-10 advises that recently enacted legislation, effective April 11, 2008, requires coverage for orthotic and prosthetic appliances that are medically necessary. It also provides definitions of these appliances.

The bulletin may be found online at
http://www.state.nj.us/dobi/bulletins/blt08_10.pdf

Betty Dabrowski

NJ Bars Unfair Discrimination Based on Foreign Travel Plans

The New Jersey Legislature has prohibited unfair discrimination in life and health insurance based upon an insured's intent to engage in lawful foreign travel. The provision was included in amendments to N.J.S. 17B: 30-12, effective March 26, 2008.

To find the text of the section, use the link below. Scroll down to Laws & Constitution and click on Statutes. Then search for 17B: 30-12. The amendment is in subsection g.
<http://www.njleg.state.nj.us/legislativepub/help.asp>

Betty Dabrowski

NY Bars Waiving of Interest Due on Motor Vehicle Claims

The New York Insurance Department has advised all authorized insurers writing motor vehicle coverage that they are barred from suggesting or requiring as a condition of settlement that interest due be waived. This will ensure prompt payment of claims and resolution of disputes. In Circular Letter No. 14, dated June 10, 2008, the department said it intends to enforce compliance through market conduct examinations as warranted.

The circular letter may be found online at
http://www.ins.state.ny.us/circltr/2008/cl08_14.htm

Anne Aponte

PA Updates Market Conduct Examination Charges

The Pennsylvania Department of Insurance has issued updated schedules of per diem charges for market conduct examinations and financial examinations as of June 21, 2008.

Notice Bulletin 2008-06, which contains the schedule for market conduct examination charges, may be found online at
<http://www.pabulletin.com/secure/data/vol38/38-25/1176.html>

Notice Bulletin 2008-07, which contains the schedule for financial examination charges, may be found online at
<http://www.pabulletin.com/secure/data/vol38/38-25/1175.html>

Anne Aponte

VA Sets Requirements for Clean Claims Payments

The Virginia Legislature has added a section on payment of clean claims to administrators of pharmacy benefits to the Virginia Statutes. Section 38.2-3407.9:03 defines “clean claim,” “carrier,” and “provider contract.” It also sets out requirements for electronic payment of clean claims. The section is applicable to specified contracts on or after January 1, 2009.

Section 38.2-3407.9:03 may be found online at
<http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+38.2-3407.9C03>

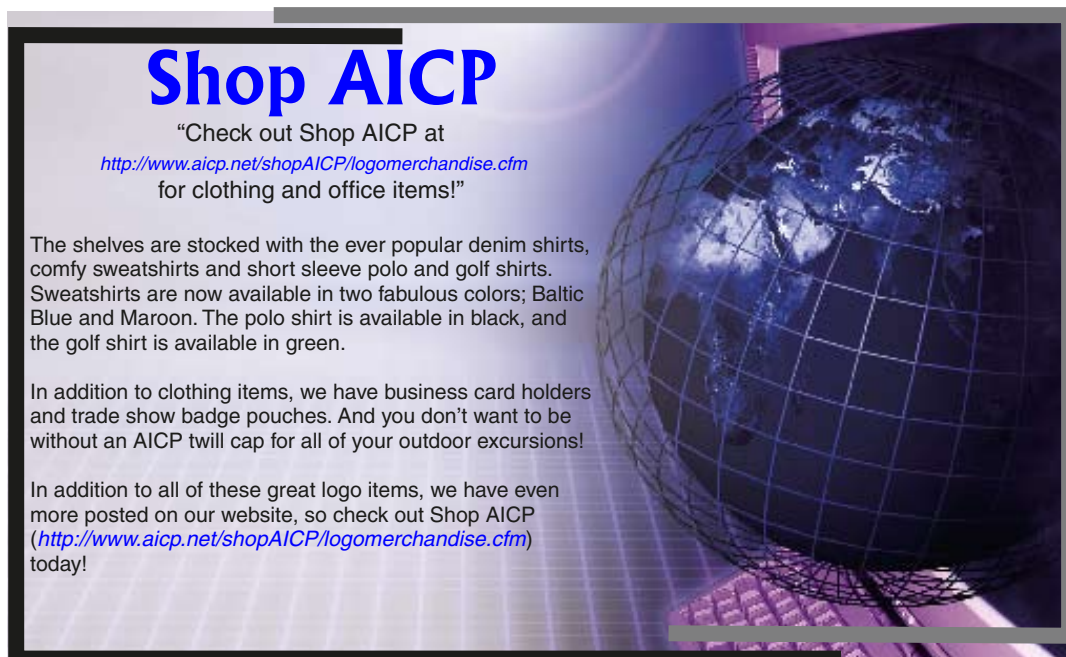
Betty Dabrowski

VA Sets Requirements for Full-time Student Coverage

The Virginia Legislature has changed provisions regarding group accident and sickness insurance for spouses, dependent children, and other persons. An amendment to VA ST § 38.2-3525, effective July 1, 2008, changes provisions regarding dependent child and status as a full time student. The amendment sets out the requirements for continuation of coverage upon change in status as a full-time student.

Section 38.2-3525 may be found online at
<http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+38.2-3525>

Betty Dabrowski



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VA Sets Rules on EMS Claims and Reimbursements

Virginia Administrative letter 2008-09, issued June 16, 2008, provides all HMOs with guidance for claims and reimbursements for emergency medical treatment under the Federal Emergency Medical Treatment and Active Labor Act.

The letter may be found online at

<http://www.scc.virginia.gov/division/boi/webpages/adminlets/08-09.pdf>

Betty Dabrowski

VA Exempts Insurers for Planned Murders

The Virginia Legislature has provided that no insurance company will be subject to liability on a policy that insures the life of the decedent if it was the slayer's plan to murder the decedent, the policy was procured and maintained by the slayer, and the decedent's death resulted from the slayer's act committed within two years from the date the policy was issued.

These provisions were included in amendments to Sections 55-401 through 55-406, 55-411 and 55-414 of the Code of Virginia that took effect April 11, 2008.

The amendments may be found online at

<http://leg1.state.va.us/000/lst/LS039588.HTM>

Betty Dabrowski

VA Summarizes Insurance Legislation

The Virginia Bureau of Insurance has summarized several insurance-related laws that took effect July 1, 2008, in Administrative Letter 2008-08, dated June 9, 2008.

The administrative letter may be found online at: <http://www.scc.virginia.gov/division/boi/webpages/adminlets/08-08.pdf>

Anne Aponte



Northeast Region News

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CT Describes Standards for Investigations

Bulletin HC-69, issued June 16, 2008, outlines the department's position on timely claim settlement practices. A list of disputes that warrant investigation is included in the bulletin. Claim settlement delays resulting from investigations other than those listed will not be considered as legitimate unless the prior approval of the Commissioner is sought and obtained. The steps necessary to obtain prior approval are included in the bulletin. Questions may be directed to the Department's Consumers Affairs Division at (860) 297-3900.

The bulletin may be viewed online at
<http://www.ct.gov/cid/lib/cid/BullHC69.pdf>

Peggy Schwartz, FLMI, CCP, AIRC

CT Outlines External Appeals Process

In Bulletin HC-68, issued June 4, 2008, the Connecticut Department of Insurance outlines the external appeals process and the notification requirements that must be included in a health claim denial if it is based on a utilization review. Four specific provisions that must be included in the denial are listed in the bulletin. Questions regarding the bulletin may be directed to the Department's Consumer Affairs Division at ctinsdept.consumeraffairs@ct.gov

The bulletin may be viewed online at
<http://www.ct.gov/cid/lib/cid/BullHC68.pdf>

Peggy Schwartz, FLMI, CCP, AIRC

MA Dictates Mandatory SERFF and EFT use

Bulletin 2008-08 issued May 20, 2008 outlines the department's efforts to streamline the filing and review process, which include updating the list of products exempt from filing; mandatory use of SERFF for submitted filings; the use of electronic funds transfer for filings and clarification of general filing procedures. The SERFF mandate will go into effect as of January 1, 2009 and the tentative date for EFT is August, 2008. Checks will continue to be accepted through the lockbox system until the January 1, 2009 date. Contact information may be obtained from the bulletin.

The bulletin can be viewed at:

http://www.mass.gov/Eoca/docs/doi/Bulletins/bulletins_08_08.pdf

Peggy Schwartz, FLMI, CCP, AIRC

MA Rejects FAIR Plan Rate Increases for homeowners

A Massachusetts Division of Insurance news release dated May 8, 2008 announced that Commissioner Nonnie S. Burnes denied the FAIR Plan's request for a 25 percent increase in coastal homeowner's rates. The decision prevents increases in homeowner's insurance premiums for FAIR Plan policy holders across the state. The FAIR Plan currently provides homeowners insurance on more than 40 percent of the residences in the voluntary market.

The news release can be seen by going to the following link and selecting "News & Updates" <http://www.mass.gov/>

Gregory A. Popolizio, AIS

MA Sets Rules for Automobile Rate Filings

In a Massachusetts Division of Insurance Bulletin dated July 15, 2008, the Director of the State Rating Bureau, Kevin F. Beagan, reminds insurers of the filing requirements of 211 CMR 79.00 and the proper guidelines for the submission of Private Passenger Automobile rate filings.

Although companies may submit filing material via SERFF, the Division expects paper submission in triplicate with one copy unstapled or unbound, and one copy of the filing submitted simultaneously to the Office of the Attorney General.

Questions can be directed to Kevin Beagan at (617) 521-7323 or Edward Charbonnier at (617) 521-7481.

The bulletin can be found at the following link by selecting Industry Services, Division of Insurance Regulatory Information and DOI Regulatory Bulletins. <http://www.mass.gov/>

Gregory A. Popolizio, AIS

MA Delays SERFF EFT Implementation

The Massachusetts Division of Insurance has postponed the implementation of SERFF EFT. The revised tentative date for SERFF EFT capability is January 1, 2009. Until formal conversion, filers should continue using the lockbox procedures.

Gregory A. Popolizio, AIS

MA Appoints Policy Form Review Director

On July 15th, Kevin Beagan, Director of the State Rating Bureau, announced the appointment of Edward Charbonnier as Director of Policy Form Review. He replaces Lorraine Young, who left the department in October, 2007. Mr. Charbonnier is responsible for coordinating the review of life, annuity and individual accident and sickness products. Contact information for Edward Charbonnier is (617) 521-7481 or Edward.charbonnier@state.ma.us. The department invites you to contact him with any filing question you may have in the future.

Peggy Schwartz, FLMI, CCP, AIRC

ME Bars Health Facilities from Charging for Corrections

On April 14, 2008, Maine adopted §1721 of Chapter 605 prohibiting a health care facility from knowingly charging a patient or insurer for health care services it provided as a result of or to correct a mistake or preventable adverse event. The facility is also required to inform patients of the prohibition on payment for these as well.

The full text of the rule can be viewed at <http://www.mainelegislature.org/legis/bills/chapters/PUBLIC605.asp>

Cailie A. Currin, JD

ME Requires Coverage for Colorectal Screenings

Maine adopted rule LD 2109 requiring insurance coverage for colorectal cancer screenings. The change applies to health insurance policies, contracts and certificates executed, delivered, issued for delivery, and continued or renewed on or after January 1, 2009.

The full text of this rule can be viewed at <http://janus.state.me.us/legis/LawMakerWeb/summary.asp?ID=280027656>

Cailie A. Currin, JD

ME Requires Coverage for Infant Formula

Maine adopted a change in LD 658 requiring insurance coverage for medically necessary infant formula. The law applies to health insurance policies, contracts and certificates executed, delivered, issued for delivery, and continued or renewed on or after January 1, 2009.

The full text of this rule can be viewed at <http://www.mainelegislature.org/legis/bills/billtexts/LD065801.asp>

Cailie A. Currin, JD

ME Adopts Amendments to Rule on Health Plan Accountability

Maine adopted amendments to the law on managed care plan carriers. Significant changes can be found in Section 7 regarding Access to Services.

The full text of these amendments can be viewed at http://www.maine.gov/pfr/insurance/laws_rules.htm

Cailie A. Currin, JD

ME Adopts Amendments to Disclosure Rules

Maine adopted amendments to the law on disclosure of data in the possession of the Maine Health Data Organization or its designee. Further changes to the rules on uniform reporting systems for filing data were made.

The full text of these amendments can be viewed at http://www.maine.gov/pfr/insurance/laws_rules.htm

Cailie A. Currin, JD

NH Changes Producer and Adjuster Licensing Rules

New Hampshire Insurance Department notice dated July 11, 2008 describes recent changes to producer and adjuster licensing requirements in NHRSA 402-B (Adjuster Licensing) and NHRSA 402-J (Producer Licensing).

Adjuster licensee requirements regarding affidavits have been amended and the definition of adjuster included. An approved pre-licensing course as a requirement for licensing has been removed for producer licensing.

A copy of the notice can be found at the following web address:

<http://www.nh.gov/insurance/media/bulletins/2008/index.htm>

Gregory A. Popolizio, AIS

NH Issues Bulletins on Civil Union Laws and Annuity Contracts

On May 1, 2008, New Hampshire issued Bulletin 2008-030-AB to all life insurance companies licensed to do business in New Hampshire stating that all insurers must make appropriate filings to amend policies and other forms to provide the same benefits to those joined in civil union as are provided to those joined in marriage. While civil union partners are afforded the same rights as married couples under state law, civil union partners would not be permitted the same federal tax benefits afforded to the surviving spouse of an owner of an annuity, including benefits under I.R.C. §72(s).

On May 28, 2008, NH issued Bulletin, Docket No. INS. 08-033-AB, to clarify the requirements for filing policy forms and endorsements under RSA 415:1 as it applies to the requirements amending policies to benefit customers joined in civil union.

These bulletins can be viewed at:

<http://www.nh.gov/insurance/media/bulletins/2008/index.htm>

Cailie A. Currin, JD

NH Adopts Amendments to the Discount Medical Plan Act

The New Hampshire Department of Insurance adopted new chapter 415-I under the Discount Medical Plan Act to establish standards for discount medical plans, to protect consumers from unfair or deceptive marketing, sales, or enrollment practices and to facilitate consumer understanding of the role and function of discount medical plan organizations in providing access to medical or ancillary services. The bill establishes registration and operational requirements for discount medical plan organizations and also repeals the law relative to prescription discount cards. This new chapter is effective January 1, 2009.

Chapter 415-I can be viewed at:

<http://www.gencourt.state.nh.us/legislation/2008/HB0858.html>

Cailie A. Currin, JD

NH Clarifies Standard for Review of Limited Benefit Policies

New Hampshire Insurance Bulletin 2008-024-AB dated May 6, 2008, clarifies the standards that apply to the review of limited benefit policies.

This bulletin can be viewed at:

<http://www.nh.gov/insurance/media/bulletins/2008/index.htm>

Cailie A. Currin, JD

NH Clarifies Rules for Emergency Service Charges

Bulletin 2008-029-AB with an issue date of May 1, 2008, clarifies when a member or policyholder may be charged a co-payment, a deductible, or co-insurance for services billed as emergency services. Members and policyholders are being assessed for services provided at facilities that are not licensed hospital emergency facilities.

This bulletin can be viewed at:

<http://www.nh.gov/insurance/media/bulletins/2008/index.htm>

Cailie A. Currin, JD

NH Issues Notices Regarding Changes to Licensing Fees

The New Hampshire Department has issued Notices effective July 11, 2008. These notices highlight changes affecting producers and adjusters. They also eliminate certain requirements and amend the definition of Adjuster. Licensing Fees remain mostly unchanged, except there is now one non-refundable application fee for initial licensing.

A copy of the notices can be viewed at: <http://www.nh.gov/insurance/media/bulletins/2008/index.htm>

Cailie A. Currin, JD

NH Amends Health Plan for Small Employers

Effective July 18, 2008, the State adopted amendments to RSA 420-G by inserting a new section, 4-b. This section promotes the availability of more affordable health coverage in the small employer market. New Hampshire hopes to enhance competition among health carriers in this market by facilitating comparison of standard plans.

The full text of this final amendment can be viewed at <http://www.gencourt.state.nh.us/legislation/2008/SB0540.html>

Cailie A. Currin, JD

NH Expands Definition of Health Carrier

Effective September 5, 2008, the New Hampshire DOI adopted amendments to RSA 167:4-b to expand the definition of "health carrier" and set out guidelines on the state's rights of recovery and assignment.

The full text of this final amendment can be viewed at

<http://www.gencourt.state.nh.us/legislation/2008/SB0319.html>

Cailie A. Currin, JD

NH Sets Rules for Access to Medical Equipment

Effective August 31, 2008, The New Hampshire DOI adopted amendments to RSA 420-J:7,II(c) providing specific guidelines on geographic accessibility for durable medical equipment.

The full text of this final amendment can be viewed at <http://www.gencourt.state.nh.us/legislation/2008/SB0301.html>

Cailie A. Currin, JD

NY Issues Reminder on Claims Settlement Rules

In New York Insurance Department Circular Letter No. 14 (2008) dated June 10, 2008, the Insurance Department reminds insurers of their obligations with respect to settling claims that are subject to Regulation 68-C. The Department also reminds insurers that the obligations set forth in the regulation apply whether a claim is in litigation or arbitration. The requirements cannot be circumvented by having outside counsel or other representatives of insurers suggest or require, as a condition of settlement of a contested claim, waiver or any interest that is due. Questions or comments can be directed to:

Debra Parris, Senior Insurance Examiner
New York State Insurance Department
25 Beaver Street
New York, NY 10004
212-480-5665 or e-mail at dparris@ins.state.ny.us

A copy of the bulletin can be found at the following link: http://www.ins.state.ny.us/circltr/2008/cl08_14.htm

Gregory A. Popolizio, AIS

NY Health Bureau Updates General Instructions for SERFF Filings

General Instructions and Guidelines for Accident and Health Filings in New York via SERFF have been updated. The April 25, 2008 update eliminates the need to complete a New York-specific standard transmittal and clarifies that rate filings for use only outside New York should be submitted under the filing type Filed for Reference.

This updated Guideline can be found at <http://www.ins.state.ny.us/ihealth.htm>

Cailie A. Currin, JD

NY Sets Health Market Stabilization Mechanisms

The June 26, 2008 final adoption of an amendment to Regulation 146 establishes and governs the operation of Market Stabilization Mechanisms for Individual and Small Group Health Insurance and Medicare Supplement Insurance.

This regulation can be found at
http://www.ins.state.ny.us/r_finala/rfinal08.htm#bm

Cailie A. Currin, JD

NY Life Bureau Updates General Instructions for SERFF Filings

New York's Life Bureau updated the General Instructions for filings made through SERFF on June 10, 2008. The instructions reflect the implementation of a number of SERFF's "best practices." Most notably are the adoption of the Uniform Product Coding Matrix (UPC) and removal of the cover letter requirement. There are also detailed requirements for completing the Form Schedule and new procedures are provided to make fund changes.

The updated guidelines can be found at
<http://www.ins.state.ny.us/serflife.htm>

Cailie A. Currin, JD

NY Updates Disability Income Group Checklist and Outlines Index

The New York Disability Income Group Checklist and Outlines Index was updated on July 3, 2008.

The updated checklist and index can be found at
<http://www.ins.state.ny.us/a&hpock.htm>

Cailie A. Currin, JD

NY Amends Law Regarding Grace Period Notice Rules

The New York State Assembly amended the insurance law to make the grace period and premium due notice requirements for flexible premium life insurance products (variable and universal life) consistent with such provisions that are currently required pursuant to Regulation 77. This amendment is effective October 5, 2008.

The full statute can be found at
<http://www.assembly.state.ny.us/leg/?bn=A11195>

Cailie A. Currin, JD

NY Amends Law on Annual Statements

The New York insurance law on Annual Statement disclosure to the Insurance Department of highly compensated employees and directors compensation packages, including elements that should be included when determining total compensation has been amended effective July 7, 2008.

The full statute can be found at
<http://www.assembly.state.ny.us/leg/?bn=A11194>

Cailie A. Currin, JD

NY Amends Nonforfeiture Law

New York recently adopted amendments to the nonforfeiture law to specifically address equity indexed annuities. These amendments are effective October 5, 2008.

The full amendment can be found at
<http://assembly.state.ny.us/leg/?bn=A08343>

Cailie A. Currin, JD

NY Amends Law on Key Person Coverage

The New York legislature passed amendments to the insurance law regarding key person coverage. As of this writing the bill has been sent to the Governor, but has not been signed.

The proposed amendment can be found at
<http://assembly.state.ny.us/leg/?bn=S05138>

Cailie A. Currin, JD

NY Raises Coverage Amounts for Minors

New York amended the insurance law raising the amount of life insurance from \$25,000 to \$50,000 that can be purchased for a minor if there is little insurance covering the purchaser.

The amendment can be found at
<http://assembly.state.ny.us/leg/?bn=A9181>

Cailie A. Currin, JD

RI Sets Rules on Material Change Notices

The Rhode Island Department of Business Regulation has permanently adopted amendments to Insurance Regulation 97, Notice of Material Changes Upon Renewal of Personal Motor Vehicle, Homeowner, and Residential Fire Insurance. The amendments had been adopted on an emergency basis on April 30th, 2008. The regulation is effective August 6, 2008. The 2008 changes, including those made in the emergency amendment, are only effective as to policies issued or renewed after July 1, 2008.

The link to the final regulation is:

http://www.dbr.state.ri.us/documents/rules/adopted_repealed_amended/InsuranceRegulation97.pdf

Gary Pedigo, CPCU, CCP

RI Requires Credit for Fire Equipment

Rhode Island Law S-2403, which takes effect January 1, 2009, requires insurers to provide a credit for installations of fire suppression and prevention equipment in rating commercial insurance policies.

R.I. Gen. Laws section 27-6-8.2 is amended by adding a provision that requires every schedule of rates, rating plan, or rating system for commercial property insurance filed with the commissioner to provide for a reduction of or credit in premium for insureds that install and maintain fire prevention and suppression equipment and/or other equipment that has been demonstrated to minimize or lessen an insured loss from fire. This includes, but is not limited to, sprinkler system, alarms, and other equipment required or recommended by the state of Rhode Island for fire prevention safety.

Insurers will also need to provide for a reduction of or credit in premium for the use of building materials and/or building techniques that have been demonstrated to minimize or lessen an insured loss from fire. Any reduction of or credit in premium required by this section must be actuarially supported and information sufficient to document such support must be included in the filing to the department.

The text of the Bill can be found at:

<http://www.rilin.state.ri.us//BillText08/SenateText08/S2403.pdf>

The Final Status of the Bill can be found by typing in 2403 at the

Legislative search screen at:

<http://dirac.rilin.state.ri.us/BillStatus/WebClass1.ASP?WCI=Index&WCE=callBillStatus&WCU&>

Gary Pedigo, CPCU, CCP

RI DOI Moves to New Address

Bulletin 2008-6 issued June 13th announced the Insurance Division's move to a new location.

All notification requirements (i.e. Bulletin 2004-10 and Ins. Regulation 73) that refer to the address and/or telephone number of the Division must be updated to the new address and contact information.

The bulletin can be viewed at: <http://www.dbr.ri.gov/documents/news/insurance/InsuranceBulletin2008-6.pdf>

Peggy Schwartz, FLMI, CCP, AIRC

VT Adopts Regulations Regarding Military Sales Practices

Effective April 11, 2008, Vermont adopted a regulation to protect service members of the United States Armed Forces from dishonest and predatory insurance sales practices of life insurance or annuity products by declaring certain identified practices to be false, misleading, deceptive or unfair.

The full text of this regulation can be viewed at http://www.bishca.state.vt.us/InsurDiv/regsbulls/insregs/Reg_I_2007_04.pdf

Cailie A. Currin, JD

VT Adopts Regulations Regarding Mammograms

The Vermont Department of Insurance adopted revisions to VT ST T. 8 § 4100a to provide that insurers must cover the full cost of the mammography service subject to a co-payment not to exceed \$25.00. Mammograms cannot be subject to deductible or coinsurance requirements and must be provided for females 40 years or older. Effective October 1, 2008, this regulation applies to all health benefit plans.

This Rule can be viewed at <http://www.leg.state.vt.us/docs/legdoc.cfm?URL=/docs/2008/acts/ACT160.HTM>

Cailie A. Currin, JD

VT Revises Rules for Managed Care Organizations

Vermont has significantly revised regulations concerning managed care organizations, the blueprint for health and immunizations of children prior to attending school and child care facilities, and the immunization registry.

The full text of these changes can be viewed at <http://www.leg.state.vt.us/docs/legdoc.cfm?URL=/docs/2008/acts/ACT204.HTM>

Cailie A. Currin, JD

VT Adopts Regulations for Services Provided by Athletic Trainers

Effective July 1, 2008, The Vermont Department of Insurance adopted a new regulation setting coverage standards for services provided by athletic trainers who are acting within their scope of practice. Health insurers are not permitted to deny reimbursement for those covered services if the insurer would reimburse another health care provider for those services.

The full text of this regulation can be viewed at <http://www.leg.state.vt.us/docs/legdoc.cfm?URL=/docs/2008/acts/ACT141.HTM>

Cailie A. Currin, JD

VT Passes New Act on Health Care Reform

On June 10, 2008, a new Health Care Reform law was passed building upon the reforms enacted in the Health Care Affordability for Vermonters Act of 2006. The next steps to achieving the public policy goals are set forth including expanding affordable coverage, reducing the rate of the increase of medical costs, reforming the financing of health care, and supporting health information technology.

The full text of this new act can be viewed at:
<http://www.leg.state.vt.us/docs/legdoc.cfm?URL=/docs/2008/acts/ACT203.HTM>

Cailie A. Currin, JD



Northwest Region News

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Northwest Chapter: Alaska, Idaho, Montana, Oregon, Washington, Wyoming

AK Lists Eligible Surplus Lines Insurers

The Alaska Division of Insurance issued Bulletin B 08-05 on July 16, 2008. This Bulletin supersedes Bulletin B 08-02. Periodically the Alaska Division of Insurance reviews the financial statements of various foreign and alien insurers and determines whether these insurers meet the requirements necessary to be an eligible surplus lines insurer in the state. Those insurers who meet the eligibility requirements are published in the Bulletin.

For more information, please view the Bulletin at: <http://www.dced.state.ak.us/insurance/bulletins/B08-05.pdf>

Doug Geraci, CPCU, ACP

AK Permits Online Premium Tax Payments

The Alaska Division of Insurance issued Order R 08-08 on July 23, 2008. Insurers required to file premium tax reports and pay premium taxes under AS 21.09.210 and AS 21.66.110 may submit their premium tax forms and payments to Alaska by using the NAIC online Premium Tax for Insurance (OPTins), available on the NAIC website at <http://www.naic.org>.

The Order may be viewed at:
<http://www.dced.state.ak.us/insurance/orders/R08-08.pdf>

Doug Geraci, CPCU, ACP

AK Reviews Code Changes

The Alaska Division of Insurance issued Bulletin B 08-04 on July 28, 2008. This Bulletin provides an overview of some of the important changes in the insurance regulations that took effect on July 25, 2008. Topics covered in the Bulletin include:

- Producer licensee continuing education requirements
- Surplus lines licensee and insurer notification requirements and monthly reporting requirements
- Annuity contract disclosure requirements
- Annuity contract suitability requirements
- Life insurance policy and annuity contract replacement requirements

To view the bulletin go to:
<http://www.dced.state.ak.us/insurance/bulletins/B08-04.pdf>

Doug Geraci, CPCU, ACP

ID Cites Rules for Public Adjusters

On July 1, 2008, Senate Bill No. 1397, the Public Adjuster Licensing Act, took effect. This law adds a new chapter to the Idaho insurance code that creates a new licensing category, Public Adjuster. The Public Adjuster Licensing Act is found at Chapter 58, Title 41, Idaho Code.

The new law spells out the requirements and exceptions to licensing Public Adjusters as well as the requirements for a Public Adjuster to contract with an insured and collect a fee for their services.

For more information regarding this new law, please click the following link: <http://doi.idaho.gov/pubs/JulyPublicAdjuster.pdf>

Doug Geraci, CPCU, ACP

ID Waives Mortality Experience Reporting Rules

On June 23, 2008 the Idaho Department of Insurance issued Bulletin No. 08-06. The purpose of the Bulletin is to notify insurers of the Director's decision to waive the mortality experience reporting requirements for the year 2007 for all insurers using the 2001 CSO Preferred Class Structure Table.

For more information regarding this Bulletin, please click the following link: http://www.doi.idaho.gov/laws/08_06.pdf

Doug Geraci, CPCU, ACP

ID Sets Interest Rates for Life Insurers

On July 1, 2008 the Idaho Department of Insurance issued Bulletin No. 08-07 to all life insurance companies. Effective July 1, 2008, insurers must pay a minimum of 7.625% on deferred payment of cash surrender values. This interest rate is computed in accordance with Idaho Code and is effective from July 1, 2008 through June 30, 2009. A new rate is announced by July 1st of each succeeding year.

For more information regarding this Bulletin, please click the following link: http://www.doi.idaho.gov/laws/08_07.pdf

Doug Geraci, CPCU, ACP

ID Changes UM/UIM Rules

On July 24, 2008 the Idaho Department of Insurance issued Bulletin No. 08-08 to all insurance companies offering motor vehicle liability insurance policies in Idaho. The 2008 Legislature enacted House Bill 429 which makes important changes to Idaho law relating to the offer of underinsured and uninsured motorist coverage.

The purpose of the bulletin is to inform insurance companies of the new requirements and to set forth wording that has been approved by the Director as meeting the new law's requirement for a standard statement that must be provided to insureds explaining uninsured and underinsured motorist coverage. The Bulletin includes a sample disclosure statement and rejection form.

To view the bulletin go to:
http://www.doi.idaho.gov/laws/08_08.pdf

Doug Geraci, CPCU, ACP

OR Cites Rules on Small Employer Groups

The Oregon Insurance Division issued Bulletin INS 2008-4 on July 15, 2008. The purpose of the Bulletin is to remind carriers that they must apply Oregon laws as amended in the 2007 regular session of the Legislative Assembly to Associations holding group health benefit plans that include small employer groups. Included in the Bulletin is information regarding the use of health statements or other methods to reveal health status, the use of claims experience and premium rating of Associations.

To view the bulletin go to:

<http://www.cbs.state.or.us/external/ins/bulletins/bulletin2008-04.html>

Doug Geraci, CPCU, ACP

WA Summarizes 2008 Laws

The Washington State Office of the Insurance Commissioner published a website which lists the major successes for the Department during the 2008 Washington legislative session.

Click the following link to access the web page: <http://www.insurance.wa.gov/legislative/index.shtml>

Doug Geraci, CPCU, ACP

WA Plans Guaranteed Health Benefits

Washington State Insurance Commissioner, Mike Kreidler, wants to overhaul the health care system in Washington state. His plan would guarantee health benefits for all Washington residents. The Department made a website available outlining his plans.

To access this web site, click the following link: <http://www.insurance.wa.gov/consumers/reform/index.shtml>

Doug Geraci, CPCU, ACP

WA Describes Commissioner's Hearings

Washington State Insurance Commissioner, Mike Kreidler, adopted Insurance Commissioner Matter No. R 2008-10 on July 2, 2008 effective August 2, 2008. These new rules amend Chapter 284-02 WAC to more completely state the types of hearing conducted by the Commissioner. A new section was added to explain how the Office of the Insurance Commissioner will accept materials required to be sent or delivered.

For more information, please visit the OIC New Rules web page:

http://www.insurance.wa.gov/oicfiles/rules/new/R_2008-10.pdf

Doug Geraci, CPCU, ACP

WA Sets Producer Licensing Roles

Washington State Insurance Commissioner, Mike Kreidler, adopted Insurance Commissioner Matter No. R 2008-04 on July 2, 2008 effective August 2, 2008. These new rules increase Washington compliance with the standards for licensing and regulating insurance producers, including surplus lines brokers, aligning the state's requirements for holding a surplus line broker's license with national standards. The new rules clarify the requirements for resident and nonresident surplus line brokers.

For more information, please visit the OIC New Rules web page: http://www.insurance.wa.gov/oicfiles/rules/new/R_2008-04.pdf

Doug Geraci, CPCU, ACP

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South Central Region News

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South Central Chapter: Arkansas, Louisiana, Oklahoma, Texas

AR Publishes Criminal Investigation Newsletter

Arkansas has published their most recent edition (June 2008) of the Arkansas Insurance Department, "Criminal Investigation Newsletter". This regularly published journal deals specifically with fighting fraud in Arkansas.

The document can be located for reading at the following location:

<http://www.insurance.arkansas.gov/Administration/newsletters/Volume16.pdf>

Donna Benard

LA Encourages Competition in Taxi Liability Insurance Market

Bulletin 08-01 encourages commercial auto carriers writing taxi business in Louisiana to provide insurance services with competitive rates. The Bulletin lifts the minimum benchmark rates previously required by the Department. Premium adjustments for "down time" incurred by the taxi are allowed and must be properly documented as required by LSA-RS 32:861, et seq.

See link below for copy of Bulletin 08-01 in its entirety.

http://www.lidi.state.la.us/docs/commissionersoffice/legal/Bulletins/Bul08-01_Cur_PublicCarrierVehicle.pdf

Lori Chambers, AIRC

LA Cites Rules for IRES Designations

Louisiana has posted the IRES MCM designation brochure, which announces all locations (including Baton Rouge, July 14 – 16, 2008) where the designation may be obtained. The brochure includes the offer to obtain the MCM designation following the AICP Annual Conference in Atlanta. The information to register for the MCM designation program was also included in the mailing packet sent by AICP for Conference Registration.

The brochure is available at:

http://www.lidi.state.la.us/Documents/FinancialSolvency/Market_Conduct/Examination_Reports/IRESMCMProgram.pdf

This information is also available as a link at the AICP Conference Program page:

<http://www.aicp.net/annualconference/2008conference/program/program.cfm>

or at the following direct link to IRES:

http://www.go-ires.org/events/MCM_oct2008_atlantaGA.pdf

Donna Benard

TX Updates Financial Responsibility Manual

The Texas Insurance Department issued Bulletin B-0048-08 advising insurers that the Texas Financial Responsibility Verification Program (FRVP) Reporting Guide and User Manual has been updated and is applicable to all companies issuing motor vehicle liability insurance in the state. A copy of the updated manual can be obtained from the TDI's website: www.tdi.state.tx.us/auto/frvp_company.html Or, a copy can be requested via email at: TexasFRVP@tdi.state.tx.us

See link below for a copy of the referenced Bulletin.
<http://www.tdi.state.tx.us/bulletins/index.html>

Lori Chambers, AIRC

TX Issues Bulletins Regarding Hurricane Dolly

Bulletins were issued declaring the following counties a disaster due to the devastation resulting from Hurricane Dolly: Aransas, Bexar, Brooks, Calhoun, Cameron, Hidalgo, Jim Wells, Kenedy, Kleberg, Nueces, Refugio, San Patricio, Starr, Willacy, and Victoria. These Bulletins specifically address the handling of various insurance issues which become apparent when such disasters occur. Below is a list of additional Bulletins, including a reference description.

B-0037-08	Suspension of Premium Payments for Victims or Evacuees
B-0040-08	Waiver of Penalties and Restrictions, the Extension of Filing Claims
B-0041-08	Cancellation or Non-Renewal Due to Participation in Relief Efforts
B-0042-08	Prescription Medicine
B-0043-08	Rating or Underwriting
B-0044-08	Credit Scoring and Credit Information
B-0045-08	Workers' Comp Issues Concerning Hurricane Victims or Evacuees
B-0047-08	Application of Bulletins to Starr County, Texas

A copy of these Bulletins may be obtained at:
<http://www.tdi.state.tx.us/bulletins/index.html>

Lori Chambers, AIRC



Southwest Region News

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Western Regional Chapter: Arizona, California, Colorado, Hawaii, Nevada, New Mexico, Utah

AZ Summarizes 2008 Laws

Bulletin 2008-4 was issued by the Arizona Department of Insurance summarizing newly enacted legislation affecting the Department, insurers and licensees. This bulletin is an overview and does not include an exhaustive list of all changes.

The bulletin is located at:

<http://www.id.state.az.us/bulletin/2008-04.pdf>

Lois Pimentel

AZ Lists Premium Discounts

The Arizona Department of Insurance released a new survey for insureds to compare rates and to determine if they are getting all the premium discounts they qualify for, including discounts for those who carpool or take a bus to work on a regular basis.

The bulletin may be viewed at:

http://www.id.state.az.us/publications/wwwEdition_1-08_PAPremSurvey.pdf

Lois Pimentel

AZ Accepts Online Tax Payments

The Arizona Department of Insurance is now accepting tax payments using the NAIC system called 'OPTins' (Online Premium Tax for Insurance). The system is simple to use and does not require any formal training to navigate. The user must register an account with NAIC and implement Electronic Funds Transfer (EFT). This process can take up to two weeks.

The bulletin is located at:

http://www.id.state.az.us/publications/optins_announcement.html

Lois Pimentel

CA Commissioner Announces First Green Homeowners Policy

California Insurance Commissioner Steve Poizner has announced that Fireman's Fund is the first company to offer a green homeowners policy in the state. The Commissioner is encouraging other companies to look into environmentally-friendly options for consumers. The Fireman's Fund policy will become available August 1, 2008 and will allow consumers to rebuild at environmental standards after a loss.

The bulletin is located at:

<http://www.insurance.ca.gov/0400-news/0100-press-releases/0070-2008/release080-08.cfm>

Lois Pimentel

CO Consumer Protection Bills Clear Legislative Hurdles

Six bills proposed by the Colorado State Legislature that protect consumers have either been signed or are ready to be signed by Governor Bill Ritter, Jr. The bills have been given high priority because of their consumer protection qualities. Changes will affect a wide range of issues, including education and environmental issues.

The bulletin can be viewed at:

<http://www.dora.state.co.us/insurance/pr/2008Mediareleases/newsLegislativeWrap050708.pdf>

Lois Pimentel

HI Insurer Transfers Hurricane Coverage

As the result of a partnership between Agro Group US and First Insurance Company of Hawaii, Hurricane Insurance is now available to First Insurance Company homeowners and dwelling fire policyholders. Beginning July 1, 2008 and continuing for the year following, policies will be transferred from First Insurance to Agro. Agro will reissue the same basic terms and rates as First Insurance. First Insurance will still handle the main homeowners policies.

The bulletin is located at:

http://hawaii.gov/dcca/areas/ins/main/press_releases/

Lois Pimentel

NV Issues EFT Requirements

The Nevada Department of Insurance has issued a requirement effective July 1, 2008, stating that if any payment to the Department exceeds \$10,000, it must be made through the Electronic Funds Transfer system.

The bulletin may be viewed at:

<http://doi.state.nv.us/eft.pdf>

Lois Pimentel

UT Department of Insurance Changes Office Hours

Effective August 4, 2008, the Utah Department of Insurance is open Mondays through Thursdays from 7 a.m. to 6 p.m.

The bulletin may be viewed at:

<http://www.insurance.utah.gov/4-10%20POSTER.pdf>



United States

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Editor Position Available

Law Sets Standards for Mortgage Insurance

The American Housing Rescue and Foreclosure Prevention Act of 2008 (P.L. 110-289) includes provisions touching upon several areas of commerce including reverse mortgages, financial counseling and annuity purchases.

According to the summary provided by the Congressional Research Service, the Act included provisions related to:

- Requiring the Securities and Exchange Commission (SEC) to study and report to Congress on:
 1. fair value accounting standards applicable to financial institutions with respect to residential mortgages at risk of foreclosure and mortgage-backed securities involving such mortgages;
 2. the effects of such accounting standards upon such institutions' balance sheets and capacity to provide refinancing to residential mortgagors at risk of foreclosure, including residential mortgagors during periods of market value declines and increased foreclosures; and
 3. the advisability and feasibility of modifications of such standards during periods of market fluctuation in order to maintain the institution's ability to continue to carry mortgages on residential property at risk of foreclosure and assure the availability of credit to refinance such mortgages.
- Extending the maximum term of FHA-backed mortgages from 30 to 40 years.
- Extending availability of mortgage insurance to manufactured homes.
- Revising requirements for insurance of home equity conversion mortgages (reverse mortgages) for elderly homeowners, and
- Prohibiting an applicant mortgagor from satisfying the third party adequate counseling requirement by receiving such counseling from a reverse mortgage lender, servicer or investor, or an entity engaged in the sale of annuities, investments, long-term care insurance, or any other type of financial or insurance product, and
- Instructing the HUD Secretary to prescribe regulations protecting elderly homeowners from the marketing of financial and insurance products not in their interest, including the marketing or sale of an annuity as a condition of obtaining any home equity conversion mortgage.

The Congressional Research Service Summary is available at <http://thomas.loc.gov/cgi-bin/bdquery/z?d110:HR03221:@@D&summ2=m&>. Public Law 110-289 is available at <http://www.thomas.gov/bss/d110/d110laws.html>.

- excerpted from the CRS Summary

GAO Reports on Availability of Terrorism Insurance

The Government Accountability Office (GAO) has reported on the availability of terrorism insurance in report GAO-08-919R (July 11, 2008).

The terrorist attacks of September 11, 2001, on the World Trade Center in New York City and the Pentagon in Arlington, Virginia, are estimated to have resulted in insured losses amounting to \$32.5 billion. Subsequent to the attacks, insurers largely stopped offering terrorism insurance coverage to commercial property owners, which raised significant concerns about potential negative economic consequences. To help restore confidence and stability in property insurance markets, Congress enacted and the President signed the Terrorism Risk Insurance Act of 2002 (TRIA). Under TRIA, the federal government assumed significant responsibility for the potential insured financial losses associated with future terrorist attacks. While TRIA, which was reauthorized in 2005 and again in 2007, has been credited with stabilizing markets for commercial property insurance, some building owners, Members of Congress, and other industry participants remain concerned that there may still be gaps in coverage. In particular, they have expressed concerns about the ability of policyholders located in large urban areas that are viewed as being at high risk of attack to obtain terrorism insurance coverage. Under the 2007 statute that reauthorized TRIA coverage, GAO was required to conduct a study to determine if specific markets in the United States have any unique constraints on the amount of terrorism insurance available and to evaluate options to enhance coverage. This law required GAO to submit a report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives no later than June 23, 2008. The report documents GAO's compliance with this reporting requirement.

While commercial property terrorism insurance coverage appears to be available nationwide at rates policyholders view as reasonable, certain policyholders may face challenges in obtaining desired amounts of coverage or obtaining coverage at prices they view as reasonable. The policyholders experiencing these challenges were typically those that own large, high-value properties in areas where many large buildings are clustered, particularly in urban areas viewed as at high risk of attack, such as Manhattan, and to a lesser extent certain areas of other major cities, such as Chicago and San Francisco, according to policyholders and brokers.

While TRIA limits insurers' financial exposure related to future terrorist attacks, several insurers said they remained concerned about the exposure they retain, and their efforts to minimize potential losses appear to be the primary reason some policyholders face challenges in obtaining coverage. Insurance industry participants and analysts had no consensus on whether TRIA should be modified or additional actions taken to increase the availability of terrorism insurance coverage. Industry analysts and participants identified the advantages and disadvantages of various policy proposals that have been made to increase terrorism insurance coverage.

One proposal involves lowering insurers' TRIA deductibles in areas affected by a future large terrorist attack under the premise that further relieving insurers of the financial consequences of such attacks would make them more willing to offer terrorism insurance coverage. Some industry participants believe that another option, allowing insurers to establish tax-deductible reserves for terrorist attacks, could increase insurers' ability to provide terrorism insurance coverage. However, others said that establishing the appropriate size of such reserves would be difficult. Finally, some industry analysts and participants said that changing the federal tax code to encourage the issuance of catastrophe bonds within the United States could allow capital from the securities markets to help cover the potential costs of terrorist attacks.

The complete report is available from the Government Accountability Office website at <http://www.gao.gov/new.items/d08919r.pdf>.

IIPRC Adds Two More States

The Interstate Insurance Product Regulation Commission (IIPRC) recently welcomed Louisiana and South Carolina as its newest members. The IIPRC now represents 54 percent of nationwide insurance premium volume.

The IIPRC enables state insurance regulators to develop uniform national standards for asset protection insurance products, such as life insurance, annuities, disability income and long-term care insurance. The IIPRC establishes a central filing point for these insurance products, enhancing the speed and efficiency of regulatory decisions and allowing companies to compete more effectively in the modern financial marketplace, while continuing to provide protection for consumers.

Forty-four uniform standards have been adopted by the IIPRC since its inception two years ago. The IIPRC provides streamlined review of life, annuity, disability income and long-term care insurance products. Insurers may make one filing under one set of rules for one approval that is valid in all IIPRC member jurisdictions.

IIPRC product filings generally will be reviewed and approved for use in all compacting states within 60 days or less from the date of initial submission. Filing review operations are conducted online through the National Association of Insurance Commissioners' (NAIC) System for Electronic Rate and Form Filing (SERFF).

Currently, 33 jurisdictions have joined the Interstate Insurance Product Regulation Commission (IIPRC). Compacting members are Alaska, Colorado, Georgia, Hawaii, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, New Hampshire, North Carolina, Ohio, Oklahoma, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming.

For more information, visit www.insurancecompact.org.

SEC Proposes Rule for Indexed Annuities

The Securities and Exchange Commission (SEC) has proposed a rule to classify as securities annuity contracts under which payments to the purchaser are dependent on the performance of a securities index.

Equity-indexed annuity contracts are usually sold by producers holding life insurance and annuities licenses issued by state insurance regulators. The effect of the rule would be to place equity-indexed annuity contracts under federal regulation, restricting sale of the products to producers with securities licenses.

The proposed rule is available at <http://www.sec.gov/rules/proposed/2008/33-8933fr.pdf>. The SEC is accepting comments on the proposed rule until September 10, 2008.



Canada

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Alberta (AB), British Columbia (BC), Manitoba (MB), New Brunswick (NB), Newfoundland and Labrador (NL), Nova Scotia (NS), Northwest Territories (NT), Nunavut (NU), Ontario (ON), Prince Edward Island (PE), Québec (QC), Saskatchewan (SK), Yukon (YT)

MB Sets Hearing for Auto Rate Proposal

The Manitoba Public Utilities Board will hold a public hearing of an application for 2009/10 premiums and fees by Manitoba Public Insurance Corporation (MPI) at the Board's Hearing Room, 4th Floor, 330 Portage Avenue, Winnipeg, MB, commencing at 9:00 a.m. on September 22, 2008.

MPI's application proposes:

- Average rate levels now in effect to decrease by 1.0 percent for the insurance year beginning March 1, 2009. Individual rates are subject to experience and other Board approved adjustments.
- MPI also proposes annual experience-based rate adjustments (+15% to -15%) for individual classes, with the exception of mopeds, motor scooters, trailers (\$2,500 or less), and off-road vehicles.
- Annual experience based adjustment up to 25% for mopeds and motorcycles with body style of motor scooter.
- Combined classification offsets for all vehicles except off-road vehicles to achieve revenue neutrality.
- Capping all rate changes at 20% per year, except rate changes for mopeds and motor scooters, which are capped at 25% per year.

Interested parties may examine MPI's application and supporting materials, either at the Corporation's or the Board's office. The rate proposal is also available on MPI's website at http://www.mpi.mb.ca/english/newsroom/RateApp/2009-110/2009rateApp_eBOOK/index.htm.

-from the reminder notice (http://www.pub.gov.mb.ca/pdf/notice/mpi_notice_reminder_aug13.pdf)

NB Filing Guidelines for All Automobile Classes

The New Brunswick Insurance Board has published NBIB-2008-02, Informational Bulletin – Filing Guidelines for All Classes (August 7, 2008).

New Brunswick is a “prior approval jurisdiction” with respect to the regulation of automobile insurance rates and rating rules. The New Brunswick Insurance Board’s regulatory role is to confirm compliance with the Insurance Act provision that rates are just and reasonable. The purpose of the information bulletin is to set out the Board’s revised filing requirements for all classes of vehicles and to assist insurers in making complete filings that may be processed with a minimum of delay.

Deadlines for filings include:

- Private Passenger Regular - Every insurer shall file according to these requirements by September 15 the documentation supporting the proposed rates to be charged effective January 1 for new business and March 1 for renewal business whether or not these rates are different from the then current rates.
- Commercial and Miscellaneous and Interurban Regular - Every insurer shall file according to these requirements by February 27 the documentation supporting the proposed rates to be charged effective July 1 for new and September 1 renewal business whether or not these rates are different from the then current rates.
- Filings must be submitted in both paper (2 copies in unlabeled 3 ring binders) and electronic form.

Informational Bulletin NBIB-2008-02 is available on the Insurance Board website at <http://www.nbib-canb.org/Bulletin/2008-2InfoBulletin-e.pdf>.

NS Approves 2008 CLEAR Tables

The Nova Scotia Insurance Review Board Informational Bulletin NSIRB 08-08 (June 17, 2008) announces approval of the 2008 CLEAR tables published by the Vehicle Information Center of Canada (VICC) for use in Nova Scotia, effective June 16, 2008.

CLEAR (the Canadian Loss Experience Automobile Rating system) is used to assess how likely it is that that type of car will be involved in a claim, and what that claim is likely to cost. CLEAR is a statistical product of the Insurance Bureau of Canada, using data from IBC, le Groupement des assureurs automobiles (GAA), the Insurance Corporation of British Columbia (ICBC), the Manitoba Public Insurance Corporation (MPIC), Saskatchewan Government Insurance (SGI), and Société de l’assurance automobile du Québec (SAAQ)

Adopting the indicated changes to the 2007 CLEAR benchmark rates would result in reductions of 1.9% for collision, 3.0% for comprehensive, 2.0% for all perils and 3.0% for specified perils.

Information Bulletin 08-05 reminds insurers that, according to the process outlined in Information Bulletin NSIRB 07-08, companies using CLEAR tables are asked to file an application to use the 2008 CLEAR table within three months of the approval date of the table (i.e. by September 16, 2008).

The Information Bulletin is available on the NSIRB website at <http://www.gov.ns.ca/nsirb/> under Info Bulletins. For an explanation of CLEAR, go to the IBC website at http://www.ibc.ca/en/car_insurance/introduction/clear.asp.

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Tax-exempt organizations must make their last three annual information returns and their approved application for recognition of exemption with all supporting documents available for public inspection. Pursuant to changes enacted as part of the Taxpayer Bill of Rights 2, the organization will be required to provide copies of these documents upon request without charge (other than a reasonable fee for reproduction and copying costs). Penalties are provided for failure to comply with these requirements.

If you need the information returns for AICP (IRS Form 990), please contact our Administrative Headquarters. Documents are available only in hard copy.



The **Association of Insurance Compliance Professionals** serves over 1,400 members from approximately 500 different insurance companies. Our members are actively involved or have an interest in statutes and regulations on state filing methods and requirements. Association membership includes personnel from property and casualty insurers, life and health insurers, insurance regulation and specialty operations.

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