



Austin  
SPRING 2011

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### NAIC COMMUNICATIONS DIVISION:

Scott Holeman, Miun Gleeson,  
Vanessa Sink, Erin Johnson,  
Jeremy Wilkinson, Marianne Sicking

### DAILY NEWS PICKUP SITES:

Registration Desk, Commissioner Services  
Regulators' Lounge, Coffee Stations  
& Meeting Rooms



# DAILY NEWS

## STRANGER DANGER: MODEL BULLETIN ADDRESSES STOA

This week the NAIC will consider a model bulletin designed to limit the sale of Stranger-Originated Annuity Transactions (STOAs). The bulletin provides guidance to insurance companies and encourages additional safeguards as regulators review annuity policies to better protect consumers.

“The potential for abuse with these types of transactions is high, especially considering how they can exploit the most vulnerable in our society, including the elderly and the ill,” said Adam Hamm, North Dakota Insurance Commissioner and Chair of the NAIC Life Insurance and Annuities Committee. “The suggested actions outlined in the bulletin give insurers the tools to better detect and limit the practice, which ultimately enhances consumer protections.”

A typical annuity is a contract between an individual and their insurance company, usually for the purpose of a tax-deferred investment and may include a death benefit for the individual's

beneficiary. STOAs exploit the death benefit feature, as the purchaser/investor would not typically be a beneficiary to the deceased, but is still benefiting monetarily from the death of the annuitant.

The bulletin encourages insurers to review charge-back policies; create methods to detect the sale of STOAs; confirm the relationship between the annuitant and contract owner; ensure questionable applications are thoroughly reviewed; and advocate for disclosure of actual and potential STOAs to state insurance departments.

The model bulletin was drafted by the Life Insurance and Annuities Committee following a hearing last year, when the NAIC solicited testimony from consumers, state regulators and industry representatives. The committee adopted the bulletin Sunday and it will be considered for full adoption at the Joint Executive and Plenary Committee meeting on Tuesday.



Adam Hamm

North Dakota Insurance Commissioner

## IIPRC FILINGS REACH RECORD HIGH

The Interstate Insurance Product Regulation Commission (IIPRC) released its 2010 Annual Report during a joint meeting of the Management Committee and Commission held in Austin. It captures the significant growth and progress made last year and includes audited financial statements.

“This report highlights the positive results generated from a highly collaborative group of dedicated regulators in our compacting states working with the Legislative Committee and Consumer and Industry Advisory Committees,” said Roger A. Sevigny, IIPRC Chair and New Hampshire Insurance Commissioner. “Our 2010 accomplishments include implementing strong, consumer-oriented Uniform Standards for Individual Long-Term Care Insurance, welcoming Illinois and New Jersey as the most recent states to pass the Compact legislation and exceeding the number of companies that registered to file than in the two previous years combined. We are pleased to report on these 2010 benchmarks as we work earnestly on our 2011 initiatives, such as increased



IIPRC Officers (L-R): **Roger A. Sevigny**, Chair and New Hampshire Insurance Commissioner; **Wayne Goodwin**, Vice-Chair and North Carolina Insurance Commissioner; **John M. Huff**, Treasurer and Missouri Insurance Director.

outreach to consumers, members and industry.”

Also at the meeting, the IIPRC adopted four new uniform standards, including private placement annuity and life products. The IIPRC has now adopted 73 detailed Uniform Standards available to companies to submit a wide variety of product filings for individual life, annuity and long-term care

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**Government Relations (EX) Leadership Council**

8-9AM – Hilton Austin – Austin Grand Ballroom Salon H – 6th Fl.

**Medigap PPACA (B) WG**

8-10AM – Hilton Austin – Gov. Ballroom Salons D/E – 4th Fl.

**Speed to Market (EX) TF**

8-9AM – Hilton Austin – Austin Grand Ballroom Salon F – 6th Fl.

**Financial Analysis (E) WG (Regulator Only)**

8-10AM – Hilton Austin – Austin Grand Ballroom Salon G – 6th Fl.

**Antifraud (D) TF (Regulator Only)**

8-9AM – Hilton Austin – Room 406 – 4th Fl.

**Market Regulation and Consumer Affairs (D) Committee**

9-10:30AM – Austin Conv. Center – Ballroom E/F – Level 4

**Chief Financial Regulators Forum (Regulator Only)**

10-11AM – Hilton Austin – Room 616 A/B – 6th Fl.

**Catastrophe Insurance (C) WG Public Hearing on Catastrophe Modeling**

10AM-12PM – Hilton Austin – Gov Ballroom Salons D/E – 4th Fl.

**Chief Market Regulators Forum (Regulator Only)**

11AM-12PM – Hilton Austin – Austin Grand Ballroom Salon G – 6th Fl.

**Solvency Modernization Initiative (EX) TF**

12-1:30PM – Hilton Austin – Austin Grand Ballroom Salon H – 6th Fl.

**Earthquake (C) Study Group**

12:30-1:30PM – Hilton Austin – Austin Grand Ballroom Salon G – 6th Fl.

**Financial Condition (E) Committee**

1:30-2:30PM – Hilton Austin – Austin Grand Ballroom Salon H – 6th Fl.

**Market Actions (D) WG (Regulator Only)**

2-4PM – Hilton Austin – Austin Grand Ballroom Salon G – 6th Fl.

**Financial Examiners Coordination (E) WG (Regulator Only)**

2:30-4PM – Hilton Austin – Room 616 A/B – 6th Fl.

**Health Insurance and Managed Care (B) Committee**

2:30-4PM – Hilton Austin – Gov. Ballroom Salons D/E – 4th Fl.

**Property and Casualty Insurance (C) Committee**

4-5:30PM – Hilton Austin – Austin Grand Ballroom Salon H – 6th Fl.

# ARIZONA REGULATOR SELECTED FOR INTERNATIONAL SUPERVISORY FORUM

The NAIC announced Steve Ferguson, Arizona Assistant Director of the Financial Affairs Division, has been selected as the U.S. representative to the International Supervisory Forum. Newly established by the Executive Committee of the International Association of Insurance Supervisors (IAIS), the forum will bring together front-line regulators to address the supervision of insurance companies belonging to internationally active groups.

“Based off our U.S. multi-jurisdictional approach, this forum establishes a platform for lead supervisors of the largest internationally active groups to discuss emerging issues and practices,” said Christina Urias, Arizona Insurance Director and Chair of the NAIC Solvency Modernization Initiative Task Force. “With 18 years at the Arizona Department, Steve brings extensive experience and expertise to this important role.”

Last year, the NAIC Solvency Modernization Initiative Task Force proposed the establishment of a Supervisory Forum, which was subsequently supported by the IAIS Executive Committee. The proposal was informed in

large part by the goal to significantly enhance the effectiveness of supervision by engaging financial analysis experts from various jurisdictions on a variety of emerging risk issues and the supervisory responses and techniques that can be used in practice to identify and respond to those issues. The forum’s overall objective is to strengthen the effectiveness of supervision and foster convergence of supervisory practices by informing and providing input to the IAIS activities.

Established in 1994, the IAIS is comprised of insurance supervisors from 190 jurisdictions and is responsible for developing international standards and guidelines on insurance supervision. IAIS members also are engaged in training programs designed to assist in the implementation of IAIS standards throughout the world.



**Christina Urias**  
Arizona Insurance Director

# NIPR: 2010 HIGHLIGHTS PRODUCER LICENSING ADVANCEMENTS

The NIPR released its 2010 Annual Report highlighting the significant advancements made in producer licensing.

In 2010, NIPR implemented 124 initiatives expanding initial producer licenses and renewals for residents and non-residents, including major and limited lines. The organization also enhanced products offered through their Authorized Business Partners to include online resident licensing applications and renewals as well as address change requests. Thirteen states were added for resident licensing and eight states were added for resident licensing renewals, for a total of 34 and 27 states respectively.

“We marked significant achievements this year, including exceeding last year’s record number of state project implementations



**Maryellen Waggoner**  
NIPR Executive Director

and reaching a milestone with the 100th million transaction processed through the NIPR Gateway,” said NIPR Executive Director Maryellen Waggoner. “Reaching these goals advances NIPR’s mission of a partnership that supports the work of the states and the National Association of Insurance Commissioners.

We will continue our efforts to make producer-

licensing more cost-effective, streamlined and uniform for the benefit of regulators, the insurance industry and consumers.”



## IIPRC (from Page 1)

insurance products, and combinations thereof. Once these filings are submitted, they undergo a thorough review by a set of highly experienced reviewers to ensure full compliance with the Uniform Standards. With the average approval time under 60 days, companies filing through the IIPRC can realize direct and indirect costs savings and competitive benefits not only in compliance, but also in the marketing of content-standard products across the compacting states.



# BASIC HOME INSURANCE DOESN'T COVER FLOOD DAMAGE: WHAT CONSUMERS NEED TO KNOW

This past winter much of the country was hit with above average snowfall. Now the National Oceanic and Atmospheric Administration (NOAA) is warning this spring may bring above average rainfall. According to NOAA, that puts almost half of the U.S. at risk for spring flooding. The NAIC suggests all consumers take stock of their belongings and their insurance policies to make sure they're prepared in case the waters start to rise in their neighborhood.

### Do you have coverage?

Floods – or an excess of water (or mud) on normally dry land – are not covered by a typical homeowners or renter's policy. Some homes may be eligible for coverage under the National Flood Insurance Program (NFIP). The NFIP offers flood insurance policies for homeowners or renters in communities that participate in the federal program. There is a 30-day waiting period after the purchase of a flood insurance policy before the coverage kicks in, so you should take that in consideration when determining if and when to purchase coverage.

Another danger of flooding that is not generally covered in a typical homeowners or renter's policy is mold. Flood waters can be the source for mold damage long after the mess has been cleaned up. If you are concerned with this kind of damage, check your

current policy closely to see if it includes coverage for mold caused by flooding. If it does not, contact your agent to find out what options are available. Many insurance companies offer coverage for a separate premium.

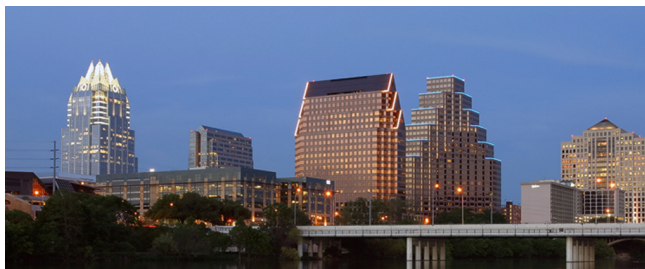
### Do you have a disaster plan?

A NAIC national survey found a significant lack of preparedness among consumers in documenting their belongings. Nearly half - 48 percent - said they did not have an inventory of their possessions. A home inventory is important for a number of reasons. It can help you determine the types and level of coverage you need before disaster strikes. And after a major loss, the home inventory can assist you in filing a claim.

There are several simple ways to start building a home inventory. You can download a home inventory spreadsheet from NAIC.org that will help get you started. If you are using an electronic or paper spreadsheet, remember to take pictures of your belongings, and save them in the same place as the home inventory.

Or you can choose to download the free myHOME Scr.APP.book app for iPhone®. The app will guide you through capturing images, descriptions, bar codes and serial numbers, and then storing them electronically for safekeeping. The app even creates

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## Release Your Inner Actuary SUDOKU

Fill in the blank squares so that each row, each column and each 3 x 3 block contain all of the digits 1 thru 9. Use logic and deduction to solve the puzzle. **Rated: INSANE**

	5			6				1
		6	3			7		
	8				7			
	4		1					7
	6							9
5					2		4	
			9					1
		3			8	4		
2				7				8

scratch area


See solution in the **Daily News Wrap-Up Email.**

Yesterday's Sudoku Solution

Puzzle printed with permission from [www.krazydad.com](http://www.krazydad.com)

2	9	5	7	6	3	4	8	1
4	8	7	9	2	1	3	5	6
6	1	3	8	5	4	2	9	7
3	7	2	1	9	6	5	4	8
5	6	9	4	3	8	7	1	2
1	4	8	2	7	5	6	3	9
9	5	6	3	1	7	8	2	4
7	2	4	5	8	9	1	6	3
8	3	1	6	4	2	9	7	5

# WELCOME NEW MEMBERS



**David Black** was appointed Director of the South Carolina Department of Insurance on January 20, 2011, bringing with him 30 years of experience in the insurance industry. Prior to this position, Black spent more than

20 years serving as General Counsel for Liberty Life Insurance Company and Counsel for the Liberty Corporation. From 2004 to 2010 he served as president and CEO of the same company.

Black serves as a member of the executive advisory board for the College of Business and Behavioral Sciences at Clemson University and the advisory board of the Hollings Cancer Center at the Medical University of South Carolina. He is a graduate of the University of South Carolina School of Law and Clemson University. He has also served on the board of directors for the South Carolina Chamber of Commerce.



**Jacqueline Cunningham** was appointed Virginia's 13th Commissioner of Insurance effective Jan. 1, 2011. With an extensive career in insurance regulation, Cunningham joined the Bureau of Insurance in 1993 as

a Senior Insurance Market Examiner in the Forms and Rates Section of the Life and Health Division. In 2000, she was named Assistant Deputy Commissioner of the Life and Health Market Regulation, and four years later she became the Deputy Commissioner of the Life and Health Division. Representing the Life and Health Division at NAIC national meetings, Cunningham also sits on several life and health insurance related working groups.

Cunningham received her B.S. in Education from Virginia Commonwealth University and holds the FLMI, AIE, AIRC and ACS professional designations.



**Julie Mix McPeak** was appointed Commissioner by Governor Bill Haslam in January 2011, bringing more than 12 years of experience in both the legal and administrative sides of state government. McPeak previously served as the Executive

Director of the Kentucky Office of Insurance (KOI) and was a member of the Executive Committee of the NAIC. She has practiced as Counsel to the insurance practice group of Burr & Forman LLP. She also spent nine years as an attorney for KOI and has served as general counsel to the Kentucky Personnel Cabinet.

McPeak graduated from the University of Kentucky receiving a B.B.A. with distinction in marketing in 1990, and she received her J.D. from the University of Louisville School of Law in 1994.



**Ted Nickel** was appointed by Governor Scott Walker to serve as Wisconsin's Commissioner of Insurance on January 3, 2011. Nickel's broad background in insurance gives him the perfect platform to receive this new position. For nearly 18

years, Nickel worked as the Director of Governmental and Regulatory Affairs with Church Mutual Insurance Company. He has served as Chair of the board of directors of the Wisconsin Insurance Alliance, as well as on the board of directors for the Wisconsin Insurance Security Fund.

Nickel graduated from Valparaiso University with a Bachelor of Science degree in Business Administration with a concentration in Finance.



**Steve Kimbell** assumed the role of Commissioner of Banking, Insurance, Securities and Health Care Administration (BISHCA) for the State of Vermont on Jan. 7, 2011. Since he moved to Vermont in 1973, Kimbell has been

involved in a number of the state's public policy issues. From 1984 to 1985, he served as Vermont's state planning director, and he also managed statewide campaigns for former governor Madeleine Kunin in 1978 and 1982. In July 2010, Kimbell retired from the public affairs firm Kimbell Sherman Ellis, which he worked to create, and its affiliated law firm Kimbell Storrow Buckley Hughes.

Kimbell graduated from the University of Illinois and earned his law degree from the University of Michigan. He spent three years on active duty in the United States Marine Corps.

## WHAT CONSUMERS NEED TO KNOW (from Page 3)

a back-up file for e-mail sharing.

### More Information

You can find more information about what flood insurance covers and how to know if your home is in a flood area at [InsureUonline.org](http://InsureUonline.org).

Flood insurance is only sold by licensed insurance agents in your area. To protect yourself from a fraudulent insurance agent or company, before signing your application or paying for coverage, STOP. CALL your state insurance department. And CONFIRM that the agent and company you are dealing with is licensed to sell flood insurance.

Your state insurance department can also answer questions about flood insurance or a disaster preparedness plan.

**For links and resources visit [NAIC.org](http://NAIC.org).**