

## insurance regulatory reform issues: THE REGIONAL PERSPECTIVE

September 14, 2010  
Columbia Club, Indianapolis

### **Keynote Speaker**

#### **Therese M. Vaughan, NAIC Chief Executive Officer**



Dr. Vaughan is the Chief Executive Officer of the National Association of Insurance Commissioners (NAIC), a position she assumed in February 2009. As CEO, Dr. Vaughan oversees the operations of the NAIC, including offices in Kansas City, Washington, DC, and New York City, and serves as the Association's primary representative and chief spokesperson in Washington, D.C. Formed in 1871, the National Association of Insurance Commissioners (NAIC) is a voluntary organization of the chief insurance regulatory officials of the 50 states, the District of Columbia and five U.S. territories. The NAIC serves the needs of consumers and

the industry, with an overriding objective of supporting state insurance regulators as they protect consumers and maintain the financial stability of the insurance marketplace.

Over her career, Dr. Vaughan has held a variety of positions in academia and regulation. Prior to her current position, she was the Robb B. Kelley Distinguished Professor of Insurance and Actuarial Science at Drake University, where she focused on the regulation and management of financial institutions. From 1994 to 2004, she was the Iowa Insurance Commissioner. In that position, she served under the administrations of both major parties and was the longest serving commissioner in Iowa's history. She was an active member of the National Association of Insurance Commissioners (NAIC), serving as its President in 2002.

Dr. Vaughan has had a long-term interest in financial convergence issues, international developments in supervision and regulation, and regulatory modernization. Prior to and following the passage of the Gramm-Leach-Bliley Act (GLBA), she was the NAIC's chief liaison with federal banking regulators and served a key role in developing the NAIC's response to GLBA. From 1999 to 2004, she was a member of the Joint Forum, a Basel-based group of banking, insurance, and securities supervisors created to address cross-sectoral and financial conglomerate issues. During that period, she was also an active member of the International Association of Insurance Supervisors. More recently, she has served as the Vice Chair of the Insurance Regulation Committee of the International Actuarial Association. From 2001 to 2003, she chaired the NAIC's terrorism risk implementation working group and worked with the Congress and U.S. Treasury on passage and implementation of the Terrorism Risk Insurance Act of 2002. She is widely credited with being the architect of the NAIC's Interstate Insurance Product Regulation Compact.

Dr. Vaughan earned a Ph.D. in risk and insurance at the University of Pennsylvania and a B.B.A. in insurance and economics at the University of Iowa. She is a CPCU, an Associate of the Society of Actuaries, an Associate of the Casualty Actuarial Society, and a Member of the American Academy of

Actuaries. She is the co-author of two college textbooks on insurance, *Essentials of Insurance* and *Fundamentals of Risk and Insurance*, the 10th edition of which was released in December 2007. She is a past editor of the *Journal of Insurance Regulation* and currently serves as the President of the American Risk and Insurance Association, the premier academic association devoted to the study and promotion of knowledge about risk management and insurance.

## Emerging Research on Federal and State Issues

### Martin F. Grace



Martin F. Grace is the James S. Kemper Professor of Risk Management and Professor of Legal Studies and Risk Management and Insurance in the Robinson College of Business at Georgia State University and Associate Director and Research Associate at GSU's Center for Risk Management and Insurance Research. He is also an Associate in the Andrew Young School of Policy Studies, Fiscal Policy Center. Dr. Grace's research has been published in various journals in economics and insurance concerning the economics and public policy aspects of regulation and taxation. In particular, Dr. Grace has studied various aspects of the regulation and taxation of the insurance industry. Dr. Grace is a former President of The Risk Theory Society and he is a current associate editor of the *Journal of Risk and Insurance*. Dr. Grace earned both a Ph.D. in economics and a J.D. from the University of Florida in 1987.

### Sharon Tennyson



Sharon Tennyson is an Associate Professor in the Department of Policy Analysis and Management at Cornell University. Dr. Tennyson is a noted expert on economic and policy issues related to insurance and has published extensively on topics related to government regulation of insurance markets, insurance fraud, insurance distribution and consumer attitudes and knowledge of insurance. Her research has received funding from a variety of sources including the National Science Foundation, and has been published in high quality economics, insurance and finance journals and in prestigious edited collections. Dr. Tennyson is a member of several national organizations and editorial boards and is a past president of the Risk Theory Society. She holds a Ph.D. in economics from Northwestern University, and was previously on the faculty of the Wharton School of the University of Pennsylvania.

## Regional Insurance Regulators Panel

### Stephen W. Robertson

Mr. Robertson was appointed by Governor Mitch Daniels as Acting Commissioner and Executive Director of the Indiana Department of Insurance in June of 2010. He is a licensed attorney in Indiana and Nebraska. His insurance career began with the Nebraska Department of Insurance in 1977 and he departed as General Counsel to join the Health Insurance Association of America in 1980. Prior to joining the Indiana Department of Insurance in February of 2008, he worked at several insurance companies from 1994 - 2006.

Mr. Robertson has an undergraduate degree in Criminal Justice from the University of Nebraska and a J.D. from the University of Nebraska. Steve and his wife Penny live in Carmel, Indiana.

### Michael McRaith, Director Illinois Department of Insurance



Prior to his appointment, Director McRaith worked fifteen years in private practice as an attorney in Chicago. Director McRaith represented national and regional financial institutions, including insurers, in finance-related litigation.

Director McRaith supervises the solvent run-off of Kemper Insurance Group, the largest insurer run-off in US history. McRaith led the Department's investigation into the practice of contingent commission payments by insurers to brokers and negotiated national settlement agreements, including amendments, on behalf of the Department and the National Association Of Insurance Commissioners (NAIC).

McRaith's NAIC-related work ensures that Illinois consumers and domestic industries are nationally represented. McRaith is Chairman of the Midwest Zone of the NAIC, on the NAIC Executive Committee, Chairman of the Property and Casualty (C) Committee, co-Chair of the Rating Agency Working Group, Vice Chair of the Industry Liaison Committee, Chairman of the Solvency Modernization Initiative - Corporate Governance Working Group, and serves on the Life Insurance and Annuities Committee (A), the International Insurance Relations Committee (G), the Regulatory Modernization Subcommittee, the Government Relations Leadership Council, the Reinsurance Task Force, the Senior Issues Task Force, and numerous other NAIC task forces and working groups.

He serves as President of the Board Of Directors for the [Illinois Comprehensive Health Insurance Plan](#) (a high risk health insurance pool). He supervises the State's [Senior Health Insurance Program](#) (SHIP), and has actively participated in developing, drafting and advocating for statewide and national health insurance modernization.

McRaith represented the NAIC at the international Organization For Economic Cooperation And Development (OECD) and represents the NAIC on the International Association Of Insurance Supervisors (IAIS) Corporate Governance Subcommittee.

On behalf of the State of Illinois and the NAIC, McRaith has been privileged to testify before numerous committees of the United States Senate and House of Representatives, as well as the President's Anti-Trust Modernization Commission. View all [Federal Written Testimony](#).

McRaith serves on the Executive Committee of the Board of Directors for the AIDS Foundation Of Chicago and serves on Board of Directors for the American Foundation For Suicide Prevention, Chicago Chapter.

McRaith received a Bachelor Of Arts Degree from Indiana University and received a law degree from Loyola University School Of Law In Chicago.

### **Ken Ross, Michigan Commissioner, Office of Financial and Insurance Regulation**



Ken Ross was named Commissioner of the Office of Financial and Insurance Regulation by Governor Jennifer M. Granholm effective February 22nd, 2008.

As Commissioner, Mr. Ross is responsible for the regulation of the Michigan financial service industries, including Insurance, Banking and Securities. The Commissioner administers 29 public acts and regulates a variety of individual licensees and entities, including Blue Cross Blue Shield, 26 HMOS, 127 banks, 174 domestic insurance companies, 205 credit unions, 1,427 foreign insurance companies, 1,858 investment advisers, 2,036 securities broker-dealers, 6,172 consumer finance lenders, 171,443 insurance agents, and 123,604 securities agents.

The Commissioner heads a state agency consisting of over 350 professionals dedicated to protecting Michigan consumers by ensuring the companies that it regulates are financially solvent, follow state and federal law, and are entitled to the public confidence. During his tenure, Ross has been successful in significantly building agency capacity to meet the multitude of challenges facing financial service regulators in a dynamic environment. Significant recent achievements include passage of the re-codified Michigan Uniform Securities Act, transition to electronic form and producer licensing filings, and initiating a number of innovative consumer education and protection initiatives. Before being appointed Commissioner, Ross served as the Deputy Commissioner for Policy and the Commissioner's Chief of Staff.

Prior to coming to OFIR, Mr. Ross served as the Vice President of Regulatory and Legal Affairs for the Michigan Credit Union League (MCUL). Responsibilities included directing all aspects of MCUL's regulatory advocacy, compliance and legal affairs program. Ross was invited to speak at numerous regional meetings and conventions on a variety of regulatory compliance topics and regularly participated in a variety of legislative and regulatory outreach initiatives, and routinely met with state and federal legislators and regulators. He also led a diverse working group of CEO's from Michigan credit unions through a review of the Michigan Credit Union Act. Working with a variety of stakeholders, Mr. Ross participated in drafting the re-codification of the Michigan Credit Union Act. Three years of work culminated in the passage of the re-codification which Governor Granholm signed into law in December of 2003.

Mr. Ross also served as an Assistant Attorney General, serving under Attorneys General Frank Kelley and Jennifer Granholm. Mr. Ross worked in the Tort Defense Division, representing the interests of the State of Michigan, its agencies and employees, with responsibility for handling litigation at trial and at the appellate level in both state and federal courts.

Ross began his career in public service in 1991, as Chief of Staff for State Representative Agnes M. Dobronski. In that capacity, he was responsible for a wide variety of issues including crafting the legislative agenda, committee management and policy development. His primary public policy focus areas were election and local government law.

Mr. Ross earned a J.D.,cum laude, from Thomas M. Cooley Law School and a Bachelors degree, double majoring in Philosophy and Political Science from the University of Michigan-Dearborn. Ross and his partner, Brian Huggler, live in Lansing with his two children.

## **Insurance Industry Perspectives Panel**

### **Charles M. Chamness, President & CEO, NAMIC.**



Charles M. Chamness is president and chief executive officer of the National Association of Mutual Insurance Companies (NAMIC). NAMIC is a full-service property/casualty insurance trade association with 1,400 member companies that represent nearly 40 percent of the U.S. property/casualty insurance market.

Chuck joined NAMIC in 1995 as vice president, public affairs, becoming president/CEO eight years later.

Prior to joining NAMIC, Chuck worked in Washington, D.C., for 10 years, primarily in positions in financial services and housing policy. His background includes service in the first Bush administration as Deputy Assistant Secretary for Public Affairs at U.S. Department of Housing and Urban Development under Secretary Jack Kemp; Director of Public Affairs for the Federal Housing Finance Board; and as a press secretary on Capitol Hill.

Chuck serves on the board of directors of the St. Baldrick's Foundation, an insurance-industry-founded organization that annually funds more than \$12 million for children's cancer research, and the Insurance Institute for Highway Safety. He also serves as chairman of the board of NAMIC Insurance Company (NAMICO), a \$45 million asset, "A"-rated professional liability insurer. He is a member of the Association Committee of 100 of the U.S. Chamber of Commerce.

He holds a Bachelor of Arts degree from Indiana University, Bloomington and lives in Indianapolis, Indiana, with his wife Briget and their four children, Charlie (17), Sally (15), Robbie (13), and Joey (13).

## **Robert Gordon, Senior Vice President, Policy Development and Research**



Robert Gordon is the Senior Vice President for Policy Development and Research at PCI. He is responsible for working with PCI members to develop and frame public policy positions on the opportunities and challenges facing the property-casualty insurance industry at the state, federal and international levels. Robert also coordinates policy support for PCI's extensive state and federal advocacy efforts, media outreach, and information products.

Prior to joining PCI in August 2008, Robert was the Parliamentarian, Senior Counsel, Ethics Compliance Officer for the Committee on Financial Services in the U.S. House of Representatives. He has extensive experience in policy development, legislative strategy and regulatory affairs. Through his work, Robert provided strategic counsel on the Nonadmitted and Reinsurance Reform Act, the Terrorism Risk Insurance Act, the State Modernization and Regulatory Transparency Act, and the Risk Retention Act. In addition, over the years he has contributed to policy issues relevant to our industry such as data security, privacy, liability reform, and the Fair Credit Reporting Act amendments.

While with the Committee on Energy & Commerce, Robert developed and negotiated legislation on issues ranging from banking to health care to consumer safety, including the Gramm-Leach-Bliley Act. He has a long history of influencing policy development and leading research initiatives from his early work as Legal Counsel for Representative David Dreier and as an associate with Wiley, Rein & Fielding.

A native of California, Robert has a strong academic background. A graduate of the University of California at Berkeley with a BA in political science, he went on to obtain an MBA from Claremont Graduate School in Claremont, CA. Robert then moved to Washington, D.C. for law school and graduated cum laude from the Georgetown University Law Center.

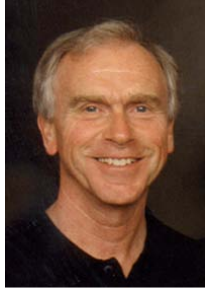
## **Kevin A. McKechnie, Executive Director, American Bankers Insurance Association**



J. Kevin A. McKechnie serves concurrently as Executive Director of the American Bankers Insurance Association and the Director of Government Relations for the ABA Securities Association, representing both groups before Congress and the federal government. Both organizations are affiliates of the American Bankers Association in Washington, D.C. He joined ABA in 2000 after serving for 4 years as Government Relations Representative for the Affinity Services Division of Marsh & McLennan, the largest insurance services organization in the world. From 1993 to 1997, Mr. McKechnie served as Director of Government Relations for International Financial Services, a wealth management and insurance consulting firm. From 1991 to 1992, He served as Legislative Director to former Congressman William Dannemeyer of California. Prior to his appointment on Capitol Hill, Mr. McKechnie served as Director of Legislative Affairs for the Segermark Company, an association management firm. He pursued graduate studies in the doctoral program of American history at the American University in Washington, D.C. after receiving his BA in History and Political Science from York

University in Toronto, Canada. Although born in Madison Wisconsin, Mr. McKechnie grew up in Toronto where most of his family continues to reside.

### **Frank Nutter, President, Reinsurance Association of America**



**Franklin W. Nutter** is President of the Reinsurance Association of America, a position he has held since 1991, and from 1981-1984. In the interim, he was president of the Alliance of American Insurers and Property Loss Research Bureau, which have now merged as the Property Casualty Insurance Association of America (PCI). Mr. Nutter was the RAA's General Counsel from 1978-1981.

Mr. Nutter currently serves on the Board of the International Hurricane Research Center; the Advisory Board of the Center for Health and Global Environment; the Governing Council of the American Meteorological Association; the Board of the University Center for Atmospheric Research; and the Advisory Board of the OECD's International Network for Financial Management of Large Scale Disasters.

Mr. Nutter received a Juris Doctorate from the Georgetown University Law Center and a BBA from the University of Cincinnati.