

RESEARCHBUZZ

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Spitzer investigation sets stage for insurance industry change

BY OZER ERDEM

New York Attorney General Eliot Spitzer's probe into the insurance industry drew the attention of many state regulatory agencies. He believes that the current state system is not rigorous enough to monitor the complex and nationwide activities of the insurance firms.

"It is clear that the federal government's hands-off policy with regard to insurance combined with uneven state regulation has not entirely worked," said Spitzer during his testimony before the U.S. Senate recently. "There are too many gaps in regulation across the 50 states and many state regulators have not been sufficiently aggressive in terms of supervising this industry."

Spitzer's investigation has been underway since last spring. His probe has revealed the problems in the state of New York. However, it is now clear that problems in the insurance industry are not confined to a single state. State regulators are trying to address the requests for improvement in the state system but it is not clear how

they are going to accomplish that task.

To make matters worse, what is legal and illegal can vary from state to state.

Spitzer believes there is a greater role for the federal government in the regulation of the insurance industry, especially in the areas of off-shore capitalization and investment by insurance companies. Spitzer's ideas are supported by U.S. Sen. Peter Fitzgerald, R-Ill. Fitzgerald was the chairman of the

What we know for now is that the insurance industry has already begun preparing itself for future changes.

hearing in which Spitzer testified. Fitzgerald called for changes to the McCarran-Ferguson Act of 1945 that requires states rather than federal authorities regulate the insurance industry, including brokers.

Opponents to federal



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oversight of the insurance industry include both state regulators and the insurance industry.⁽¹⁾ However, recent scandals in the insurance industry and probes into the business details of large insurance companies have weakened the arguments of those who oppose federal oversight. Also, according to Catherine England, large, transnational insurance firms have expressed a growing interest in federal regulation.⁽²⁾

Under a state-federal oversight model, companies operating throughout multiple states can concentrate their attention on complying with a single federal agency. This can result in a significant amount of savings both

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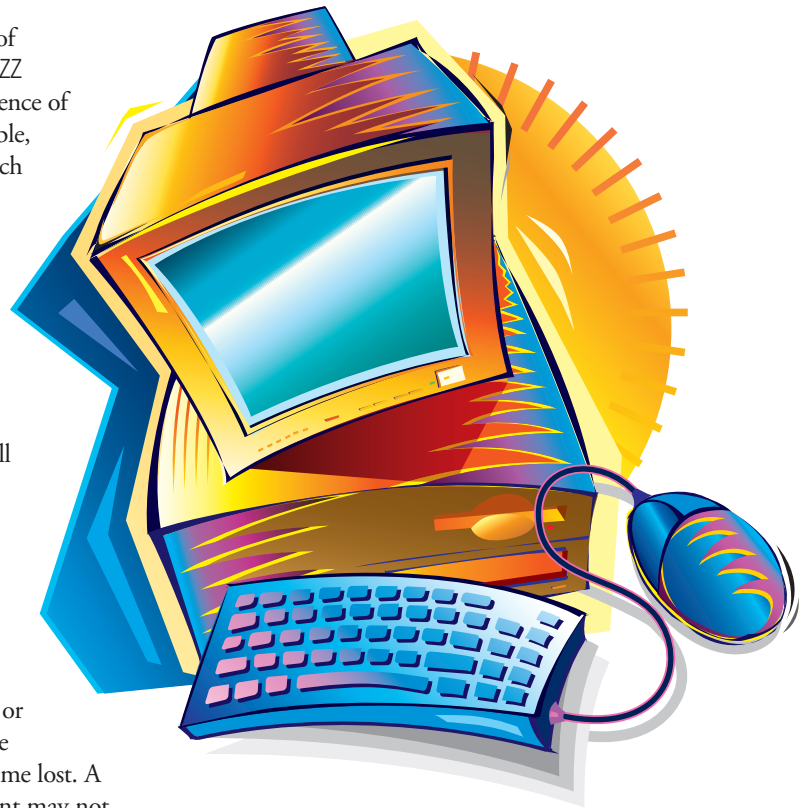
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Savvy surfer? Think again!

BY MARTHA HENN McCORMICK

The prior issue of RESEARCHBUZZ discussed the existence of the deep, or invisible, Web and how much content of true value exists within databases that are not searchable by standard search engines such as [Google](#). Because all Web content is delivered to the user through the mechanism of an electronic screen image, distinctions about quality of content or even type of source material may become lost. A user of Web content may not necessarily know if she is looking at an historian's educated perspective on the Kennedy assassination or the conjectures of a conspiracy theorist with an overactive imagination and too much time on his hands. If everything comes to the user through a screen image stripped of contextual clues, a user may not recognize what type of document is being viewed. We usually know an article from a magazine or journal from its context — the cover, the table of contents, the ads and more. Without those physical details that usually tell us something about the format or type of document, we may not stop to wonder just exactly what it is we are reading. Internet users will frequently say that they are looking for articles on the Internet. But just exactly what is it they mean by “an article” and can they find that



content through a search engine or for free?

If an Internet user means by “an article” a printed resource from a reputable magazine or scholarly journal, one with rigorous editorial standards, can that user find that by doing a [Google](#) search? In most cases, no. Most magazines and journals are sold by subscription or at a retail newsstand; they are products with value. Like most products with value, they are not free and it is not likely their content will be provided for free on the Internet. Sometimes freelance authors will negotiate a contractual clause allowing them to post their materials on the Internet but this arrangement is rare.

When one searches the Internet using search engines, one is not searching through the published record. In most

cases, one is searching materials specifically devised for the medium of the Web. And one significant difference is that, in most cases, Web-published materials are self-published whereas magazine and journal articles are edited — and sometimes quite rigorously. That does not mean that Internet-published materials are necessarily suspect. But it does mean that the responsibility is on the user to judge quality, since the user cannot assume that Internet-published materials have met with any sort of editorial review or fact checking.

If Internet users want to access magazine- or journal-published materials, in most cases they will have to turn to a subscription database to whom the magazine and journal publishers have sold their content. These databases are accessed via the



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Internet but not via standard search engines. In most cases, a public or academic library portal will provide a user with access to databases containing published articles on a topic of interest.

All Hoosiers are provided access to several such databases through legislative support for [Inspire.net](#), Indiana's online research library. Users who have access to such subscription databases do not realize that their state, public library or school system is paying thousands of dollars to support such database access and therefore are often confused by the difference between freely available Web materials and content that comes from underwritten, content-controlled, Web-accessed databases.

Try an Internet search using your favorite search engine and then go to [Inspire.net](#). Depending on what Internet provider you are using and Inspire's ability to determine if you are an Indiana user, you may either be passed directly to the list of databases or you may be asked to register. Once you are able to access Inspire, however, choose a database, try your search again and compare the results. You might be surprised.

What about non-subscription database content, however, that remains beyond the searching capacity of standard search engines? Use [Google](#) or other search engines to find searchable databases by searching for your term or phrase and the word "database." If the word "database" is used on the Web interface pages, you'll probably find it using this approach. The word "data-

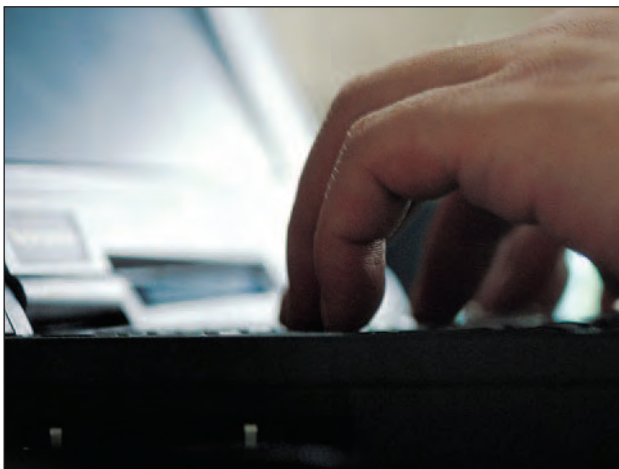
base" is also useful in searching a topic in the [Yahoo directory](#). Content may be deep or invisible to a standard search engine either because of technical barriers, such as the limits of web crawlers to find the content, because the website designers deliberately choose to exclude their materials or perhaps because the content might be free but require registration and the use of a username and password to access the content.

One fun and useful guide to deep web content is [The Invisible Web Directory](#) but in reality there is just too much deep content out there for any one directory to cover it all. Want to try some Indiana or Indianapolis-related databases? Here are some suggestions. If you live in Indianapolis and you'd like to look up permits on file for your home, visit the [City of Indianapolis Department of Metropolitan Development Online Permit and Compliance Research](#) website. Do you want to create your own datasets and tables detailing education, housing, demographics, income and poverty, health, or other topics of interest, either by state or

county? Use the [National Priorities Project database](#). Would you like to learn more about our neighbors surrounding the NFI office building? Visit the [Indy SiteFinder](#) and from there you can get an aerial view of the Historic Square campus. But you can also get detailed reports that will tell you the consumer expenditures per household and retail sales in our area, or a demographic analysis that will give you the gender, age, ethnicity, income distribution, household net worth, employment status, occupation and industry of the individuals and households surrounding our workplace. You can make maps and layer in or out the schools and greenways, the tax districts or cultural centers and flood zones or bus routes.

Web deep content provides a wealth of reliable, in-depth information but you have to know where to look for it. An investment of just a little time and effort on your part may move you beyond being a naive Internet consumer to a real information-savvy professional.

Where the Internet is concerned, there truly is more than meets the naked eye.





NFI research team develops graduate fellowship program

BY MARTHA HENN McCORMICK

In the prior issue of RESEARCHBUZZ, we looked at the three stages of progression through graduate education, as described in the book “Working effectively with graduate students” by Jody D. Nyquist and Donald W. Huff (Thousand Oaks, CA: 1996).

As you may recall, the authors propose that graduate students move through a progression from Senior Learners to Colleagues-in-Training to Junior Colleagues and that, as graduate assistants, their work lives are best served by paralleling that academic learning curve.

NFI proposes to develop its graduate fellowship program to offer its fellows a three-stage progression on a research-based model. Nyquist and Huff’s example of a three-stage progression for a research graduate fellow is as follows:

- 1) Perform specific duties under supervision;
- 2) Assume design responsibility for part of a research project or their own project; and
- 3) Conduct research project using supervisor as a resource.

Performing duties as assigned and under supervision can be managed on an as-needed basis. But achieving steps 2 and 3 needs to happen in progression, of course, and will require more forethought. As we contemplate our work lives as they’ll be a year from now, are there projects in your pipeline, a piece of which might be appropriate for a graduate fellow to design? Or as part of your wish list, is there some original research you could make use of?

If so, NFI’s research team can be on the lookout for a graduate fellow whose career interests and abilities may match your project.

Our purposes are served in that we have yet more original research that can appear under the NFI banner and our graduate fellows portfolios are enhanced as they have a research project conceived, executed and possibly even published beyond the scope of those required for their coursework.

Contact NFI’s Research Coordinator Martha McCormick at 800.603.7113, Ext. 708, or by email at martha.mccormick@isunetworks.org, or Research Associate Ozer Erdem at Ext. 714 or ozler.erdem@isunetworks.org with your ideas or requests.

Change

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in terms of reduced regulatory fees and time. According to England, “the creation of a dual insurance system would give the entire insurance industry an advocate within the federal government on matters of international trade, regulatory, tax and economic policy decisions.”

However, critics of federal oversight believe that a single standard imposed by a federal agency will not be enough to accommodate the diverse needs of insurance companies. Also, they believe that there is no guarantee that federal oversight will be more efficient than its state counterpart.

What we know for now is that the insurance industry has already begun preparing itself for future changes.

(1) See Scott E. Harrington, “Optional Federal Chartering of Property-Casualty Insurance Companies,” (Downer’s Grover, IL: Alliance of American Insurers, 2002), p. 31

(2) “Federal Insurance Chartering - The Devil’s in the Details” by Catherine England: <http://cci.org/pdf/4358.pdf>

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