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nolhga journal

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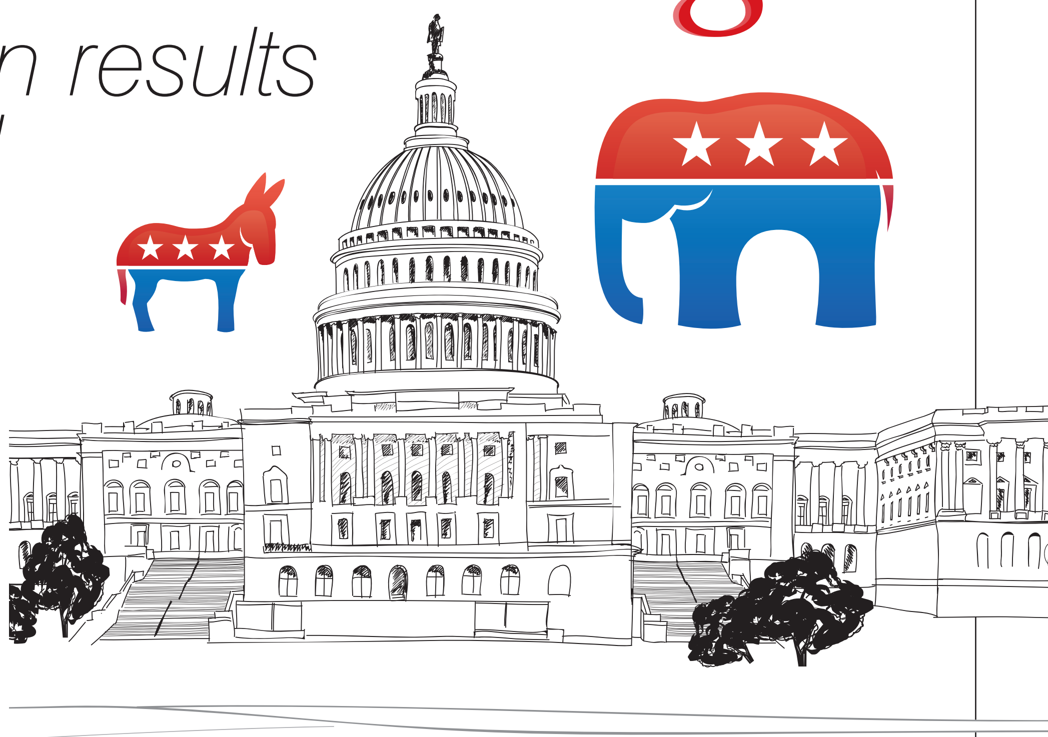
# A Shift to the Right

## 2014 election results and beyond

By Charles T. Richardson



I have mentioned to most of you before that I have given specific directions to my kids to bury me in Chicago so I can stay politically active. Next to a Presidential election year, nothing beats a mid-term like we had on November 4, 2014. It's all very exciting, including the Indianapolis School Board race won by our insurance partner Dick Freije, for whom many of us worked the polls.

I want to give you the highlights of the national elections and predict what it means for our industry. Frankly, the results of the election could even impact some of the things NOLHGA and the industry have been discussing on the international front and this country's role in that broader debate.

Here's the bottom line for the President and his party, who received a strong rebuff across much of the country:

- *Big* GOP win in the House, Senate, and Governorships.
- The GOP gains nine seats in the Senate.
- The GOP gains 16 seats in the House.
- The GOP picks up Governorships in Arkansas, Illinois, Maryland, and Mississippi—there are now 31 GOP Governors.

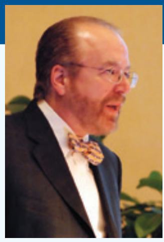
Not good for the Democrats—and worse than what people were predicting right up until November 4. In short, the country rebuked the President, his agenda, and the Democratic Party by, for example, rewarding Republicans with 12 of the 13 most closely contested Senate races and giving the Republican Party its biggest number of pickups since 1980. Commentators are saying that with ISIS, Ebola, the Veterans Administration scandal, the White House security breach, Obamacare, and immigration, the President and his party just looked like the gang that couldn't shoot straight. And the voters responded. As Democrat Senator Joe Machin said, "This was a real ass-whuppin."

### By the Numbers

In the House of Representatives, the Republicans will control 247 out of 435 seats, matching a post–World War II record. They also have built up a

["A Shift to the Right" continues on page 16]

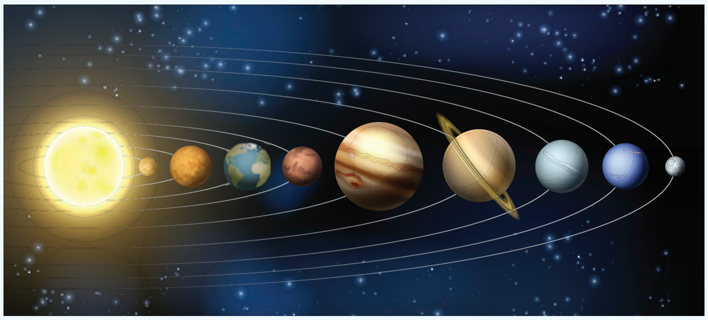
## IN THIS ISSUE



**President's Column** by Peter G. Gallanis

# A New Harmonic Convergence

*The following was adapted from my President's Address, delivered on October 9, 2014, at NOLHGA's 31st Annual Meeting. Part II of my thoughts on the book* Modernizing Insurance Regulation *(part I appeared in the August 2014 issue of the* Journal*) will be featured in a future edition of the* NOLHGA Journal.



There was a theory a few years ago about a phenomenon called the "harmonic convergence." The idea, as best I understood it at the time, is that all of the planets of the solar system were about to line up in a way that hadn't happened before; the result was going to be a new era of peace and freedom. It was to be like the Age of Aquarius, for those of us who can remember a little more into the past. Or to Bill Walton's speech at lunch yesterday.

There's something of a harmonic convergence going on in our world—a previously unknown alignment of factors that may have, as a result of their unprecedented alignment, a gravitational pull on our system unlike anything we've seen before.

Here are the planets involved in our version of a harmonic convergence: AIG; Dodd-Frank; FSOC; the FSB; the PBGC; under-employed insurance academics and over-employed plaintiffs' lawyers; the Federal Court of Claims in Washington, D.C.; ELNY; and Penn Treaty.

Say what, you say?

From our prior discussions, you know a lot of those players and what they mean to us. AIG is held up, particularly by those who don't understand what happened there in 2008, as the reason why large insurance entities must be regulated carefully for systemic risk. Dodd-Frank is the federal legislation making that possible. The Financial Stability Oversight Council, or FSOC, is the collective of mostly federal agency heads, mostly presidential appointees, chaired by the Secretary of the Treasury, that decides which entities are systemically important financial institutions, or SIFIs. The Financial Stability Board, or FSB, is the international body formed by the G-20 countries to oversee the international financial marketplace to prevent another financial crisis from occurring; the U.S. Treasury Secretary, the Federal Reserve, and the SEC all represent the United States there and help them identify Globally Systemically Important Insurers, or G-SIIs. Coincidentally, the same U.S. insurers that were named G-SIIs by the FSB were shortly thereafter named SIFIs by the FSOC. PBGC (as we heard yesterday) is the body backstopping traditional pension plans, and some people—including under-employed academics and over-employed plaintiffs' lawyers—think it, and maybe the FDIC, are the only safety nets in the world that make sense, and that the insurance sector needs to get itself an FDIC or a PBGC. ELNY is the case that some point to as Exhibit 1 in that argument. Penn Treaty could end up as Exhibit 2.

And finally, lining up with all those planets as the last element of the harmonic convergence, is the Federal Court of Claims in Washington, D.C. If you have been reading the financial press lately, you might know that an interesting case started there last week. Starr International Co., which before 2008 was the largest stockholder in AIG, and which is controlled by AIG's former Chairman and CEO Hank Greenberg and represented by the preeminent corporate litigator David Boies, brought a lawsuit against the federal government claiming damages of about $40 billion on the theory (as I understand it) that, first, the federal government had no authority to rescue AIG in 2008; and second, that the terms of the rescue that the Feds had no authority to provide were inappropriately harsh to the stockholders of AIG (who would have been wiped out completely if the company had not been rescued and instead been allowed to go bankrupt).

Key witnesses in the trial include, among others, Federal Reserve General Counsel (and former NOLHGA Annual Meeting Speaker) Scott Alvarez; former Treasury Secretary Henry Paulson; former President of the New York Federal Reserve Bank and later Treasury Secretary Tim Geithner; and former Chairman of the Board of Governors of the Federal Reserve, Ben Bernanke.

### Revisionist History

All very interesting, you might say, but why does it matter to us in the insurance industry and guaranty system?

Here's why it matters: One of the issues that's really on trial is the question of precisely why AIG was rescued by the federal government in 2008. There are two competing theories, and which one prevails matters a great deal for the role of the federal government and the FSB in exercising macro-prudential regulatory authority over insurers.

If you like analogies, this trial may be to the theory of macroprudential regulation of insurance entities what the Scopes Monkey Trial was to the creationism/evolution debate.

One theory—and it's the one that most people knowledgeable about the financial economy believed in 2008—is that AIG had to be rescued, but not because it was failing as a true insurance operation. It had to be rescued because the massive commitments it had made in non-traditional, non-insurance undertakings (sometimes called "NTNI": non-traditional, non-insurance) at the parent company and through the non-insurance trading venture AIG Financial Products threatened to bankrupt a host of other financial sector counterparties—because of AIG's failure to meet obligations on credit default swap and securities lending transactions. Those NTNI defaults were viewed as so potentially serious that they could bring down the financial system of the world.

The best way to prevent that financial system meltdown was for the government to step up and see that AIG's NTNI commitments were fulfilled: not for the sake of saving AIG, but to make sure that all of those counterparties didn't fail because AIG failed. As the government's lead defense counsel said last week in his opening statement, the government didn't step in to save AIG; it stepped in to save the world *from* AIG, or at least the effects of defaults on AIG's NTNI commitments. Said differently, it wasn't AIG that was "bailed out"—it was AIG's counterparties.

As Andrew Ross Sorkin of *The New York Times* wrote earlier this week, that's how the rescue was viewed in 2008, that's how it needs to be viewed now, and there's nothing wrong with that. The way you prevent the financial system from collapsing is to keep financial firms from collapsing. Simple, right? And that's what the government did in September 2008 by stepping in to protect AIG's NTNI obligations.

But very shortly after the September 2008 rescue, something happened. There developed a very powerful and very bitter political backlash against the idea that the federal government should ever engage in bailouts of big banks, all of whom came to be viewed by a broad spectrum of people—from the Tea Party on the right to the Occupy movement on the left—as no better than quasi-criminals.

And as the polls rapidly began to show a powerful public sentiment to that effect, all of a sudden, the narrative of why AIG was rescued began to change. Officials stopped talking about AIG as a core of solid insurers wrapped by, in effect, a rogue hedge fund—which was close to true, and was said in those words by Mr. Bernanke—and instead began talking about how, without a rescue, AIG's insurance promises to regular consumers would have been at risk. Under the second narrative, if AIG had failed, there would have been policyholder runs at other insurers, and the whole insurance industry would have been at risk.

### The Fallout

Shortly after that dramatic shift in the narrative, the FSOC got up and running, and before too long, the FSOC—chaired by a Treasury Secretary who by then had embraced the new, improved, revisionist justification for the rescue of AIG—began considering what non-bank entities should be considered SIFIs (and which U.S. insurance entities should be considered G-SIIs by the FSB).

And what was the outcome? The outcome was that AIG, Prudential, and MetLife were all quietly designated as among nine G-SIIs from around the world—in a closed room where Treasury, the Fed, and the SEC spoke for the U.S. Then AIG was designated a SIFI, which was politically inevitable. But shortly after, so was Prudential, and now MetLife tells us in its public filings that it too has been preliminarily designated.

The FSOC published explanations of why AIG and Prudential were designated as SIFIs, and a lot of their justifications—rejected, by the way, by FSOC insurance members Roy Woodall and John Huff—had to do with the revisionist AIG narrative; the rest had to do with us.

With no historical or empirical basis, but grounded only on speculation, the FSOC proposed that another financial crisis could call the solvency of a large insurer into question. They further proposed, without evidentiary support, that worried policyholders would act like bank depositors and withdraw or surrender all their insurance and annuity accounts and contracts; that receivers and the guaranty system couldn't cope; and that a run at one insurance company would go viral and drag down other healthy companies.

With no historical or empirical basis, but grounded only on speculation, the FSOC proposed that another financial crisis could call the solvency of a large insurer into question.

The rationale, in other words, is largely premised on the idea that AIG's insurance subsidiaries were headed toward disorderly failures that would have brought down others in the financial economy, including others in the insurance industry.

["President's Column" continues on page 19]


# Charged Up in San Diego

## NOLHGA's 2014 Annual Meeting tackles pensions, long-term care, and the changing regulatory environment

By Sean M. McKenna

In real estate, the three most important things are location, location, and location. In meetings, you can replace one "location" with "a good speaker program." Fortunately, NOLHGA's 2014 Annual Meeting had not only a great location in San Diego (the question isn't, "Why hold your meeting in San Diego?"; the question is, "Why aren't all meetings held in San Diego?"), but also a great speaker lineup, with experts from the insurance industry, guaranty system, and regulatory community. For two days in October, our guests were treated to insights into the retirement market, long-term care, and national and international regulation, as well as all the attractions of our host city, including an evening aboard the USS Midway that was the highlight of the meeting for many.

### Challenges in the Golden Years

The meeting kicked off with a presentation comparing the protections offered participants in defined-benefit (DB) pension plans with those offered when such plans are moved to insurance companies through pension de-risking transactions. NOLHGA President Peter Gallanis provided the context for the presentation, noting that more and more companies are looking to move their DB pension plans off their books via de-risking transactions. This in turn has raised concerns among employees and retirement groups that they may be taking on increased risks as their plans are transferred into a group annuity. One of these concerns, Gallanis said, is "what some groups have described as the 'inadequate protections' of the guaranty system."

*Basketball legend and Grateful Dead enthusiast Bill Walton struck an inspirational tone in his Welcome Luncheon speech as he recounted his decades-long struggle with injuries suffered during his basketball career and his love and admiration for his college coach, John Wooden. "Coach Wooden taught us life," Walton said.*

These concerns led NOLHGA to commission a study comparing the protections offered by the guaranty system with those offered by the Pension Benefit Guaranty Corporation (PBGC), the safety net for DB pension plans. The study, performed by the law firm Faegre Baker Daniels and Towers Watson, will answer the question of "how these two systems stack up against each other," Gallanis said. The preliminary results of the study, which should be completed in early 2015, were presented at the meeting.

Kevin Griffith (Faegre Baker Daniels) noted that the study consisted of more than simply comparing the benefit levels of the guaranty system and the PBGC—it looked at overall protection. "The best protection is the solvency of the insurer," Griffith noted, so failure rates and regulatory oversight also factored into the analysis.

"Defined benefit plans are not regulated like insurance companies," Griffith said, explaining that they don't face the same restrictions on investments and reserve requirements that insurance companies do. In addition, "it's very common that DB plans are in an underfunded situation" that would not be allowed in an insurance carrier. In short, he said, "financial oversight and protection are much stronger on the annuity side than on the DB side."

Griffith also noted that the two systems take different approaches in providing protection, with the PBGC having a six-tiered system of coverage with yearly caps on benefits whereas the guaranty system's overall benefit levels apply to all annuitants equally. They also handle the remaining assets in a failed plan or insurer differently, with the result being that "guaranty system levels act as a 'floor' while PBGC levels are effectively a 'ceiling.'"

Mike Pollack (Towers Watson) explained that the difficult process of devising models to compare a DB plan failure with an insurance liquidation "highlighted the need to look at this from multiple perspectives," with various assumptions about funding status, the types of DB plans, and even the age of the participants playing a large role in

## Chairs Cite Enhanced Profile, Regulatory Changes as Challenges

In their speeches at NOLHGA's 2014 Annual Meeting, Outgoing NOLHGA Chair Melody Jensen (left) and Incoming Chair Debbie Long (right) pointed to the growing awareness of the guaranty system and the shifting face of insurance regulation as two of the main challenges facing the system today.


Recalling the teen movies from the 1980s in which a shy character suddenly gets noticed by the entire high school, Jensen said "we are that character. All the other kids who never paid attention to us—Congress, the press, even the general public—are now staring at us." This enhanced scrutiny, she added, means that "whether we like it or not, we aren't the ones who get to judge how well we're doing. We are as good or as bad as our performance looks when viewed through the lens of the public. And it's not just the public. If the regulators don't think we've given people a fair shake, we're in trouble."

How should the system react to this new reality? "We should keep one thing in mind at all times—we're here to serve policyholders," Jensen said. "I can't promise you that if we do our job well, nothing will change. But I can promise you that if we don't do it well—if we allow other priorities to supplant policyholder protection—we won't be here long."

This focus on policyholders must be combined with what Jensen called "innovative thinking" and an openness to change. Does the health insurance industry need a different kind of guaranty system to meet its needs? How might the guaranty system work better with the federal government if it decides to enhance its role in insurance regulation? The answers aren't clear, Jensen said, but we have to approach these kinds of questions with an open mind. "As we consider the changes taking place all around us," she said, "we need to stop before we say, 'We can't do that,' and instead ask, 'How might we do that?'"

Long noted that the complexity of the guaranty system makes the new notoriety Jensen spoke of problematic. "To me, the guaranty system is a classic good news/bad news situation," she said. "The good news is that we do our job very, very well. The bad news is that no one understands us. And while that might not have been a problem in the past, it could be in the future."

This lack of understanding poses a threat because it makes it easier for people—including people in Congress—to believe that another system could do the job better. "One thing I've learned is that if you do something poorly and it has political implications, it will be solved quickly through the political process," Long said. "I didn't say it would be solved well—just that it would be solved quickly."

Much of what the guaranty system does, from protecting pensions to providing coverage for policyholders in a major insolvency, has the potential to be highly political—especially if something goes wrong. To combat this, Long added, the guaranty community has to do its job very well. We also need "to standardize our system to the greatest extent possible. And we need strong and appropriate insurance regulation."

Long expressed concern that federal involvement in insurance regulation could not only add complexity, but end up pushing out parts of state regulation that work quite well. State regulators do a great job of serving their constituents, she said, adding that the local touch is crucial. "One of the best aspects of state regulation is responsiveness," she explained. "When people call their regulator, they want to talk to someone they can relate to, someone who, so to speak, has the same accent they have. I hope we don't end up with the baby being thrown out with the bath water."

how protection would be provided under the two systems. Despite the different approaches of the two systems, Pollack said that "both PBGC and the guaranty system provide an excellent level of protection." He added that "the better funded the estate is at liquidation, the better the guaranty system looks," since those assets are applied to annuity benefit amounts in excess of guaranty system

# Midway Memories

Rides in a flight simulator and tours of the USS Midway were among the highlights of NOLHGA's 2014 Annual Meeting in San Diego.



*Lee Covington (Insured Retirement Institute)*

limits. While noting that the study had not been completed yet, he said that the preliminary findings indicate that "there's little to no reason for concern in these de-risking transactions."

Annuities are playing a larger role in retirement planning, even outside the pension de-risking environment, and Lee Covington (Insured Retirement Institute) provided attendees with an in-depth look at the market. He began by noting that "the number one retirement planning challenge we're facing is longevity risk," adding that "rising health-care costs continue to be a cause of concern for households." Some of the traditional retirement planning options aren't expected to play as large a role as they once did. "Most financial advisors are advising their clients to plan for a reduction in Social Security benefits," he said, and DB plans, as the previous presentation pointed out, are becoming increasingly rare.

What's filling the gap? "Annuities are playing a critical part in retirement strategies," Covington said, as more and more financial advisors report having retirement income discussions with their clients. The deferred income annuity market has doubled in the past few years, and Covington expects further growth and additional innovations in the market. This growth is threatened by recent tax reform proposals to eliminate tax deferrals for retirement products, but Covington stressed that his organization and others were working to preserve the current tax treatment of annuities.

*NAIC Vice President & Kentucky Insurance Commissioner Sharon Clark*

According to Peter Goldstein (LTCG), the current state of the long-term-care (LTC) insurance business is less than ideal. There are approximately 7.7 million policies in force representing billions in liabilities, and more than half of these policies are in closed blocks. "I don't think there was an appreciation 30 years ago of how these liabilities would look down the road," Goldstein said. "LTC started out as a very niche product, but the liabilities and capital tied up in it are huge. It's changed the whole dynamic of the business."

The only way for companies to mitigate the liabilities is to raise rates—an unpopular step that is often blocked by regulators. "This is a spiral that's never going to stop," Goldstein said. "The regulatory environment is incredibly unfriendly to LTC insurers." Recently, insurers have found a far friendlier audience in the private equity market. "There seems to be a tremendous interest from financial buyers in these blocks of LTC," Goldstein added, with buyers looking to use different investment strategies to make the business profitable.

That can be quite a challenge. "There's about 30 years of product design innovation here," Goldstein said, resulting in tens of thousands of policy forms. LTC claims aren't your run-of-the-mill health-care claims either. The average claim, which begins at age 83, is a "constant, high touch, hands on" episode that lasts three years. It's also submitted on paper ("we literally get bills on napkins")—there are no electronic submissions. Add to this the constant scrutiny from regulators and plaintiffs' attorneys, Goldstein added, and "it's a very tough environment right now."

## Hard Out There for a Regulator

NAIC Vice President and Kentucky Insurance Commissioner Sharon Clark let attendees know that being a regulator isn't exactly a walk in the park these days. While stressing that her constituents in Kentucky were her top priority, she admitted that

"There are a number of companies that refuse to evaluate or even recognize risk," Finston said. "A lot of times, when people ignore risk, the downfall happens pretty quickly."

"I've spent more time in Washington, D.C., than I care to." In addition, international issues "have taken on an even greater significance."

On the home front, Commissioner Clark was not happy with the systemically important financial institution (SIFI) designation process of the Financial Stability Oversight Council (FSOC). "The people in the room who knew the most about insurance strongly objected to the criteria FSOC used to judge Prudential," she said. She also pointed out the "Hotel California" nature of being a SIFI. Once a company is designated, "there's no exit ramp to get off."

Looking abroad, Commissioner Clark expressed disappointment that the International Association of Insurance Supervisors (IAIS) has taken steps to limit independent input. "It's totally against everything we stand for," she said. The NAIC also has concerns about the IAIS's work on global standards for insurers. "Global standards are not going to be approved by legislatures back home, and they're not going to be approved by Congress," she explained. "We've told them this, but the battle continues." U.S. regulators, she added, are looking to form alliances with other countries that hold similar views.

John Finston (California Department of Insurance) touched on another aspect of insurance regulation—solvency—in a presentation entitled *Have We Seen Our Last Major Insurance Company Liquidation?*

(Spoiler Alert: Probably Not)

Finston noted that regulators now have a number of new tools to prevent insolvency. One of these new tools, Enterprise Risk Assessment, prompts holding companies to evaluate risk at all levels of the enterprise. "We're trying to identify risks that may affect the insurance company but are really part of the holding company," Finston said. "A great example of this was AIG."

Regulators are also looking to the Own Risk Solvency Assessment program; a new emphasis in financial examinations ("we're looking at forward risk assessment"); and Hazardous Financial Condition Regulations, which "give commissioners clearer power to take action sooner if a company is trending toward a hazardous condition," Finston said.

These and other regulatory innovations help with solvency regulation, but a number of factors make it unlikely that major insolvencies are a thing of the past. Finston cited hubris as one of the primary ones. "It's a character flaw in senior management that results in overestimation of their ability and underestimation of risk," he said. "It's the Masters of the Universe philosophy." He also pointed to the dangers of naiveté. "There are a number of companies that refuse to evaluate or even recognize risk," he said. "A lot of times, when people ignore risk, the downfall happens pretty quickly."

### Industry Changes

Risk was also on the mind of Patricia Guinn (Towers Watson) as she examined the trends affecting the life insurance industry and their likely effects. She began by citing the increasing "inter-

["Charged Up in San Diego" continues on page 19]


*Patricia Guinn (Towers Watson)*

NOLHGA Conversations

# "Middle America Is Our Client Base"

## Sammons Financial Group Chairman & CEO Esfand Dinshaw discusses the future of the life insurance industry and the difficulty of reaching new customers

***Esfand Dinshaw** is the Chairman and Chief Executive Officer of Sammons Financial Group, Inc. (SFG). He is responsible for the strategic direction and performance of SFG, which includes Midland National Life Insurance Company, North American Company for Life and Health Insurance, and Sammons Retirement Solutions, Inc. The companies' primary lines of business include individual life insurance, annuities, and retirement products. SFG is a subsidiary of Sammons Enterprises Inc., a 100% ESOP company. Mr. Dinshaw is President of Sammons Enterprises and provides oversight for all Sammons investments, including those of its non-insurance subsidiaries. He is the Past Chair of the Board for LL Global and is currently on the American Council of Life Insurers (ACLI) Board. The following is an edited transcript of our conversation at NOLHGA's 2014 Annual Meeting on October 9. — Peter G. Gallanis*

**Gallanis:** *Esfand, we've heard at some recent NOLHGA meetings both from CEOs of some very large insurers—like MetLife, New York Life, and Northwestern Mutual—as well as CEOs from some excellent smaller companies, such as Dennis Johnson at United Heritage. I understand that your operation is unique in a couple of ways that I hope we'll have a chance to explore. Just for example, talking about the spectrum of companies that are active in the life insurance business, where would you spot your insurance operations on a spectrum that ranges from MetLife or Prudential at one end to Dennis's company, and others smaller still, in another direction?*

**Dinshaw:** When you look at the Sammons Financial Group, we are primarily in two lines of business, and that is life insurance and fixed annuities. So it's the mortality and retirement spaces. On the life insurance side, last quarter, we were the twelfth largest writer of life insurance. We have two separate companies, but we have significant size. We are not a MetLife or a Prudential, but we are not small or medium-sized, either.

**Gallanis:** *That's a big part of the marketplace.*

**Dinshaw:** A big part of the marketplace. On the annuities side, the leading product is indexed annuities. In the indexed annuity space, we have been a

top-five seller of indexed annuities for close to 15 years. So we have two pretty good positions in the marketplace.

**Gallanis:** *It almost sounds like you're competing with a marketing label of Northwestern Mutual. They call themselves the "Quiet Company," but it sounds as though you're also a quiet company, with a pretty big footprint.*

**Dinshaw:** Yes, we are a quiet company, and part of that is our history and the culture of where the company came from. Our focus is on clients and producers.

**Gallanis:** *Besides the size spectrum, we tend to classify life insurance companies as stock ownership or mutual ownership. But you have a unique ownership structure, don't you? Could you tell us what that's about and what its implications are for how you operate?*

**Dinshaw:** I know everybody gets up and says "my company is unique," and I will do the same. Here's why Sammons is different. It is the only ESOP-owned insurance company that I am aware of, certainly in the life insurance space and maybe in financial services. What that means is all the employees—and we have 1,400 employees within the two insurance companies—are beneficiaries of the ESOP of Sammons Enterprises, the ultimate parent company.

So, how does that make us different? We pull from the best practices of stock companies and mutual companies. So if you think about a stock company, that's my background. This is the fourth company I've worked for. They have all been stock companies, but the first three were public stock companies, and there tends to be a slightly shorter-term perspective, more in sync with what is happening in the stock market. Your stock may be impacted by what's happened in Japan or China, and then you're trying to react to it. We do not have those pressures. We are privately held, which gives us a long-term perspective.

On the mutual side, the argument, and I don't know if I buy it because there are a lot of different mutual companies, is "what's your pricing discipline?" How aggressive are you on growth? For us, very simply, the answer is that we grow it, but with a conservative profile. That's how I would define Sammons.

**Gallanis:** *We heard in the introduction that your responsibilities extend not just to insurance operations, but to some non-insurance operations as well. Could you explain to us briefly what the non-insurance side of Sammons is and how that plays into your own responsibilities?*

**Dinshaw:** The parent company, Sammons Enterprises, is a diversified company. They have historically been in many different businesses such as cable and hospitality. Today, however, Sammons Enterprises is financial services with the insurance group, and it is equipment leasing, which is under the brand name of Briggs, which leases forklifts and warehouse moving equipment and equipment for ports in the southern and southeast United States, Mexico, and the U.K. The third business is real estate that is executed through four different companies. And then the fourth side of the business is a number of different investments in businesses.

**Gallanis:** *Do you have any observations you would care to share about whether you approach problem solving for one of the non-insurance operations differently than you do with the insurance operations? I know that's abstract.*

**Dinshaw:** I think one of the biggest takeaways I have had is the similarity between the insurance business and non-insurance businesses—issues regarding people, sales, marketing, research on product risk, managing expenses and revenue, how much capital you're putting to work. All those issues are similar across a broad spectrum of industries. They are not unique to the insurance industry.

I will say that insurance accounting policies are very unique. It's really hard for non-insurance people to understand how insurance statutory accounting works. The product is different. We don't have a tangible forklift that you can show people and have them drive around. We have contracts, a piece of paper. That's probably the biggest difference.

**Gallanis:** *Turning back to insurance operations, could you give us a brief overview of your targeted lines of insurance, what you view to be your niches in the insurance marketplace?*

**Dinshaw:** Middle America is our client base in life insurance sales. The mom and pop sales. If you look at the individual life insurance side, we are not in the high net worth market. Upper middle class is probably the way to define it. On the indexed annuity side, we have a lot of data on the overall asset base of our clients, which is the same group, middle class to somewhat upper middle class. We have a large number of policyholders: 1.6 million. We deal with independent agents—probably about 100,000 because we have multiple channels and different product lines.

**Gallanis:** *When I spend time around people who are active in the life insurance industry, one thing that seems to be a source of endless frustration to them is the degree of apparent unmet insurance and retirement needs among Americans, particularly in Middle America. We had an economist from Towers Watson present an analysis of that yesterday, and the extent to which Middle America is underinsured by life insurance and "under-provided-for" in terms of secure lifetime retirement income is stunning. This seems to be a challenge the industry as a whole hasn't yet been able to meet in terms of breaking through and getting people to act regarding those unmet needs. Is this something you think about?*

**Dinshaw:** A lot. I've been on the board of LIMRA for a number of years; this is my last year. There is a lot of research that supports exactly what you're saying. Under-insured and uninsured is a growing part of the United States population, and the question is always, what can we do differently to reach out to them? And you combine that with the age of social media. So there's technology, there's social media; how can you get out and connect with them? Our experience has been that nobody wakes up in the morning and says, "You know what? I'm going to die some time, so I'm going to go and buy life insurance." It just doesn't work like that. It's a change in family circumstance, somebody connects with you and tells you that you should think about it. That's where things start to happen. So how do you take the generation that really wants to be on social media and somehow reach out to them and connect with them and say this is important?

The second challenge for life insurance, I think, is that it's one of the few products, maybe the only product, where the consumer pays for it today and the benefit doesn't happen until years down the line. Think about walking into an Apple store, paying for an iPhone, and you don't get the iPhone for 10 years. That's what life insurance is. When you're in the middle class, budgets are tight, so you have to put money aside for it. And to think that you're going to get the benefit 10 years down the road is a challenging concept, and that's why people are not buying it.


How do you take the generation that really wants to be on social media and somehow reach out to them and connect with them and say life insurance is important?

I'm a capitalist, so that means I believe that people should make their own decisions given all the information that is in front of them. And company ratings are an important part of that information.

They're making a mistake, but they're not buying it.

**Gallanis:** *Do you spend a lot of time or effort on market research to identify why people are not making the decision to move forward with life insurance or annuities?*

**Dinshaw:** We have done a lot of work with LIMRA on life insurance—in particular, research that LIMRA does on its own, targeted research for us, to find out the causes, to lay the behaviors out in broad terms, of what's going on in the marketplace.

**Gallanis:** *Do you get the sense that concerns about the ability of an insurance company to deliver that iPhone 10 or 20 years down the road—in other words, the worry about whether they're still going to be there and still be solvent—is a part of the equation? If so, how much?*

**Dinshaw:** That's a great question as to company ratings; how do they affect the sales and the mind of the policyholder? One of the big distinctions I draw between the insurance industry and the banking industry is that in banking, ratings have almost become irrelevant because of the FDIC. The FDIC stamp is on every document that is handed out, so the consumer doesn't really care whether your bank is strong or not. I actually think that's a mistake; I think it is.

I'm a capitalist, so that means I believe that people should make their own decisions given all the information that is in front of them. And company ratings are an important part of that information.

**Gallanis:** *The defense that's sometimes made of that is that when the FDIC was established, at the time Glass-Steagall was adopted back in 1933, it had two objectives. One, of course, was to be a safety net and make sure that the losses the depositors suffered were minimized. But the other objective, and maybe the more important one, was to instill a degree of confidence in depositors that their funds would be there when they made a demand on their deposit. And remember, this was right after the banking panics, when thousands of banks just closed down in early 1933.*

*Compare that to the insurance guaranty system. We don't have that shield on the door saying this insurance company is protected by the Iowa guaranty association. In fact, it's forbidden to use the existence of the guaranty system in connection with the marketing of insurance in most states. The justification for that is that the guaranty system doesn't have that dual purpose. It was really adopted for the first reason, which was to provide the safety net, but not to keep people from making runs at the bank, because that really was never perceived to be an insurance problem, even in the Great Depression. It's a debatable point. I'm sure you've heard at the ACLI, one of the constant debates is whether that so-called "gag rule" about guaranty association protection in connection with selling should be maintained. There are two very strong schools of thought, polar opposites, present within the insurance industry.*

**Dinshaw:** That's another differentiation between banking and insurance. We have a lot of debate going on now on whether some of the banking regulations, or concepts at least, apply to insurance as well. And the answer is no, because insurance is not like banking. You don't have that same run on the bank scenario emerging. This is another angle that differentiates the two lines of business.

**Gallanis:** *Getting back to that notion of unmet need: For some years now, there has been growth in the sale of deferred annuities. And yet one often hears from people in the industry that the actual annuitization of these contracts takes place less frequently than was expected and hoped for by the insurance companies. Do you have some thoughts about that issue?*

**Dinshaw:** The facts are absolutely clear. There's a smaller percentage that annuitizes than was originally anticipated, and there are some reasons for that. People are unwilling to give up their entire nest egg, or a big part of their asset base, for a permanent income stream. But I will tell you that what's happened in the industry is that it has been replaced by partial withdrawals in particular, and those have increased over the last 20 or 25 years. I think most annuity carriers would say their numbers are somewhere around 4% today, which is actually pretty significant, and I think that's

# If you think about somebody retiring, what does a financial plan have to do for them? It has to provide current income, protection against inflationary increases, and protection against longevity risk.

a good number to be at. So that's another way of getting your income out.

**Gallanis:** *Another way that is being explored by some companies and considered by regulators is the notion of something like contingent deferred annuities. Rather than go to a traditional annuitization mode, people get into the annuity market by transferring a 401(k) or IRA investment portfolio into a CD arrangement, where they don't give up their "nest egg," but they do get some longevity protection from the annuity wrapper. Is this a topic you follow with much interest, or is this something that really is primarily the focus of just a few companies?*

**Dinshaw:** Right now there are a few companies selling the product, but a number of companies are looking at it, us included. I think it's a great concept as a part of a financial plan. If you think about somebody retiring, what does a financial plan have to do for them? It has to provide current income, protection against inflationary increases, and protection against longevity risk. What we see as a trend is that when you don't have sufficient assets, you tend to take care of number one, which is current income, and sacrifice numbers two and three, which are inflation protection and longevity protection. That is not a good way to build a plan, because people are living longer and suddenly you turn 90 and you don't have the assets. So I think the longevity product is a terrific product. It is also sold in a different way, as living benefit riders on annuities as well, which I think are great products to have.

**Gallanis:** *Over the last 10 or 15 years, one of the most interesting things about life insurance and particularly the annuity side of the business has been the development of a variety of new products or new spins on old products. I know you probably think of this from the standpoint of the person who runs a company that not only sells these products, but also pays to support the guaranty system when companies fail. Is there an extent to which you worry that some of these new product developments, particularly to the extent they're rushed into by companies that don't have a lot of background or maybe a lot of expertise, might be creating pools of risk that eventually might come back to you as a member company of guaranty associations, and ultimately be passed on to state taxpayers and insurance consumers?*

**Dinshaw:** That's very much on point. Every time we look at a competitor with a product, our first reaction is that there are no secrets in this industry; you can reverse engineer the product and see where you end up. And when we do that and we find that we cannot compete one way or another, either on price or on risk, there is a concern as to whether the other company knows what it is doing. If they are smaller companies or newer entrants to that product line, the concerns get bigger than if it is a highly rated carrier with multiple product lines. It's because, as you mentioned, at the end of the day, the industry ends up paying for the sins of the few.

**Gallanis:** *Speaking of at least alleged sins of the few, one of the hot topics over the course of the last year has been the extent to which there may be a buildup of risk pools in the form of captive reinsurance within the life industry, designed to solve the problem of so-called redundant reserves. Again, is this something that you and your counterparts at other companies worry about a lot? Do you have a concern that this is a real issue, or do you have a perception that this is an issue that has been, to a degree, sensationalized or politicized beyond the bounds of reason?*

**Dinshaw:** The first thing I will say is that captives, from an industry perspective, come in many different shapes and sizes, so it is not one type of captive in question. I think there may be some in there that are on the higher risk end, and to have transparency, to have some uniformity, to have the ability to define what these higher risk ones are—I think we in the industry would all support that.

But I think the discussion has become about all captives, as to whether those are appropriate or not, and I'm a strong defender of the captive program. As you well know, it started with the XXX regulation about 15 years ago, but we now have a scenario where in the standard captive construction, you can have an independent, sophisticated third party—like one of the major banks—give you a letter of credit that says if you ever need these reserves, we will give you the cash to have it. These are well-financed big banks doing an arm's length transaction, and that tells you that the reserves are redundant. And the states themselves require testing and filing of the captive transaction. So the private market is basically saying that the reserves are just too high for what the risk is, and it has found a solution to it. I think the regulatory solution that is on the table, which is to say principle-based reserves, is the right answer. That ultimately will take away the need for captives.

**Gallanis:** *Turning to another hot topic, one of the other concerns that has arisen over the course of the past year is the concern that an increasing amount of the merger and acquisition activity in the life insurance sector tends to be repre-*

*sented by what some refer to, accurately or inaccurately, as private equity capital. I know this is a topic that is not completely unrelated to Sammons Financial Group, but again, is this an issue where there is some degree of legitimate concern, or is it an issue where people might be getting swept away a little bit?*

**Dinshaw:** I should start with a disclaimer here. Sammons Enterprises has a non-controlling investment in a private equity firm that has been involved in the insurance industry. So I'll make that disclosure upfront.

You know, when you look at the industry, you look at a lot of different types of owners for stock companies and mutual companies. I think you're going to see the same thing in the private equity space as well. You're going to see the player that is really short-term focused, and I think there should be a level of concern with that. And you're probably going to see somebody who is longer-term focused, and that is more in line with the typical insurance industry ownership. How you distinguish the two and how you manage them are really a challenge, and closer regulation is probably the way to go at this point.

**Gallanis:** *We've spent some time already talking about the evolving structure or architecture of insurance regulation. Kentucky's Insurance Commissioner Sharon Clark talked about the growing international regulatory role, and we've heard a lot about the growing federal encroachment in the regulatory space. As someone who is just trying to run a company and keep promises to policyholders, how much of a concern is that for you at this point, and how do you see that as a pressing factor on how well insurers will be able to thrive as the environment evolves?*

**Dinshaw:** That's a great question, and I actually spend a lot of time and resources on it. There was a time, 10 years ago, when it was very clear that state regulation was the primary regulation. And whether we agreed with the regulation or not, the form of regulation was pretty much settled. Today, you have state regulation heavily influenced by federal regulation and international regulation. How does that all fit, and what comes out of it for the regulated entity? Is it in sync? Is it in conflict? One regulator prefers capital, another one wants to do market conduct. It's all over the board. I don't think it's good for the insurance industry in the end, to have this kind of confusion and this regulatory uncertainty. The life insurance industry needs clarity on regulation.

**Gallanis:** *I'm going to end with one last general and pretty open-ended question. Not too long ago, we had a CEO from a pretty good-sized company tell us that in general, unless things change dramatically in the industry or the marketplace, he was not optimistic about the future of the life insurance industry. That we seem to be in a space that is getting smaller and smaller—something on the order of a dying industry. Are you optimistic about the future of the U.S. life insurance industry, and if so, why?*

**Dinshaw:** I don't think the life insurance industry is a dying industry. At the end of the day, when you look at the consumer, there is an enormous need for life insurance. If the private sector is not going to provide it, somebody has to, and it will have to be the public sector. And I don't think that's where we want to go as a country. So I think when you have an industry where the product is in demand, you have people who need it, and it is a benefit for them, that is a good position to be in. The challenge for us in the life insurance space is, how do you connect with them? We are the only industry that can provide mortality protection. There is no other industry that can do it. So how do you provide that protection in a cost-efficient way, where they can pay for it and it is a benefit for them? I think the methods of delivery, maybe product design, how we sell—all of that will change over time. But the demand for the product is there, and as long as that demand is there, the insurance industry will continue to thrive.

**Audience Question:** *I wonder how concerned you are about what the next Congress or the one after that might do, from a tax standpoint, to the life insurance industry.*

**Dinshaw:** The risk of taxation comes in a lot of different ways. Obviously, the biggest one is taxing inside buildup on life insurance. I actually think that is less likely. I understand the risk. The government says, "we have all these expenses, we don't have enough revenue," and there is always a hunt to see where we can get revenue from. But the thing that distinguishes individual life insurance and individual annuities is that they are products sold to Middle America. So now I'm on the political side of it: how likely is it that somebody running for office is going to support additional taxation on Middle America? I would like to say the answer is "not likely at all." The risk is there, but I think that the chances are small. At least that's my view right now. It might change next year. ✯

I don't think it's good for the insurance industry in the end, to have this kind of confusion and this regulatory uncertainty. The life insurance industry needs clarity on regulation.

["A Shift to the Right" continues from page 1]

significant cushion going into the Congressional elections during the big Presidential election cycle in two years.

The key House Financial Services Committee leadership will not change. Chairman Jeb Hensarling (R-TX) will remain in charge, though some subcommittee leadership will change. Blaine Leutkemeyer (R-MO) will be the Chair of the Insurance Subcommittee, and the Ranking (Democrat) Member will be Rep. Maxine Waters (D-CA).

Here's the way it looks in the Senate, with the two Independents caucusing with the Democrats. Things could change quickly, though—2016 may well produce the opposite result, since Republicans will be defending 24 seats. So, unlike the House, don't assume the Republicans will be in control for more than this cycle.

In the Senate Banking Committee, Sen. Richard Shelby (R-TX) will take over as Chairman, but due to his prior Chairmanship service, he will only be in the first chair for two years since caucus rules only permit a Chairman to serve for a total of six years. Sen. Sherrod Brown (D-OH) will assume the Ranking Member position in the next Congress.

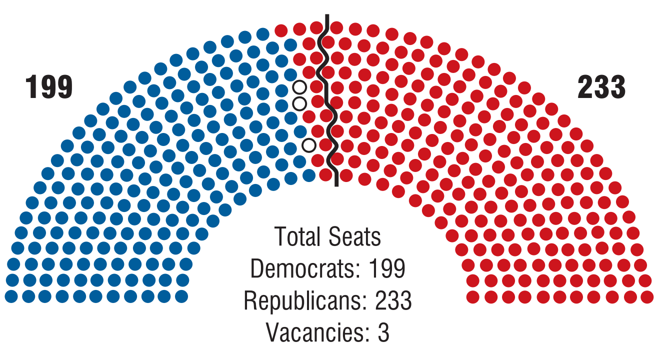
### A New Batch of Commissioners

There weren't too many surprises on the insurance commissioner electoral front. Voters in three states—California, Georgia, and Kansas—elected insurance commissioners in 2014. In California, Democratic incumbent Commissioner Dave Jones won with 56% of the vote. In Georgia, Republican incumbent Commissioner Ralph Hudgens won re-election with 55% of the vote. And in Kansas, Republican Ken Selzer defeated Democrat Dennis Anderson with 67% of the vote to replace Commissioner Sandy Praeger, the Republican incumbent, who is retiring. We're all going to miss Kansas Commissioner and former NAIC President

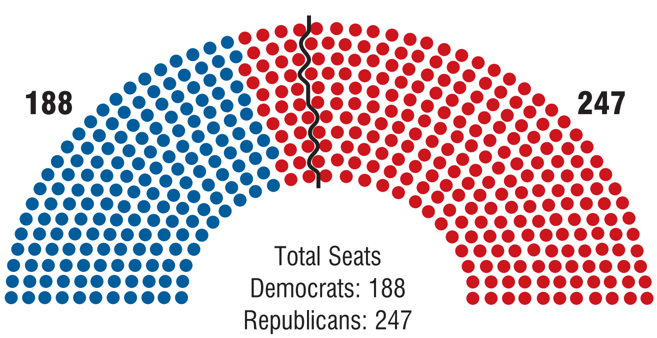
## 2014 Results: House

### Republicans Win Record Majority In House

#### Control of the 113th House (2012–2014)




#### Control of the 114th House (2014–2016)

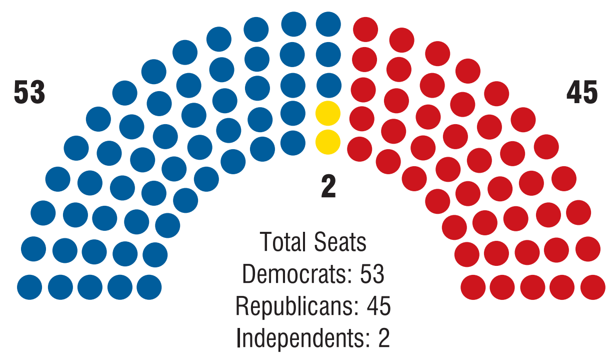



Democratic Republican Vacant

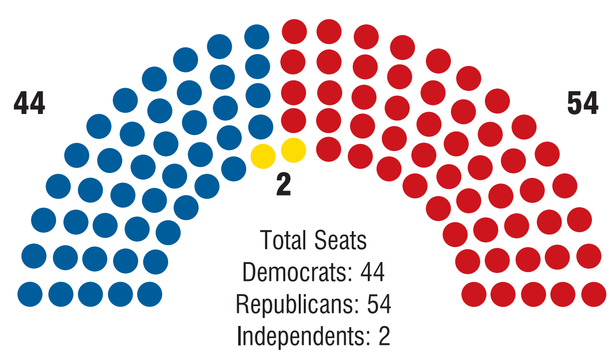
## 2014 Results: Senate

### Republicans Win Solid Majority In Senate

#### Control of the 113th Senate (2012–2014)




#### Control of the 114th Senate (2014–2016)



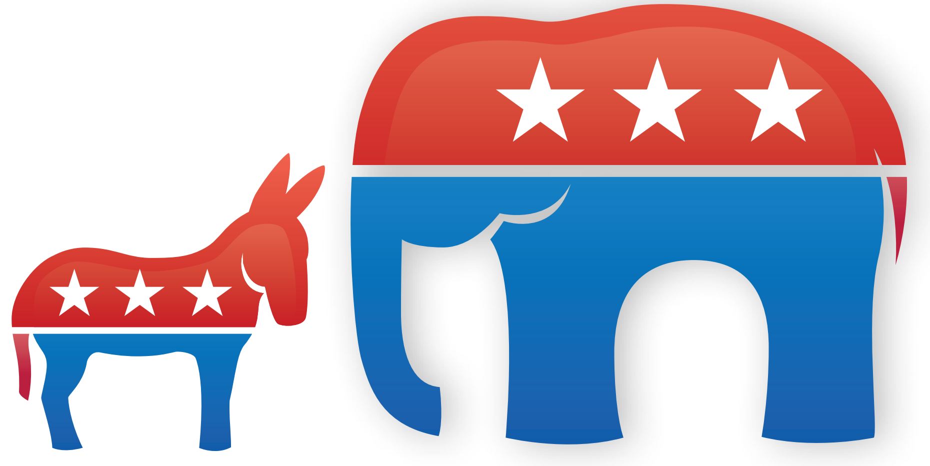

Democratic Republican Independent

Sandy Praeger, and we look forward to working with Commissioner Selzer.

**What Lies Ahead**

So what will be at the front of the queue in 2015, with both houses controlled by the GOP? Let me mention a few things to keep in mind.

1. The Republican majorities in the House and Senate are going to pass nips and tucks in the Dodd-Frank Act (DFA). The most frequently mentioned GOP "fixes" include increasing the $50 billion threshold for bank holding company increased prudential standards to as much as $250 billion, which will likely have some impact on SIFI designations of non-bank financial firms, including insurance companies. Indeed, there may even be a push to exclude insurance companies altogether from SIFI designation. There will also be some sentiment for scrapping the living will apparatus.
2. On December 10, 2014, the House passed their version of the Terrorism Risk Insurance Reauthorization Act on a 417-7 vote. The bill passed raises the trigger to $200 million in losses over five years, double the current trigger of $100 million. The House version also includes the Dodd-Frank "end user" provision, which would allow non-financial institutions to skirt regulations imposed on big banks. On December 16, Senate Majority Leader Harry Reid (D-NV) attempted to hold a final vote on the reauthorization. However, in his final act as a Senator, retiring Senator Tom Coburn (R-OK) refused to agree to a unanimous consent request due to his last-minute objection to the NARAB II provision, which would have created a licensing program to allow insurance agents to sell across state lines and streamline the licensing process. A six-year TRIA reauthorization with the NARAB II provision included was finally passed on January 8, 2015, and signed into law by President Obama on January 12.
3. On the DFA nip and tuck front, you can expect Chairman Hensarling in the House to be more aggressive in pushing some of the measures that stalled in the Senate this Congress, knowing that Chairman Shelby in the Senate will make sure some DFA changes will pass both bodies with bipartisan support. This is in contrast with what the Senate Banking Committee did—or, more accurately, didn't do—in the last Congress. The Senate wasn't able to move anything, even eight noncontroversial bills that passed the House with overwhelming bipartisan support.
4. The House also unanimously passed the Insurance Capital Standards Clarification Act, which gives the Federal Reserve more flexibility in tailoring capital standards for insurers. The Senate unanimously approved the legislation back in June 2014. It will now head to the President's desk and is expected to be signed by President Obama.
5. There's also the possibility that we'll see some movement on the issue of retirement annuities and the fiduciary rule. And we know that the state v. federal v. international regulatory debate will rage on.
6. Late in the last session, the House passed bipartisan legislation to establish a new Bankruptcy Code chapter for large financial institutions. The Senate Judiciary Committee held a hearing on this topic as well. It is likely the Republican Congress will pass legislation on this topic in 2015, thereby reducing the need for the Orderly Liquidation Authority (OLA) in Title II of Dodd-Frank.



The Republican majorities in the House and Senate are going to pass nips and tucks in the Dodd-Frank Act.

**Why Do We Care?**

Why do we bother with all the federal and international regulatory craziness? Let me count the ways:

The new Congress is far more likely than the prior one to provide helpful suggestions on how FSOC can do its job better.

- According to the Federal Reserve, SIFIs and thrift holding companies (both of which fall under federal supervision) make up more than 30% of written premium in this country.
- More and more companies are doing or considering international business.
- Whatever the feds and international regulators do has a direct effect on the competitive landscape.
- It also trickles down to the NAIC and state regulators as well as the ratings agencies and even how the Federal Insurance Office (FIO) represents and analyzes insurance regulation.

So why do we care? Probably the best answer occurred on November 18, 2014, when the House Insurance Subcommittee had its second hearing on international regulatory standards. FIO Director Michael McRaith, Federal Reserve insurance representative Tom Sullivan, then–Pennsylvania Insurance Commissioner Mike Consedine, and New York State Senator Neil Breslin testified about the pushes and pulls that define the raging state v. federal v. international debate, including within the International Association of Insurance Supervisors (IAIS). Commissioner Consedine noted that "the relevance of international standards and multijurisdictional cooperation within the U.S. have been elevated since the 2008 financial crisis," while Director McRaith stated simply, "the insurance marketplace is increasingly global."

I bring all this up in the context of the numbers around the new Congress. Why? Because the new GOP majorities are likely to embolden the GOP and its industry supporters to challenge elements of the DFA. Chief among the complaints are likely to be the process, procedures, and perceived lack of transparency in the SIFI designation process of the Financial Stability Oversight Council (FSOC). FSOC came in for a healthy dose of criticism from the U.S. Government Accountability Office (GAO) in its November 2014 report on how FSOC could improve its nonbank designation process. The new Congress is far more likely than the prior one to provide helpful suggestions on how FSOC can do its job better.

There you have it: a Washington update to start the New Year. Next up will be the Presidential sweepstakes, which began 10 seconds after the 2014 mid-terms ended. In 2015, we'll see a covey of GOP candidates emboldened by the results of those mid-terms. More on that later—much later. ✯

*Charles T. Richardson is a Partner with Faegre Baker Daniels.*

["President's Column" continues from page 3]

In other words, the FSOC embraced the revisionist narrative of the AIG rescue.

In the litigation in the Washington, D.C., Court of Claims, Starr may end up establishing that the original story was true, and not the revisionist version. If that happens, at least in the court of public opinion, and perhaps also in Congress, the very foundation of how the FSOC has been looking at the riskiness of insurers may be fatally undermined.

**Nothing But the Best**

But enough about them. What about us?

Our story, consistently, has been that the current regulatory, receivership, and guaranty system would be able to handle any reasonably foreseeable insurer failures. I have absolutely no doubt that we have the ability to do so.

To meet that conception, though, we have to not be our own worst enemies. Back in 1991, an insurance commissioner looked at the then-new life and health guaranty system; told the world that "these guys couldn't run a gas station"; and then, to prove his wisdom, embarked on a resolution plan different from the one that we proposed. In so doing, he quite unnecessarily cost stakeholders billions of dollars.

We can do a lot more than run a gas station—we can run some very successful, complex, and challenging insurer resolution programs. We've proven that time and again. We did it in ELNY, in an ingenious plan developed by the NOLHGA team—particularly Kevin Griffith—together with leaders of the life industry like George Nichols and Ted Mathas at New York Life, Susan Blount and John Strangfeld at Prudential, and Nick Latrenta and Rob Henrikson at MetLife, and representatives of the receiver's office. We did it in the equally challenging Lincoln Memorial insolvency, in the novel and effective plan developed by the NOLHGA team—particularly Frank O'Loughlin—working with the receiver's team. We need to do as well or better in discharging guaranty association obligations in the major cases we will face in the coming months and years.

We can afford to lose the support of no one among our natural constituencies. For that reason, no matter what else happens at the federal, international, or state levels, we must continue to deliver effective, compelling, and professional satisfaction of our responsibilities to covered consumers and to our membership in the insolvency cases coming before us. Nothing less than our best work and best efforts will suffice, in each and every case.

It has been a pleasure and an honor to serve this great organization for another year, and I look forward to working with all of you in the year to come. Thank you very, very much. ✯

*Peter G. Gallanis is President of NOLHGA.*

["Charged Up in San Diego" continues from page 9]

"The failure of any large group in the future will likely require an extensive amount of cross-border cooperation," Guinn added.

nationalization" of the industry—non-domestic insurers are increasing their market share in the U.S. market even as U.S. insurers are increasing their international exposure. The risk here, she said, is that financial troubles abroad "can still affect U.S. companies, and the guaranty associations, if multiple jurisdictions are involved." She also noted that as the industry continues to consolidate, the largest companies have the most international exposure. "The failure of any large group in the future will likely require an extensive amount of cross-border cooperation," she added.

Guinn pointed to the low-interest-rate environment as another threat to the industry, saying that "some insurers have had to trade riskier balance sheets for liquidity." She added that Towers Watson's prediction for interest rates is "lower for longer," with no substantial increases for 7 to 10 years.

Turning her eye to the future, Guinn predicted that the internationalization that she spoke of earlier could be a problem for the industry and the guaranty system. "We don't really have a handle on global exposure," she said. "Any cross-border resolution is going to be complex." She also noted that many companies still have substantial liabilities from older business remaining on their books.

Those liabilities aren't likely to go anywhere, she said, because of one more potential concern—smart consumers. Thanks to increasing sophistication and perhaps even the spread of information via social media, consumers are keeping products—especially those with generous guarantees—longer than expected. "This will cause some pain," Guinn said. "I would urge you to expect far more smart consumer behavior than we've seen in the past." ✯

*Sean M. McKenna is NOLHGA's Director of Communications. All photos by Kenneth L. Bullock.*


# NOLHGA Calendar of Events

## 2015

| | |
|---|---|
| March 28–31 | NAIC Spring National Meeting<br>Phoenix, Arizona |
| **April 7–9** | **MPC Meeting**<br>**Austin, Texas** |
| **July 21–22** | **MPC Meeting**<br>**San Francisco, California** |
| **July 23–24** | **NOLHGA's 23rd Legal Seminar**<br>**San Francisco, California** |
| August 14–17 | NAIC Summer National Meeting<br>Chicago, Illinois |
| October 11–13 | ACLI Annual Conference<br>Chicago, Illinois |
| **October 27** | **MPC Meeting**<br>**Baltimore, Maryland** |
| **October 28–29** | **NOLHGA's 32nd Annual Meeting**<br>**Baltimore, Maryland** |
| November 19–22 | NAIC Fall National Meeting<br>Washington, D.C. |

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