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CNSF International Seminar
Mexico City, Mexico
November 2007
Insure U
Get Smart About Insurance
NAIC Mission:

- To promote the public interest
- To promote competitive markets
- To facilitate the fair and equitable treatment of insurance consumers
- To promote the reliability, solvency and financial solidity of insurance institutions
- To support and improve state regulation of insurance
Get Smart About Insurance

The basics

Auto
Home
Life
Health

Life stages

Young Singles
Young Families
Established Families
Empty Nesters/Seniors

FIGHT FAKE INSURANCE
STOP. CALL. CONFIRM.
The National Association of Insurance Commissioners (NAIC) has created the Insure U — Get Smart About Insurance program to help consumers make educated decisions.

Select a life stage course, study the material, then take the Insure U Quiz!

Regardless of life stage, all consumers should:

- **Shop Around**
  Be sure to compare rates from other companies, making sure to compare plans that offer the same coverage.

- **Protect Yourself**
  Stop.Call.Confirm (above). Then use the Consumer Information Source (CIS) to compare your.

- **Review Annually**
  Each year, check your policies to make sure that they continue to meet your changing needs.

Call 1-866-470-NAIC (6242) before you buy. Your state's insurance department will confirm whether the company is legitimate.
Special Considerations for Employed
Now is a good time to re-evaluate your much coverage as you did when you worked for your company. Your circumstances have changed:

- If you are covered by a group
- As your family matures, its health needs evolve, and you may be interested in a plan that offers a more comprehensive approach to employer-provided health insurance.
- Review your policies to determine how they affect your coverage:
  - Is your spouse affected?
  - Are you covered for other financial needs?
  - Are your children affected?
  - Do you have high out-of-pocket expenses?

- If you have a cash value life insurance policy in place, it may pay dividends on the policy.

Special Considerations for Establishing
- Know your rights and entitlements:
  - Under the Employee Retirement Income Security Act (ERISA), if you lose your job or leave your current position, your pension may be covered.
  - Familiarize yourself with your current policies to ensure that your family will be covered when you need it.

Special Considerations for Young Singles
- At this stage of your life, you have increasing responsibilities and obligations:
  - As your family expands, additional family members:
    - Households
    - Additional children
    - Pets
  - Vehicles:
    - Car
    - Boat
    - Motorcycle

- Personal interactions:
  - In maintaining your own residence, you must realize that you are liable for things that happen to your premises. For example, you might be using your apartment for parties. Keep in mind that in many states, you could be held legally responsible for the actions of anyone who drinks in your home and then has an accident in your house or after leaving it. Your homeowner’s or renter’s policy should protect you against lawsuits due to these types of liability issues.

- You might be sharing your apartment with roommates who are unrelated to you. In such a case, insurance coverage can become complicated because renter’s insurance is designed for single individuals and traditional families. Be sure that you have an individual policy of your own to cover you and your possessions.
At this stage of your life, you might be considering buying your first car. Which of the following aspects of your vehicle does NOT affect your auto insurance premiums?

a. Make and model of the vehicle; whether it is an SUV, convertible or an economy car etc.

b. “Theft-ability Factor”: Whether the vehicle you are considering is prone to theft more than the others

c. Safety devices installed in the vehicle

d. Fuel efficiency of the vehicle

Question 1 of 16
LA ASOCIACIÓN NACIONAL DE COMISIONADOS DE SEGUROS (NAIC), ha creado el programa INSURE U – Edúquese Acerca del Seguro, con el fin de ayudar a los consumidores a elegir los mejores seguros disponibles. Elija un curso de la etapa de vida que le corresponda, estudie el material, y después, confirme lo aprendido tomando la prueba corta al final del material. Es fácil.

Independientemente de su etapa en la vida, todos los consumidores deben...

**Comparar**
Asegúrese de comparar las tarifas de otras compañías y los planes que ofrezcan los mismos tipos de cobertura.

**Protegerse**
Pare. Llame. Confirme. Procure usar el Consumer Information Source (CIS) para asesorar la reputación de la compañía que esté considerando.

**Revisar Anualmente**
Cada año revise sus pólizas para asegurar de que estén satisfaciendo sus necesidades de protección.

Llame al 1-866-470-NAIC (6242) antes de comprar cualquier póliza.

**Anuncios de Servicio Públicos**
- Video | Spanish (2 meg)
- Spanish.mp3 (60 sec)

**PRESSROOM**
News, Consumer Alerts & Media Resources
Fight Fake Insurance

STOP. CALL. CONFIRM.

:30 TV PSA

While all insurance companies should provide the foundation for financial protection, unfortunately, some do not.

There are fake insurance companies that promise peace of mind when trouble strikes but actually fall apart like a house of cards when it's time to pay a claim.

I'm (State) Insurance Commissioner, (Name). Before signing a policy I urge you to stop, call and confirm with my office to make sure you're dealing with a legitimate company, or go to r-a-i-c.org.

FIGHT FAKE INSURANCE
STOP CALL CONFIRM

[Insert Insurance Department Name]
[1-800-123-456]
www.naic.org
Fight Fake Insurance

STOP. CALL. CONFIRM.

COMBATA LAS POLIZAS FRAUDULENTAS
PARE. LLAME. CONFIRME.
Fight Fake Insurance

More than 150 Million Impressions

InsureUonline.org
Press Releases

NAIC News Release
FOR IMMEDIATE RELEASE

MAJORITY OF AMERICANS UNPREPARED FOR FINANCIAL IMPACT OF DISABILITY, NAIC SURVEY SHOWS
State Insurance Regulations Offer Tips to Consumers on Disability Insurance

KANSAS CITY, Mo. (Feb. 28, 2007) — Most Americans are not prepared for the possibility of becoming disabled and, in turn, unable to work, according to new research by the National Association of Insurance Commissioners (NAIC). More than half (56 percent) of U.S. adults say they would be unable to pay their bills or meet expenses if they became disabled and could not work in a year or longer, according to a January NAIC national consumer survey fielded by International Communications Research.

The survey showed consumers have an optimistic picture of their future, with only 13 percent saying it was somewhat or very likely they would become disabled and unable to work. However, statistics from the U.S. Census Bureau indicate that 2000 a substantial portion of the nation’s population — nearly 20 percent — live in some type of long-lasting condition or disability.

These findings highlight the need for long-term disability insurance, designed to protect people financially by replacing some of their lost income. In the NAIC survey, only 44 percent of respondents indicated they had long-term disability coverage. Of those individuals, 71 percent said their long-term disability insurance was employer provided rather than individually purchased. This suggests a significant number of people could lose their coverage in the event of a change in employment status.

"Many people don't think about the impact becoming disabled can have on their ability to earn a living and remain financially independent," said Walter Bell, NAIC President and Alabama Insurance Commissioner. "Understanding the role of disability insurance at each life stage is critically important to one's total financial security."

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NAIC News Release
FOR IMMEDIATE RELEASE

ENCUESTA INDICA QUE LA MAYORÍA DE LOS NORTEAMERICANOS NO ESTÁN PREPARADOS PARA ABSORBER EL IMPACTO ECONÓMICO DE UNA INCAPACIDAD
Los Reguladores Estatales de Seguros Ofrecen Consejos al Consumidor sobre Seguros por Incapacidad

KANSAS CITY, Mo. (9 de mayo de 2007) — La mayoría de los noreamericanos en este país no están preparados para enfrentar la posibilidad de que puedan quedar incapacitados para poder trabajar, según un reciente estudio dirigido por la Asociación Nacional de Comisarios de Seguros (National Association of Insurance Commissioners - NAIC). Más de la mitad (un 60 por ciento) de los adultos en los E.E.U.U. respondieron que no podrían pagar sus cuentas o cobrar sus gastos si quedaran incapacitados y no podrían trabajar por un año o más, según la encuesta del NAIC conducida en 2007 por la International Communications Research.

La encuesta indica que los consumidores se sienten optimistas con respecto a su futuro. Sólo un 13 por ciento de ellos respondió que la posibilidad de quedarse incapacitado y no poder trabajar era alta o muy probable. Sin embargo, los resultados del Censo de E.E.U.U. indican que, en el año 2000, una porción considerable de la población en este país — casi un 20 por ciento — podría quedarse incapacitada o de una condición médica permanente.

Estos resultados ponen de manifiesto la necesidad de considerar la compra de un Seguro por Incapacidad a largo plazo, creado para cobrar las pérdidas de ingresos en la eventualidad de quedar incapacitado. En el estudio de la NAIC, sólo un 44 por ciento de las personas que respondieron a la encuesta indicaron tener cobertura por incapacidad a largo plazo. De esto resulta, un 71 por ciento dijo que su seguro por incapacidad a largo plazo fue provisto por su empleador y no fue adquirido de forma personal. Esto parece indicar que, un número significativo de personas, podría perder su cobertura en caso de cambiar de empleo.
Press Coverage

The New York Times
SUNDAY, JUNE 17, 2007

What's Insured And What Isn't

By JAY ROMANO

A survey found that 10 percent of the homes in America have been damaged by fire, but not everyone insurance policies. Even if you paid good money for a house insurance, it might not cover your losses.

The survey found that 10 percent of the homes in America have been damaged by fire, but not everyone insurance policies. Even if you paid good money for a house insurance, it might not cover your losses.

The Washington Post

Net Interest

How are you going to stash your cash? Get organized now. Here are our favorite web sites to help you save and spend.

mileagemanager.com: This site helps you to record your miles and costs to replace or repair without insurance. It's a free service.

cnnradio.com: For consumer news and the latest branded news.

The Color of Money

In order to protect your home, you need to purchase a home insurance policy. (See the "Net Interest" section above.)

The Associated Press

Newswise Tip Sheet

What is the Cost of Money?

In order to protect your home, you need to purchase a home insurance policy. (See the "Net Interest" section above.)

Financial Times
The National Association of Insurance Commissioners (NAIC) presents **Insure U for Small Business** to provide helpful information, tips and considerations about insurance for owners of small companies and home-based businesses. This curriculum is organized around these subjects:

- **Workers' Compensation**
- **Business Property & Liability**
- **Commercial Auto**
- **Group Health & Disability**
- **Group Life & Key Person Life**
- **Home-Based Businesses**

**All Insurance Consumers Should:**

**Shop Around** — Examine rates from several companies, making sure to compare plans that offer the same coverage.

**Protect Yourself** — Stop, Call, Confirm. Then use the Consumer Information Source (CIS) to compare your company's consumer complaint ratio to that of others in the industry.

Call 1-866-470-NAIC before you buy.
Tool Kit

GET SMART ABOUT INSURANCE

Toolkit 2007

2007 Toolkit Elements
Insure U in the States

States mentioning Insure U on their sites or linking to Insure U site

AL, AR, AZ, CT, DE, DC, GA, HI, ID, IN, KS, KY, ME, MD, MN, MS, NC, ND, NH, NJ, OH, OK, OR, PA, SC, SD, TN, UT, VT, WV
Outstanding Results

- Strong Web traffic at all Insure U Web sites
  - **176,856** total visits since launch (March 2006)
  - Average of **571** visits per day
  - **4,893** diplomas downloaded
Natural Disasters in the US
States With Significant Risk of:

EARTHQUAKE

Sources: U.S. Geological Survey, Uniform Building Codes, Council of State Governments
States With Significant Risk of:

HURRICANE

Sources: U.S. Geological Survey, Uniform Building Codes, Council of State Governments
States With Significant Risk of:

- Earthquake
- Hurricane
- Both
- Tornadoes
States With Significant Risk of:

EARTHQUAKE  HURRICANE  BOTH

Sources: U.S. Geological Survey, Uniform Building Codes, Council of State Governments
Creating A Comprehensive National Catastrophe Plan
Basic Underlying Principles

• A national program should promote personal responsibility among policyholders

• A national program should support reasonable building codes, development plans, and other mitigation tools;

• A national program should maximize the risk-bearing capacity of the private markets, and;

• A national plan should provide quantifiable risk management to the federal government
Current Plan Framework

• 3 layers in the plan
  – Private market, tax-deferred catastrophe reserves, mandatory offer of “all-perils” policy, mandatory for mortgages with federal guarantees
  – Optional State or Regional Catastrophe Funds
  – Federal Backstop beyond some “high” level for participating states at actuarially sound rates
The Plan Schematic

- Federal Backstop
- State/Regional Catastrophe Funds
- Private Insurance
- Private Reinsurance
- Policy Holder Retention via deductible - personal responsibility
- State Attachment
Main Features of Homeowners Protection Act of 2007

• Creates a 3 layer program relying on the private market, state involvement and finally a federal reinsurance backstop
Main Features of Homeowners Protection Act of 2007

- Creates Catastrophe Capital Reserve Funds for private insurers; tax-deferred reserves that can be used for paying claims resulting from 1:100 year or higher events

- Creates a Federal Reinsurance Program, with caps, for states with qualifying state or regional catastrophe fund. Trigger of 1:200 year or higher event

- Only states participating with state cat funds or participating in regional funds have access to Federal reinsurance
State or Regional Cat Funds

- Funds act as “reinsurers” and are required to participate in Federal Reinsurance Program
- State must adopt mitigation and prevention standards along with building code and enforcement standards
- A minimum of $10 million must be spent annually on prevention and mitigation
Federal Reinsurance Program

• Sells annual contracts to participating state or regional funds at actuarially sound and self sustaining rates

• Trigger for federal reinsurance payout is a 1:200 yr or greater event

• Program is capped at a $200 billion aggregate liability per contract year
Additional Research
Mandates

- Secretary of Treasury will report annually on the cost and availability of homeowners’ insurance in catastrophe prone areas and offer suggestions for improvement.

- Mandates a GAO study on the interrelation between flooding and hurricane.
Moving Forward

- Continue with Efforts as Enumerated in the NAIC Resolution adopted in 2005

- Continue Moving Forward with the Catastrophe Insurance Working Group to study additional considerations
For Consideration

- At the basic layer, the homeowner’s policy will be an “all-perils” policy, e.g. all natural disasters
- The NFIP should be structured as a reinsurer to the private market, not a direct writer
- The homeowner’s policy will have a plain English checklist of coverage
For Consideration

- States participating in state or regional funds with mitigation, building and development standards will be the only ones that may participate in a Federal backstop reinsurance program

- The Federal reinsurance backstop must be priced at actuarially sound and self-sustaining rates

- Other Options:
  - TRIA style program for natural catastrophes
  - Regional Catastrophe Plans
GRACIAS!

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