

fees ultimately generate campaign contributions and other benefits for the regulators and their political allies. The California State Auditor recently (July 2001) issued a report very critical of the CLO (For example, in the summary, it states

"This report concludes that the CLO does not adequately safeguard and conserve insurance companies' assets by following prudent business practices and adhering to established controls. During our review, we identified significant weaknesses...we noted that the CLO does not effectively manage its contracts...the CLO uses a basis to allocate certain of its costs that is not equitable...the CLO has not recently updated its estate closing plans or prepared cash flow projections as a means for ensuring that investment decisions are optimized."

It goes on to say that:

"Moreover, the [insurance] department and the CLO have not addressed many of the issues raised in our previous two audit reports..."

No one in the last 3-4 administrations (even predating Garamendi in 1990) has done anything about the waste of millions (perhaps billions) of dollars of assets of defunct insurers. The California Insurance Guaranty Fund usually pays the claims (or most of the claims) of defunct insurers and becomes a creditor of the estates. However, the funding for CIGA ultimately comes from the citizens of California in the form of surcharges or increased rates on insurance policies. Mr. Ogden plans to address these serious criticisms and make the CLO responsive and cost-effective in its handling of insolvent or impaired insurance companies.

"I have personally organized and managed the rehabilitations and liquidations of several insurers in such a way that there was not one dollar of cost to the taxpayers or insurance consumers of any state in which the companies conducted business."

Reduce Administrative Bloat

While accomplishing these and other major goals, Mr. Ogden plans to drastically reduce the budget of the insurance department. Prior to 1988, the insurance department budget was about \$28 million per year. It now is at least five time times that much and still growing.

California used to have a national reputation for competent insurance regulation, along with a few other heavily-populated states. Since Proposition 103 gave us elected insurance commissioners, we've become a national joke. With only \$28 million in the

late 1980's we could accomplish everything that needed to be accomplished. At least \$100 million and probably more could be subtracted from the budget and no one (other than political hacks and dead weight) would notice. High-placed individuals who have worked within the California Insurance Department over the past few years also agree with Mr. Ogden's assessment of the budget.

None of the other candidates has any insurance regulatory experience except former Commissioner John Garamendi whose tenure was a complete disaster. During his tenure, the courts overturned virtually all of his unconstitutional and abusive decisions. Through utter stupidity and to the (often catastrophic) detriment of its policyholders, he gave away more than \$3 billion of the assets of Executive Life Insurance Company. In a 1994 meeting with FEMA, discussing possible federal involvement in providing earthquake coverage, he was described by the Clinton administration representatives as "...perhaps the most arrogant..." they'd ever met. While he lists his occupation as a "businessman/rancher" he spent most of the time since leaving office as a lobbyist and political hack for the Clinton administration.

Who is Dale F. Ogden?

Dale F. Ogden resides in San Pedro, California with his wife and son. He first came to Southern California in 1985 as a part of a work assignment where he organized and implemented the corporate restructuring of a \$125 million (revenue) group of failing insurance companies. Those companies all survived and continue to provide both jobs and services to businesses and individuals.

In 1987, he moved to San Pedro. When his assignment was completed in December 1987, he quit his job with an east coast consulting firm and established Dale F. Ogden & Associates.. Today, he is self-employed as an insurance consultant and casualty actuary and provides services in the areas of property-casualty and health care insurance and related areas to the federal and various state governments, and to private clients throughout the United States.

In addition to more than 11 years with Dale F. Ogden & Associates, his employment has included 6½ years (in New York and Los Angeles) with a major international accounting and consulting firm, about 4½ years with an east coast insurance regulatory consulting firm, and 3½ years as the chief actuary for the Maryland Automobile Insurance Fund, a state-created automobile insurer.

**Let's elect Dale F. Ogden
California Insurance Commissioner!**

Dale F. Ogden



Libertarian

for

California State

Insurance Commissioner

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Dale F. Ogden

Libertarian

for California Insurance Commissioner

Dale F. Ogden has spent most of his professional life acquiring the knowledge and experience that uniquely qualify him to be an effective and efficient Insurance Commissioner for the State of California. No other candidate has such a comprehensive knowledge of the insurance business, insurance law, and insurance regulation.

As a Libertarian, he believes that government regulation of insurance usually harms consumers by interfering with the natural competitive forces of the several hundred insurance companies licensed in California. However, unlike his two elected predecessors, a Democrat and a Republican, and his opponents, he also believes that California insurance laws should be enforced as they are written, for the benefit of the citizens of California, not as the Insurance Commissioner decides would best further his and the governor's political careers.

In 1998, Dale F. Ogden was the Libertarian Candidate for California Insurance Commissioner and warned the public of the corrupt and unethical practices of Chuck Quackenbush and some of his chief lieutenants. Their corruption was exceeded only by their gross incompetence and arrogance. Chuck Quackenbush ultimately was forced to resign in disgrace in July 2000.

As long ago as January of 1990, Mr. Ogden was the principal author of a critical actuarial analysis of the unconstitutional and impractical rate approval regulations proposed by John Garamendi, allegedly to implement Proposition 103. The California courts ultimately agreed with Mr. Ogden's analysis and rejected Garamendi's regulations. More recently, an analysis of the effects of Proposition 103, prepared by a nationally-known actuarial firm, was presented at the fall 2001 meeting of the National Association of Insurance Commissioners (an association that includes state insurance regulators from all 50 states). It found that "...the political uncertainty imposed on the auto insurance rate approval system by Proposition 103 cost California auto insurance policyholders between \$8.6 billion and \$13 billion in

potential premium reductions that insurers were reluctant to make over the past decade." Both Garamendi and Quackenbush tried to further their personal and political goals through impractical and unlawful rate approval regulations and corrupt processes. Unlike his predecessors and opponents, Mr. Ogden would eliminate political considerations in the rate filing and approval processes.

Both Quackenbush and Garamendi attempted to extort, more or less successfully, campaign contributions from insurance companies, hoping to build war chests for future campaigns for higher office (thankfully, Garamendi lost the primary for governor in 1994). Both abused their position as Insurance Commissioner to further their personal and political goals (fortunately for California, they both failed).

Incredibly, Garamendi is running again, despite having given more than \$3 billion of assets that belonged to the policyholders of Executive Life Insurance Company to a bank owned by the French government. The current Commissioner (appointed by Governor Davis after Quackenbush resigned) is trying to recover some of those assets.

Hundreds of millions of tax dollars have been wasted and billions of dollars of excessive insurance premiums have been paid by the California citizens in the years since the first elected Insurance Commissioner assumed office in January 1990. Neither the Democratic nor Republican Insurance Commissioners have been able to resist their urges to build political empires with your tax dollars and your insurance premiums. To the contrary, they attempted to manipulate and control the insurance markets for their personal and political gain.

Isn't it time to elect an Insurance Commissioner whose only allegiance is to the people of California, not to the power structure of the Democratic and Republican parties?

Isn't it time to elect an Insurance Commissioner who will allow the hundreds of insurance companies licensed in California to compete for business based on price and quality, like most other businesses? Had this been done by his predecessors, the public would have saved at least \$8.6 billion in automobile insurance premiums alone.

The California Insurance Department budget has increased nearly sixfold since 1988, when it was only \$28 million! Let's elect an Insurance Commissioner who knows how to cut more than \$100 million of waste from the bloated budget of the insurance department without cutting a single service to the public!

Let's elect an Insurance Commissioner whose knowledge of and varied experience with insurance regulation in all fifty states has shown him what works and what doesn't!

Let's elect Dale F. Ogden to be our next Insurance Commissioner!

"First, do no harm!"

As insurance commissioner, Mr. Ogden has stated that his foremost goal would be to "Do no harm." With the politicizing of insurance regulation, we've had corrupt and incompetent individuals using the resources of the insurance department and the insurance industry (through pressure tactics, extortion, and intimidation) for personal gain and as a stepping stone to higher political office.

Most economic regulation is harmful to the citizens and to the economy; if anyone ever benefits from regulation, the benefits usually are limited to the politicians who exercise the vast discretionary power over the industry. Sometimes, the regulated industry also benefits because it is shielded in part from competition and customer accountability by the regulators (much like the phone company). Vast resources are wasted making the regulator happy that better could be used making customers happy.

"Throughout my twenty-five years of experience with insurance regulators throughout the fifty states (and in other countries), I have seen what works and what doesn't work; I have seen the damage done by both excessive zeal and intentional abuse by elected and appointed politicians for their personal gain and political benefit. I would not make those mistakes nor commit that abuse."

Revamp the Conservation and Liquidation Office

Another major goal of Mr. Ogden would be to completely revamp the Department of Insurance, Conservation and Liquidation Office (the "CLO"). The CLO manages insurance companies during their rehabilitation and liquidation. The CLO is supposed to marshal the assets and settle the liabilities of defunct insurers in a cost-efficient manner. Instead, as happened with Mission Insurance Group, Executive Life Insurance Company, and numerous other situations, the assets of the defunct insurer often are wasted paying multi-million dollar consulting fees to politically favored individuals and groups, most of whom are unqualified for the task at hand. Those