



# Excelsior

Fourth Quarter, 2007

Volume VIII, Issue 4

Ethical Market Conduct Issues for Presidents and Senior Executives

## **Congratulations to These Fine Companies Who Have Joined or Renewed Their IMSA Membership:**

- Acacia Life Insurance Co.
- American Family Life Insurance Company,
- Ameritas Life Insurance Corp.
- Equitrust Life Insurance Company,
- ING companies including,
  - Reliastar Life Insurance Company,
  - Reliastar Life Insurance Company of New York,
  - Security Life Insurance Company,
- MetLife Insurance Company of Connecticut
- MetLife Life and Annuity Company of Connecticut
  - First MetLife Investors Insurance Company
  - General American Life Insurance Company
  - MetLife Investors Insurance Company
  - MetLife Investors USA Insurance Company
  - Metropolitan Life Insurance Company
  - Metropolitan Tower Life Insurance Company
  - New England Life Insurance Company
  - Texas Life Insurance Company, Waco, TX.
- Northwestern Long Term Care Insurance Co
- Northwestern Mutual Life Insurance Co
- Pacific Life Insurance Company,
- Pacific Life and Annuity Company,
- Shelter Life Insurance Company
- State Farm Life Insurance Company,
- State Farm Life and Accident Assurance Company,
- Union Central Life Insurance Co.,
- West Coast Life Insurance Company.

## **IMSA Announces Suitability Certification Clearinghouse**

IMSA announced a new Clearinghouse System to serve as the one-stop solution for life insurance companies to obtain certifications of supervision of annuity suitability from third-party distributors as required under the NAIC Suitability in Annuity Transactions Model Regulation.

Thirty states have adopted some form of the NAIC Suitability in Annuity Transactions Model Regulation requiring companies to get annual certifications from third-party distributors to whom they have delegated suitability supervisory responsibilities. IMSA's Clearinghouse will provide electronic storage and transfer of these certifications. Services will be available to all U.S. insurance companies, whether or not they are IMSA-certified, as well as third-party distributors.

Clearinghouse services will be available on January 1, 2008.

"This service comes just in time for companies planning for 2008. A tremendous amount of work has been done by IMSA and its certified companies to craft this solution," said Jim Buddle, Genworth Chief Compliance Officer and IMSA Standards Development Committee Chair.

"This new service offers regulators a measure of confidence that companies and distributors are obtaining all the necessary certifications in a consistent manner," said Brian Atchinson, IMSA CEO and President. "IMSA is proud to offer this timely solution for companies, distributors, regulators and, ultimately, consumers."

*For more information visit [www.IMSAethics.org](http://www.IMSAethics.org).*

## **Insurance Marketplace Leaders Join IMSA Board**

IMSA has approved a new Chairman of the Board and elected its new Board of Directors representing leaders from the life insurance marketplace.

At its annual meeting, IMSA members confirmed David Odenath, President of Prudential Annuities, as Chairman of the standards-setting organization.

"For more than a decade, IMSA has been doing important work in compliance and market conduct and this year will be no exception," said Odenath. "The standards that IMSA companies follow raise the bar for the whole industry. I look forward to an exciting year as we continue to implement new and creative compliance solutions."

In addition, Scott Curtis, Senior Vice President of Raymond James & Associates has been approved as Chair-Elect.

IMSA members also approved the following candidates for new three-year Board terms:

- Haluk Ariturk, Chairman, President and CEO of Acacia Life Insurance Company;
- James Gallagher, Senior Vice President, Global Compliance Chief of Manulife Financial Corp.; and
- Karen Shaff, Executive Vice President and General Counsel, Principal Financial Group, Inc.

Welcoming the new members, IMSA President and CEO Brian Atchinson said, "The wealth of knowledge and experience represented on our Board of Directors is a tremendous asset to IMSA. This is an important time for Americans as they confront the need for financial security and are concerned about purchasing suitable insurance products to meet their needs. These distinguished professionals bring valuable viewpoints on the industry and marketplace as we continue to promote ethical business practices that benefit consumers, companies and distributors."

For background on the chairman and new board members visit : [www.IMSAethics.org](http://www.IMSAethics.org)

### **Please Mark Your Calendars!**

Upcoming Meetings  
Jan. 23-25 LHCA Meeting  
Panama City, FL (more on page 3)



**IMSA Leaders Named to INSURANCE NEWSCAST'S 2008 LIST OF THE 100 MOST POWERFUL**

IMSA's President/ CEO and leaders of several IMSA member companies were named to this familiar list:



**Brian K. Atchinson**  
Executive Director, IMSA - 6th  
<http://www.imsaethics.org/>



**Robert C. Henrikson**  
Chairman of the Board,  
President and Chief Executive  
Officer, MetLife - 1st  
<http://www.metlife.com>



**Donald J. Shepard**  
Chairman of the Executive  
Board of AEGON N.V.,  
Chairman of AEGON USA - 5th  
<http://www.aegon.com>



**Arthur Ryan**  
Chairman & Chief Executive  
Officer, Prudential Financial,  
Inc. - 6th  
<http://www.prudential.com>



**Ed Zore**  
President & CEO,  
Northwestern Mutual  
Insurance - 6th  
<http://www.nmfn.com/>

Please send any comments to [walt@insurancebroadcasting.com](mailto:walt@insurancebroadcasting.com). Used by permission of Walter B. Podgurski, CEO, InsuranceBroadcasting.com

**Highlights from IMSA Today****California Department of Insurance Hosts IMSA Training Session**

Donald Walters recently provided training for the California Department of Insurance. On the IMSA qualification process. This unique opportunity was designed to encourage the California Department market analysts to use IMSA information to refine regulatory reviews of IMSA qualified-companies. Approximately 60 market analysts from the California Department attended the session.

**FINRA Data Utility Task Force Refines Initiative**

At a recent meeting in New York City, the FINRA Data Utility Task Force continued to refine its efforts and is putting together working groups and next steps as they work toward development of a data utility for variable annuity products. IMSA serves on this Task Force which is a unique opportunity for FINRA and industry participants to work together proactively toward solving marketplace challenges.

**SEC Staff Hears from IMSA about Current Compliance Issues**

IMSA staff met on November 30 with senior staff from the U.S. Securities and Exchange Commission's Division of Market Regulation to discuss recent revisions to IMSA standards and its qualification process and to learn more about contemporary market conduct and compliance issues affecting the life insurance marketplace. The lengthy meeting covered a number of key topics including the future of financial services regulation. It concluded with agreement to maintain an ongoing dialogue.

**House Subcommittee Prepares for Insurance Regulation Hearings in 2008**

IMSA provided a briefing this week for staff of the U.S. House of Representatives' Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises regarding market conduct regulation, IMSA, and the recent Georgia State University study on the value of IMSA qualification for consumers and insurance companies. It is anticipated that the Subcommittee will resume hearings on insurance regulation next year.

**IMSA on Financial Services Regulatory Modernization**

At the request of the U.S. Department of the Treasury, IMSA provided comments about modernizing financial services regulation to suggest that IMSA should be considered as a candidate for a self-regulatory organization in the event the Treasury Department's Blueprint includes development of an optional federal charter approach to insurance regulation. The Treasury Department received more than 200 comment letters and expects to issue a report in Spring 2008.

**NAIC Report on IMSA Set for Adoption Next Week**

IMSA recently submitted comments on a report of the IMSA qualification process developed by an Ad Hoc Working Group of the NAIC Market Regulation

and Consumer Affairs (D) Committee. The Working Group underwent IMSA training and conducted an on-site review of the IMSA independent assessment process. The Working Group's findings noted that a life insurance company's qualification in IMSA may be useful to regulators in their market analysis review and in their efforts to prioritize market regulatory oversight activities. Report findings, presented to the NAIC Market Regulation and Consumer Affairs (D) Committee at the Fall National Meeting, also pointed to instances where IMSA standards appear to be higher than regulatory standards. The final Report is scheduled for adoption at the upcoming Winter National Meeting. For more information, contact Donald Walters at [DonaldWalters@IMSAethics.org](mailto:DonaldWalters@IMSAethics.org).

**IMSA on the Road**

"Market Conduct Standards – Industry, IMSA and Regulators," and "Indexed Annuities and Indexed Life Products" were Brian Atchinson's presentations at the Association of Insurance Compliance Professionals' annual conference in Portland, OR, Oct. 28-31. John Dohmen also spoke, addressing "Audit Planning and Management." In addition, IMSA exhibited at that meeting.

Donald Walters served on an "Ask the Experts" panel at the upcoming LIMRA/ LOMA Market Conduct Exchange meeting on Nov. 5 in New Orleans, LA. Also on the panel will be Bob Watts, formerly of John Hancock, Andy Favret of FINRA and John Walsh of the SEC.

IMSA met with representatives of the New York State Insurance Department Life Bureau to discuss the Department's use of IMSA information during market conduct examination activities. New York regulators expressed concerns about certain market activities, particularly in the senior market.

IMSA will provide a briefing for the Texas Department of Insurance staff while in Texas for the NAIC Winter Meeting.

IMSA also exhibited at NAILBA's annual meeting in Orlando, Nov. 16-18.

**IMSA in the News**

National Underwriter and Insurance Compliance Insight reported about IMSA's Suitability Certification Clearinghouse. Watch for advertisements in trade publication announcing the new IMSA service.

IMSA and the value of its assessment to regulators who face larger workloads and smaller staffs was highlighted in a recent Minneapolis Star Tribune article on regulatory gaps.

You can get more information on all these items and more and the excellent IMSA web site: <http://imsaethics.org/>

## Upcoming Event

We're passing on to you the invitation we received for the next LHCA meeting in January. I've been to the resort, and it is the nicest one I've ever been too. These meetings are always great.

**Wednesday January 23, 2008 - Friday January 25, 2008**  
**Panama City Beach, Florida**

### WE HAVE MADE ARRANGEMENTS FOR 3 SPECIAL SESSIONS AT THE MEETING

- 1) On Thursday, we will have two guest speakers from the Interstate Compact that will give a presentation during lunch. After lunch, the meeting will reconvene and the discussion will continue with as much time as needed to handle any questions that you might have about the Interstate Compact including any "how to" questions that you might have.
- 2) On Friday morning, Karen Alvarado will give a presentation on Suitability and Annuities.
- 3) Also on Friday morning, Michael Freedman (from Coventry Life Insurance Co.) will give a presentation on STOLI (Stranger Owned Life Insurance).

\*\* We expect to have a full agenda, so please plan on staying until noon on Friday, the scheduled time for the meeting to adjourn.

\*\*As in past Panama City LHCA Meetings, the Wednesday night reception promises to be a special evening with special giveaways.

### PLEASE MAKE YOUR PLANS NOW TO BE THERE.

#### Hotel Information:

The meeting will be held at the Marriott Bay Point Resort in Panama City Beach, Florida.

The Bay Point Marriott Resort offers a luxurious retreat for recreation and comfort, in a unique setting overlooking St. Andrews Bay. Choose from a number of different room types, including one and two bedroom Golf Villas and spacious guest rooms with scenic views of the surrounding bay.



**Geraldine K. Trout**

*Born: January 1, 1948*

*Died: October 24, 2007*

RIP.

With great sadness I recently learned of the quick and tragic passing of Geri Trout. She passed away on October 24th at Sloan Kettering in New York City.

Geri will be terribly missed, but not forgotten. She will be remembered her friendship as well as her energy and always positive way - but mostly, as a wonderful friend to many.

I know that many of you all worked closely with Geri in the early IMSA years and thought you would want to know. The illness came on so fast, she did not have time to rationalize the seriousness of it before passing. The friend who informed me of this sad news had this to say:

Geri had a brother, James Keeley, who lives in Maryland, her sister-in-law, and two nieces. Last March she had met a wonderful guy, they made a great couple and everything was looking up for her. She was at my wedding just three weeks before she died - it seems impossible! She was so happy and excited, you would never have known - nor did she - that she was going to leave us so soon.

Her family put up and below is a link to a photo album web site.

<http://www.mem.com>

Then on the left side, enter a search for the name Trout. Once you are on Geri's page the buttons on the right, Images, Gallery, or Movie, all show the same pictures.

Geri would have turned 60 years of age on New Years day. A Mass of Christian burial was held for Geri at The Cemetery of the Gate of Heaven Chapel, Hawthorne, NY, Monday, October 29, 2007

## Best Practice Corner

### October

One of the simplest, most effective and least used best practices is available free on your Microsoft Word toolbar. It's the Readability statistics under the Tools menu. It will give you counts of words, paragraph and sentences, averages of sentence in paragraphs, words in sentences and letters per word. But most importantly it provides information on passive sentences, a Flesch score and, my favorite, the Flesh-Kincaid Grade Level. This last item lets you compose materials that are at the 8th grad level - where you need to be. Surprisingly, almost no companies use this! They rely on surrogate measures, usually subjective, such as what the agents think or what their English majors "feel" is appropriate. But these people have different interest and concerns that your customers! The agents often want to display their expertise and use technical terms and "concepts" that will confuse your customers. Your English majors think everybody know the college level vocabulary they do. Take a hint for the direct response marketers, whose bread and butter is their customer communications. Don't let a piece of advertising or sales material get out there without running it through the readability tool! It's easy and will make your material more readable and more effective.

### November

If you're getting this update, you should have received a "Flash Survey" from us last week. This is one of the best practices we know of for getting input on continuous improvement. You can use it to get user input on a process or to find out how others handle the same issue. The key here is to keep it short. No more than 7 questions. Try to make them "yes or no" questions, because the more people have to write, the less apt they are to answer. Good companies use this technique to keep their policies and procedures up to date and customer friendly. It's crazy to take a shot in the dark when you can get valuable input so cheaply and quickly using this simple tool One warning: don't get bogged down in sample size and statistical validity. The purpose here is simply to get information. You can get the professional statisticians involved once you know what direction you want to go.

### December

A requirement for renewing your IMSA membership is that your company keep an "ongoing system of monitoring." There are many ways of doing this, but one of these that we think is a best practice is the maintenance of "Quantitative Exhibits." This approach creates and regularly updates a one-page exhibit that show proof positive of compliance throughout the membership period. For example, for the licensing standard, the Quantitative Exhibit show how many producers were recruited and how many of these were licensed by quarter. For complaints, it might show the number received by quarter and the average resolution time. For support of industry activities supporting ethical market conduct it might simply list every time a company person attending a qualifying event.

This great monitoring tool is easy to keep up to date if you assign responsibility. It will also make your next self-assessment a breeze. Finally, it will make your QIA a lot happier in meeting the "reasonable assurance" standard. I ask companies to design QE's so that if I am asked in court why I said they met the IMSA standard all I'd have to do in hold up that exhibit and everyone would agree that the company was obviously compliant.

# Merry Christmas and Happy Chanukah!

## Christmas -- Let It Be

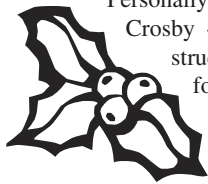
By Jackie Mason & Raoul Felder

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<http://www.spectator.org/>  
 December 9, 2005



NEW YORK -- Christmas in America is not a clash of civilizations, but rather a celebration of diversities. But to lots of people, it doesn't seem that way. Across America school districts are forbidding the singing of Christmas carols, nativity scenes are being banned in public places, and in malls the "Christmas" sales" are now "Holiday" sales. Although we are part of the 20 percent of Americans that are not Christian and the 5 percent that do not celebrate Christmas -- unless the giving of gifts and gratuities constitute "celebrating," and if that is true then we are part of the 95 percent that are celebrants -- we have nothing against and are part of those who enjoy the entire Christmas experience. What's not to like? People are friendlier and music fills the air.

However, we have the whisper of an unworthy thought that if polls were taken of only the givers -- the bosses, the employers, the apartment dwellers and all the myriad people from whom gifts are sought on a virtually obligatory basis, as opposed to the people with their hands out -- the percentages probably would tip more towards the Scrooges.



Personally we like Christmas carols --especially sung by Bing Crosby -- with their simple and elegant melodies and chord structures that have survived in the same manner as other folk songs that have been handed down through the ages, such as those of Scotland and Ireland.

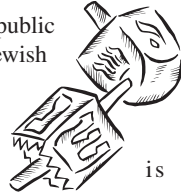
We cannot see how our beliefs are jeopardized by someone else celebrating their beliefs -- particularly if the celebrations are those consisting, at least in part, of love, family values, spirituality, and giving thought to the less fortunate.

We would have a very fragile religion if 2000 years of our culture and beliefs were threatened by Bing Crosby singing I'm Dreaming of a White Christmas (incidentally, written by a Jew), Santa Claus, and mistletoe. Now, if it were KKK celebrating their holiday by exchanging presents of bed sheets or singing carols beside burning crosses, or the Romans tossing another Jew on the Yule log, or the Ghost of Christmas's Past turning out to be Yasser Arafat in a Santa Claus suit, it would be another story. But until then, hand us the check books and turn up Bing Crosby.

Jews seem to be heavily involved in this repeal movement. They would do well to remember Pastor Niemuller's observation: In Germany the Nazis came first for the Communists, and I didn't speak up because I was not a Communist. Then they came for the Jews, and I didn't speak up because I was not a Jew. Then they came for the trade unions, and I didn't speak up because I was not a trade unionist. Then they came for the Catholics, and I was a Protestant and I didn't speak up. Then they came for me and by that time there was no one left to speak for me.

The point is, of course, if Christmas is abolished from public display, can the fate of Chanukah and the myriad of other Jewish holidays be far behind?

Also, if the Christians are discouraged from buying Christmas presents, some thought must be given to the question, "Who is selling the presents to the Christians?"



And lastly, a word about the ACLU. The ACLU is an organization supported by many liberal Jews and is in the forefront of efforts for a public suppression of Christmas. They are also vocal in criticism of American treatment of terrorists. It is our respectful observation that it is the terrorists who have affected the way in which we now have to live our lives, have created serious economic consequences for us and caused the death of thousands of Americans -- and not Bing Crosby.

It is significant that the ACLU's position is that pornography is protected under the Constitution, while the Christmas tree is not. So, if this bunch were successful, the only way you could see a Christmas tree is if you visit a porn shop that had one.

With these thought we want to wish our friends both Merry Christmas and Happy Chanukah --as least as long as we are permitted to do so.

Jackie Mason is a comedian. Raoul Felder is a lawyer.

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Excelsior, A Quarterly Newsletter for Life Insurance Company Presidents and Senior Officers, is published by The Kenneth J. Kalis Company, Inc., Client-Focused IMSA Expertise, specializing in IMSA assessment services.

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