



# Excelsior

Second Quarter, 2001

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*Ethical Market Conduct for Presidents and Other Senior Executives*

## Excelsior Awards and Client Appreciation Dinner

Part of the cycle of continuous improvement is reward and recognition. In keeping with our commitment to this, we have announced the first Excelsior Awards and Client Appreciation Dinner to be held on Wednesday, July 11, 2001 at the Grand Hyatt in New York City. We have planned this to start at 7 pm, directly after the welcome reception for the ACLI Compliance Section meeting, so that many of you will already be in New York.



Excelsior is, of course, the name of this newsletter and means "Ever Upward!" or "Still Higher!" Appropriately for the setting, Excelsior! Is also the motto of the State of New York. The formal sit-down dinner will be tastefully presented by the Grand Hyatt chef, culinary and catering staff with the following menu:

**Appetizer:** Roast Duck Salad, Served with Frisse and Endive with Walnuts and Raspberry Vinaigrette

**Entrée:** Noisette of Beef, Lamb and Veal with Wild Rice Spatzle, Pinot Noir Sauce

Fresh Seasonal Vegetables

**Dessert:** Folded Linen: Marble Chocolate Bag with Chocolate Mousse, Mango Sauce and Fresh Berries  
Friandise

Coffee, Tea and Brewed Decaffeinated Coffee

**Cold Beverages with Dinner:** An assortment of Soft Drinks and Iced Tea

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## News From IMSA's Website

In case you haven't been there, you should take a look at IMSA's April 2001 Update, now published on the IMSA website at <http://imsaethics.org/>. Click welcome, Updates and you will see the following topics listed below:

- Introduction
- NAIC Developments
- Advertising and Promotional Activities
- IMSA Summit Meetings
- IMSA Best Practices
- Optional Federal Charter
- Meetings with State Insurance Departments
- IMSA's Strategic Plan
- Visits with Rating Agencies

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# Excelsior Awards

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Live piano music is planned, and a short program is being developed for the awards presentation. So far, 14 companies will be honored with Excelsior Excellence Awards for 48 customer-focused best practices that encourage ethical market conduct. A professional photographer will be on hand to capture the presentations for company newsletters and posterity.



Seating is limited to 100. We are offering tickets first to our clients and KJJC IMSA Assessment Team members and then to other IMSA Friends. Tickets are \$150 each, but a number of complimentary tickets are available on a first-come first-serve basis.

One of our goals for keeping interest in IMSA alive and policies and procedures up to date is to encourage our clients to share their concerns, best practices and methodology with other companies dealing with the same issues. We plan to use the proceeds from the Awards dinner to fund the first meeting of this group.

Our plan is to have 2 or 3 meetings a year where we would discuss topics of interest to all participants. The meeting sites will be rotated by company. A tentative offer has been made by one company to host the first of these in the fall. We encourage your input and ideas as to how to make this useful to you.



# IMSA's Website

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We're planning on preparing an update on the two Summits, one for companies on May 24th and the other for Independent Assessors on May 31. Our hope is to have these out in our May Electronic update late in the day on May 31. As soon as we can, we will get it up on our website at [kkalis.com](http://kkalis.com).

Please notice too, that we have included in this newsletter examples of 4 new ads IMSA is distributing. They look great to us. Hope you like them too.



# The Elephant in the Room – Effectiveness

An Editorial by Kenneth J. Kalis, CLU

IMSA has made, and is continuing to make, valiant efforts to get some formal recognition from regulators and rating agencies, but the payback has been small. I believe that there are many reasons for this, the tendency for big bureaucracies like the NAIC towards inertia, and the states' fear that recognizing IMSA will cost them revenues from fines during market conduct exams being two that come to mind. But the most important issue of all is one that we all must grapple with: effectiveness.

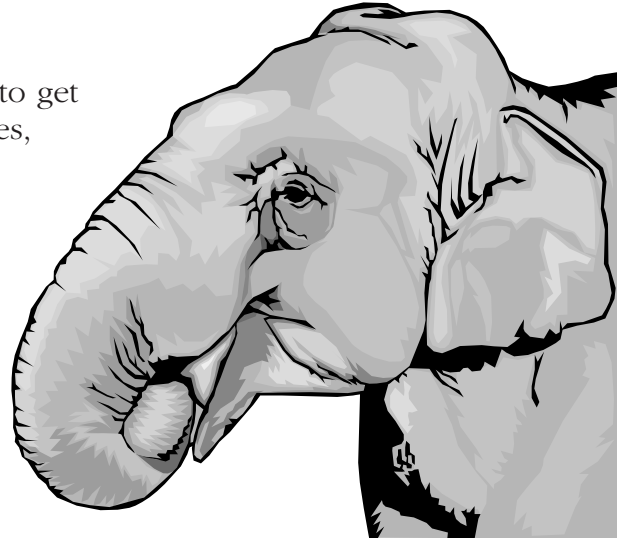
Right there, on the Independent Assessor's Report for every company are these words:

Our examination was not designed to evaluate whether the policies and procedures, upon which the Company's response to the Assessment Questionnaire are based, have or will operate effectively nor have we evaluated whether or not the Company has or will comply with applicable laws or regulations. Accordingly, we do not express an opinion or any other form of assurance thereon.

This is the key issue. How can the NAIC grant relief from market conduct examinations in the face of such a bold assertion? More importantly, how can we as IMSA supporters argue that our process should replace the market conduct exams when we openly admit that we don't opine on effectiveness or compliance with laws or regulations?



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I believe we have to deal with this issue head on. Effectiveness has to become a part of the IMSA process if we want this recognition from the NAIC. There is opposition to this from members of the IMSA Board as well as from the accounting profession. These differences will have to be worked through, but the task is not insoluble.

It is not as if the IMSA companies don't have effective policies or don't comply with laws and regulations. They do, on both counts. What is at issue is how this can be determined and attested to as an efficient and cost-effective part of the IMSA assessment process. Let's do whatever we can to resolve this crucial and fundamental issue now. Let's recognize this as the MAIN Thing and make sure the MAIN Thing stays the MAIN Thing until it is resolved. When we make effectiveness a part of our process, these other issues will take care of themselves.

## THE MAIN THING

"The MAIN Thing is to be sure the MAIN Thing is the MAIN Thing." Have you heard this one before? The source is reported to be an interview with the president of Netscape who explained his company's success using this motto. I recently saw it displayed in the offices of a large life and annuity company who is launching a new growth strategy.

# The MAIN Thing is to be sure the MAIN Thing is the MAIN Thing.

The marketing officer of this group held an offsite retreat to explain the new strategy and to get the team focusing on (what else?) the MAIN Thing. St. Paul said, "I have become all things to all men that I might by some means win some." But while that proved to be a useful missionary strategy in the first century, it won't work in today's marketplace.

Focus is the key ingredient for success in today's highly competitive business environment. You have to have a target if you want to hit the bull's-eye. My forecast is that this company will hit its growth targets because they know what the MAIN Thing is and are making sure it is the MAIN Thing they are working on.

## Wisdom from South Africa

We ask ourselves, who am I to be brilliant, gorgeous, talented and fabulous? Actually...who are you NOT to be?

You are a child of God.  
Your playing small doesn't serve the world.  
There is nothing enlightened about shrinking so that other people won't feel insecure around you.

We were born to make manifest the glory of God that is within us. It's not just in some of us; it's in everyone. And, as we let our own light shine, we unconsciously give other people the chance to do the same. As we are liberated from our own fear, Our presence automatically liberates others.

Nelson Mandella

