Kenneth J. Kalis Company, Inc.
KJKC
Client-Focused IMSA Expertise

Excelsior

Third Quarter, 2001 Volume III, Number 3

Ethical Market Conduct Issues for President and Senior Executives

Partnering Corporate Strategy With Compliance

Keynote Address at Excelsior Awards Dinner

By Richard T. Stange, Senior Vice President and Deputy General Counsel, Jefferson Pilot Financial Corporation

Like many of you, we are a publicly held stock company and at times it is not an easy-task to balance:

- Shareholder equity
- Policyholder value
- Producer compensation/producer recruitment/producer retention

The pressure to perform—it has always been there—but even more so today. While the number of life insurers may be decreasing through the mass acquisition and consolidation we have seen, many new non-insurance players now compete with us for the financial dollar. So what are we seeing?

- The performance culture a la Jack Welch. Putting employees in quartiles, rewarding the top fourth and weeding out the bottom.
- Better defined goals and markets—less of the "all things to all people" approach.
- More measurement of profitability of identifiable products and functions. Is the corporate ROE being achieved by each segment or product? A shortened time-frame for reaching the required ROE on new as well as existing ventures.
- Realignments and reorganizations—many of us are manufacturers of our product—that's the current buzzword.

So how can you champion compliance in this type of environment—a function that certainly in the short-term is not a positive contribution to bottom line growth?

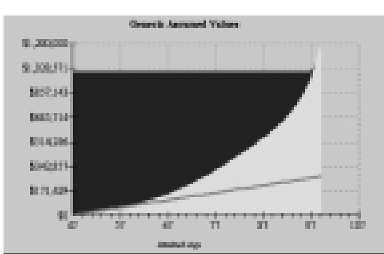
Of course every CEO of every insurer is going to support compliance. But that doesn't mean that you will receive the support in the form, and the quantity, or at the time you feel you need it in order to do your job. CEO's are looking at numbers—they're looking at strategies to find new markets, new initiatives to increase the numbers—they're looking at bottom line expense trends and product line profitability. They've

(Continued on page 2)

VUL Illustrations Don't Reflect Reality: High Potential for Failure

Presentation at Excelsior Awards Dinner
by Dick Weber

Variable Universal Life is now the most-sold, permanent plan of insurance in the U.S. insurance market. It is unfortunately quite common for insurance advisors to illustrate such policies using the most favorable illustration assumptions – namely 12% gross investment return and a "current" scale of Cost of Insurance. The resulting illustration for a 47-year old, non-smoking "preferred" female would be an illustration SLIDE 1 suggesting that a premium of $5,160 – paid every year until death or maturity of the contract at age 100 – would be sufficient funding at the assumed 12% investment return for a $1,000,000 policy on her life. And since we know that the average rate of return in the broad markets over the last 50 years has exceeded 12%, agents have been known to suggest that there should be no problem with this return assumption – at least in the long-term.



Premium = $5,160 @ 12% gross / Current COI

(Continued on page 4)

Partnering Corporate Strategy

(Continued from page 1)

got pressure from the Board, pressure from sharehold-ers, pressure from Wall Street and pressure from the rating agencies. While compliance is important to your CEO and top management, it is far from the most pressing issues they face in day-to-day operations.

Our job is to weave compliance into the corporate strategy and the corporate culture. Too many roadblocks and you've lost credibility—you're not a team player. Advocating new compliance programs with no regard to cost/benefit relation-ship—or effect on operations—and you are irresponsible and impractical. Sometimes this takes tact, persistency and inge-nuity. Using my own company, let me give you a couple of examples of how we designed a program to complement corpo-rate strategy and philosophy.

Ambassador Program

In seven or eight short years, we went from a sleepy southeastern company with about 1,000 agents to a national company with a multiple distribution system having more than 30,000 agents. And along the way, we acquired Kentucky Central's life insur-ance block, Alexander Hamilton Life, Chubb Life and Guarantee Life. Last year, we stepped back and looked at our 30,000 agents and found that:

- 1% of these agents produced 40% of our business and
- 3% produced 70% of our business

It makes sense from a corporate resources and strategy basis to support the people who give you business—and it makes sense from a compliance standpoint to know those people and know how they are selling. We have already cut our licensed agents by half, and we expect that to decrease further over time. Our corporate strategy is to double our sales from our top 3% and continue to shed the marginal producers.

We call our top producers Premier Partners, and through stock options and other benefits, they are given a stake in the profitability and viability of Jefferson Pilot. We want them to feel that, although they are independent agents, they are part of and committed to selling good business, with good persistency, at high levels for us.

In getting to this position, our two top officers, the President and the CEO visited 30 of our top agents to find out what we were doing right and what we were doing wrong. The result was an Ambassador Program where officers of the company are assigned 40 or 50 of our top producers and everyone is contacted every couple of weeks. What's interesting is that these are not marketing people—they're in our Accounting Department, lawyers, investment officers, HR—and these ambassadors meet weekly with top manage-ment to provide feedback.

How does this all fit with compliance? First of all, we better know who is selling our products, and we are con-centrating on experienced agents so training becomes less of an issue. Also, we are pro-viding management with unfiltered information—and when I say unfiltered, I mean it doesn't come up through Marketing, so it doesn't have a marketing spin on it—from the people who are producing our business. And if problems are raised, the ambassador is charged with get-ting back with a solution. This has proved much more valuable than for example having an annual or a semian-nual meeting with an Agents' Committee where you generally have a very limited agenda and limited results. The intent of the Ambassador Program is threefold:

- Regular communication withpeople selling our products
- An unfiltered flow of information to senior management
- Timely resolution of problems

Compliance Committee

When IMSA came along, everyone was setting up Compliance Departments staffed with Compliance Officers and some distributed the officers throughout the organization in the various lines of business. And that seemed to be the way to go. In fact, when Paul Mason took over IMSA, he commented that he thought it would be difficult for a company to be IMSA certified without having a separate Compliance Department.

Well, we are a company that doesn't have one. And for some time, I agreed with Paul Mason that we needed one. But I also saw that that was not going to happen at Jefferson Pilot so long as David Stonecipher was CEO.

He has a strong philosophical objection to a separate Compliance Department—he feels it sends the wrong message. The message at JP is that compliance is everyone's job. To set up a separate department would negatively impact that message.

I realized he had a point when an actuary came to me with a new annuity he had just designed and said he needed compliance sign-off—wanted to know who the compliance officer was. Not only did it meet the company's profit expectations, it exceeded it. He was very excited because this would show management his "can do" attitude and his ability to bring to market a highly profitable product. As I recall, it had some unusual language in an alternate surrender penalty that I really couldn't understand, and when I asked him about it, it became very clear it was what I would call a "gotcha" clause.

It could only be understood by the actuary who wrote it, it couldn't be administered by our policy administration system but it had the potential to generate substantial forfeitures. And there was going to be no mention of it in the sales material. So when I asked him about it, he said he wanted compliance sign-off because if we have any problems, then he doesn't want any blame. So bottom line, he wants all the credit and no responsibility. After I politely explained to him that there was no Compliance Department and no compliance sign-off, and that he had full responsibility for the product, it ended up in the "round filing cabinet."

It's a great concept to say compliance is everyone's business, but how do you get it from the back burner to the front burner? How do you turn it from slogan into a functional concept? How do you work it into your operation so it becomes an issue for your people just as much as attaining marketing goals, meeting budget, meeting production standards?

About eight years ago, we developed a committee, which we call the Compliance Committee, but it's more of an Operations Committee, that meets monthly and is staffed with the heads of every distribution and product area, along with the heads of Marketing Support, Underwriting, Administration, Internal Audit and Regulatory. So you have the decision-makers and you have the people who will direct implementation of the decisions made. And we have decided everything from agent licensing standards to our customer survey, to developing the company policy on viaticals. It's a forum to discuss tough issues facing our industry, as well as root cause type problems we may see developing or existing within our company. Basically we decide how we want to be doing business. Quite frankly, it's the only committee that I have ever been associated with where executives have asked to be included and make it a point to send a representative if they are not going to be in town. And I can tell you it's working.

For example, about a year ago we required signed illustrations on VUL sales even though there is no requirement to do so. Despite substantial pressure from several high producing members of the Field contending we were making it difficult to do business with us, the committee decided to retain the signed illustration requirement, and this decision was led by the marketing members of the committee.

So I would conclude by reminding you that we are all a part of our unique corporate culture and when considering compliance programs, one size does not fit all. So be persuasive, be persistent and look for compliance opportunities in your company's constantly changing strategies.

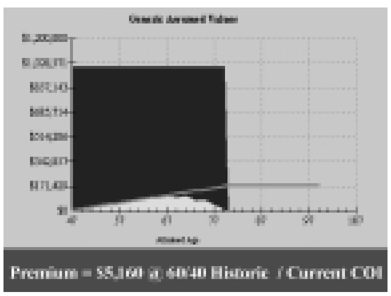
Richard T. Stange, JD, CLU, FLMI is Senior Vice President and Deputy General Counsel of Jefferson-Pilot Corporation and its insurance subsidiaries, Jefferson-Pilot Life Insurance Company and Jefferson Pilot Financial Insurance Company. His responsibilities include chief insurance counsel responsible for legal support of marketing, administration, claims and litigation. He is also chairman of Jefferson-Pilot Compliance Committee, a position he has held since the committee's inception in 1994.

High Potential for Failure

(Continued from page 1)

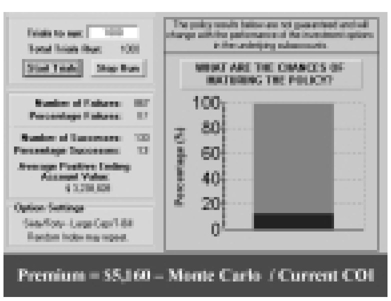
The problem with that very basic illustration – used to sell $billions of insurance every year – is that the suggested outcome simply won't happen. And the reason is not that the illustration software is mathematically faulty – but that the industry's illustrations take the user-selected investment return assumption and project that assumption as a CONSTANT RATE over the entire period. In our example of the 47 year old, that's 53 years. Needless to say, the equity markets aren't quite so accommodating.

In fact, if we were to apply the ACTUAL monthly rates of return achieved by a reasonable asset allocation of 60% Large Cap stocks and 40% Short-term Treasuries over the last 53 years to then derive illustration values, we'd find that the aforementioned $5,160 premium would cause the policy to fail at age 80 SLIDE 2, even though the *illustration* suggested the policy would mature at age 100 with cash value equal to or exceeding the initial death benefit.

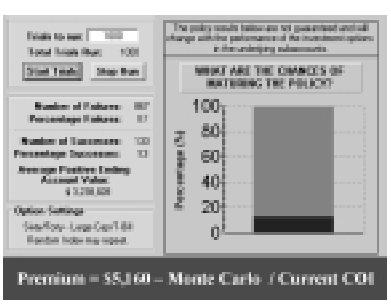


Premium = $5,160 @ 60/40 Historic / Current COI

To take this process to an even higher level of analysis, let's perform a "monte carlo simulation" by randomizing the last 636 months (53 years) of market activity. In a 1,000 random trials assessment – meaning that we've calculated illustrated values 1,000 times using 1,000 permutations of randomization on the 636 monthly returns, we find that there is only a SLIDE 3 13% chance the $5,160 premium will be sufficient to carry the policy to age 100. If we used a more "conservative" 10% investment return assumption to calculate a higher lifetime premium, the probability of success would quadruple SLIDE 4 – but would still be less than 60%, which would make such a result unacceptable for most consumers *if they knew about it*!



Premium = $5,160 – Monte Carlo / Current COI



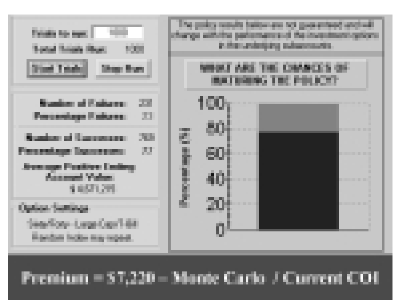
Premium = $5,160 – Monte Carlo / Current COI

This is the unfortunate state of our variable universal life illustrations: a perfectly "legal" illustration calculated in a manner consistent with the requirements of the NAIC and the NASD will produce a premium calculation at "current" assumptions that in fact has only an 11% chance of producing a result similar to the 14 or so pieces of paper called a policy illustration.
There are several things we should understand from this process:

First, the results of this analysis do NOT suggest that VUL policies are bad or that they can't perform as expected. They can – but not when funded with minimum premiums. In fact it takes a premium at least 40% higher than that calculated by the VUL illustration system at the best allowable current assumptions.

By simply asking the client if the initial probability of success is acceptable – it rarely will be – we can then turn things around by asking the client what rate of success WOULD be acceptable. An answer in the range of 60 – 80% would be consistent with product suitability, and requires the aforementioned 40% increase in premium. As the client begins to understand that what they should pay for such life insurance policies has nothing to do with the illustration – but with a comfort level – or risk tolerance – we have shifted the paradigm away from "who's got the best price?" to one of "value consistent with your tolerance or INtolerance for risk."

In fact, when the $5,160 premium is increased by 40% to $7,220, SLIDE 5 the probability of success zooms to 77% AND those 769 out of 1000 successful trials result in an *average* death benefit and cash value at age 100 of more than $4.6million. Armed with this information, clients can choose WHAT they will pay, and have a rationale for paying it, *rather* than the typical decision of looking for the best deal by seeking to pay the least amount of premium.

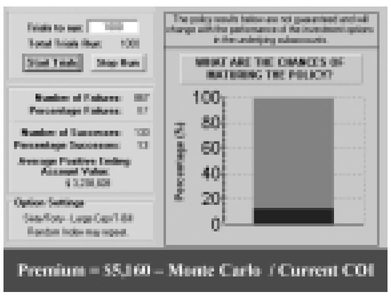


Premium = $7,220 – Monte Carlo / Current COI

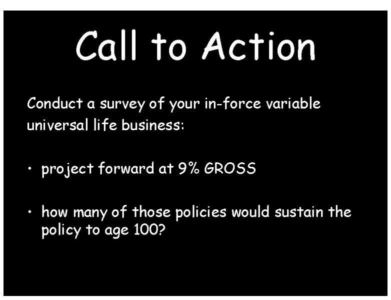
The second thing we should learn from this approach to policy illustrations is that insurance companies need to go beyond regulatory disclosure requirements to acknowledge the deficiency of policy illustrations in general and in VUL illustrations in particular. And I suggest that to truly be in compliance with the *spirit* of IMSA, member carriers need to seriously review their illustration practices and *unilaterally* reform those illustrations so that agents and consumers are better prepared to understand and fund their policies appropriately.

In that regard, I make the following recommendations, which while certainly not required by the process of qualifying for membership in IMSA, I believe goes a long way to what I've referred to as the *spirit* of IMSA:

1) SLIDE 6 Conduct a survey of your agents or brokers who sell variable universal life. Ask them what investment rate of return they tend to use in policy illustrations when a) they have no apparent competition and b) when they DO appear to have competition.

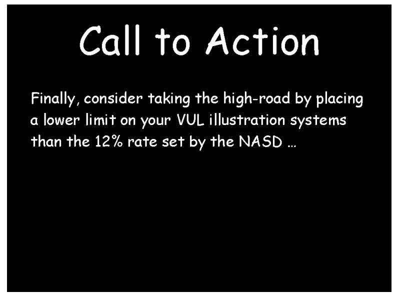


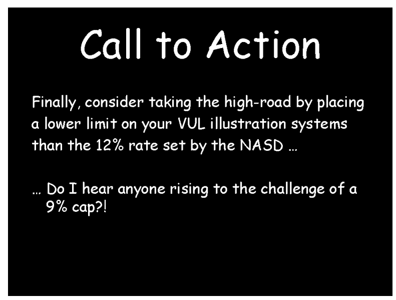
2) Our research and application of Monte Carlo Simulation to variable universal life policies suggests that at issue ages 35 – 55, an investment rate of *not more than 9% - gross of expenses* – will produce a calculated level premium to "endow" that has a 70-75% probability of sustaining the policy to age 100 against volatile broad market returns. Therefore, SLIDE 7 conduct a survey of your in-force variable universal life business, projecting forward the current premium and the current account value at 8.5% - 9% GROSS and determine how many of those policies visualized in the in-force illustrations would sustain to age 100. This will help determine the number of in-force policies that have a reasonable chance of success to sustain – and may serve as a cross-check to the survey responses you get from producers and give you an opportunity to remediate those policies NOW.



3) SLIDE 8 Actively engage your agents and brokers in an education program designed to make certain they understand the dynamics of volatility and net amount at risk with low-funded policies.

4) Finally, SLIDE 9 consider taking the high-road by placing a lower limit on your VUL illustration systems than the 12% rate set by the NASD. I understand that this seems like a risky proposition – as your agents will be at a disadvantage in a competitive situation involving a client seeking "the best deal." But Prudential did it - limiting their agents and brokers to a 10% gross illustratable rate.





SLIDE 10 Do I hear anyone rising to the challenge of a 9% cap?! We've made a great first impression with IMSA, establishing and assessing 6 key Principles of Ethical Market Conduct and creating an elevated standard of care for insurance producers and carriers. But for all the good IMSA Principles have done in re-establishing our credibility with consumers, it's time to take it to the next step by paying attention to the *spirit* of the Principles and allow ourselves to delve into the details.

Dick Weber on Dick Weber – "I have had a varied career within the life insurance industry, including 25 years as an agent, then holding an executive position with a life insurer, and now as Director of Training for a financial planning software developer, I still introduce myself as a life insurance agent – or at least as a "recovering" life insurance agent! I'm a big champion in the precepts of IMSA, and I believe I was the first agent to become an Independent Assessor. I have written a number of articles in the last several years *addressing* agents on the importance of IMSA, and the agent's role within the precepts of IMSA." We're so glad Dick took the time to fly to New York from the West Coast so speak at our dinner. What he had to say was surely worth hearing.

Excelsior Awards for 52 Best Practices Presented at Elegant New York Dinner

by Keneth J. Kalis, CLU

Representatives from 17 companies gathered in New York City on July 11 for the Excelsior Awards Dinner. The Excelsior Awards are given to companies who have been admitted to IMSA membership. They are awarded by the Kenneth J. Kalis Company, a leading IMSA assessment company that has worked with a significant portion of IMSA member companies.

The Awards are given because we see reward and recognition as essential stages in the continuous improvement process. They are awarded on the basis of the documentation and other evidence reviewed by the independent assessor during assessments. Based loosely on the Malcolm Baldrige National Quality Awards Standards, an Excelsior Award is indicative that:

- A company process is in place that exceeds industry norms
- The company is carefully monitoring and improving the process
- The process is customer-focused and/or concerned with excellent ethical market conduct
- The process is worthy of being benchmarked by competitors and contributes to industry improvement.
- The company is willing to share its best practice with others.

2001 was the first time the awards have given, although the Kenneth J. Kalis Company has identified best practices in the past. The most that any single company received was eight, a remarkable feat. Conceivably, a company could receive 24 awards, if it had a best practice for every IMSA questions. Our hope is that some day companies will achieve that level of performance as they share best practices and continuously improve. On the other hand, the best practice of today will be routine tomorrow, toll-free numbers being an apt example from yesteryear.

We are proud to offer this recognition to these fine companies who are doing an excellent job in marketing their products and services ethically and building stronger relationships with their clients. Their fine results have increased public confidence in the life insurance industry and bode well for their own futures.

The best practice awards this year were for:

1. Giving customers have a 30-day right to review provision in all states, although the typical free-look period required by law is 10 days.
2. Placing power to resolve complaints under $250 close to the customer and empowering the complaint reviewer to act in the customer's favor.
3. Conducting onsite audits of marketing partners.
4. On-line office technology – provides the agent with all necessary forms and tools to properly document a traditional life sale. Has quality control mechanisms built in which prevent unlicensed sales, and sales of products in unapproved states. (All required forms, including replacement forms, are provided to the agent, and critical information is edited for to ensure complete applications upon submission. The electronic signature and portable printer provide a means to give customers receipts for their purchases and copies of forms signed.)

5. The Company's Legal and Compliance functions work closely with Internal Audit to identify, report on, and correct deficiencies in the company's controls and procedures. Accountability for each issue is assigned to a business leader who is responsible for reporting and resolution. There is strong support and involvement from top management in this process.

6. The Company regularly surveys both its agents and clients to assess their level of satisfaction. This survey also provides an opportunity for clients to express concerns, if any. The results of these surveys are widely circulated amongst the management of the Company, and are analyzed for trends.
7. A Field Compliance Professional visits each new Registered Rep within 30-120 days to do training office setup orientation.
8. Good surveillance exception reports – track many areas such as free looks, lapses, production by product type, as compared to overall production. Four Suitability Analysts are used to review 100% of applications coming in for completeness as well as suitability of the sale.
9. Focus groups are used to obtain feedback on various stages of sales material development.
10. The stated goal of resolving complaints within five days of receipt is ambitious and extraordinary; that this goal is achieved by the Company approximately 85% of the time is to be commended.
11. Excellent non-compliance reporting plan where elected vice president must report to CEO each quarter there is a continuing non-compliance.
12. Company monitors the quality of financial planning advice given to clients by performing selective reviews of financial plans and related recommendations
13. First class training is in place for all employee distributors, who must be licensed and trained in all products before they are deemed "client-ready."
14. Company has created the position of Field Compliance Director to supervise supervisors within a market group.
15. Company has network of compliance officers spread out through the business units to provide guidance and expertise on compliance issues and to assure compliance with laws and regulations.
16. Business Compliance Officer oversees compliance issues in his or her particular business unit and reports back to the Chief Compliance Officer and has input to compliance rating, which is factored into compensation plan.
17. CEO sets good example of caring and availability via frequent contact with employees including monthly birthday party for all born in that month.
18. CHICKEN SOUP FOR THE SOUL sent to sick clients – best inspirational practice.
19. The companies offer two courses to distributors, which are approved for CE credits. When the reps attend they also get a coupon for up to eight hours of additional CE credits at no cost to them.
20. There is an extensive satisfaction survey process in place regularly gathering input from new contract owners and producers in all channels.
21. Companies share data on replacements and other important concerns with their marketing partners.
22. Excellent non-compliance reporting plan where elected vice president must report to CEO each quarter there is a continuing non-compliance.
23. A sophisticated operating system is in place to check new business applications against the license list prepared by the system. System protects against replacements and assures that correct state forms are completed.
24. The company has a strong and very active Compliance Committee, meeting monthly, that is made up of senior people in the organization that can, and do, make timely policy decisions.
25. The company's new "Premier Partners" strategy focuses on recruiting and retaining highly qualified professional agents through special incentive such as stock options and direct access to underwriters and other executives.

26. Ambassador program sets up partnerships between home office and field people and creates open communications via internet.
27. Extremely strong continuing education program delivered and tracked on Internet or paper-based system as requested by agents. High quality subject matter, great process for assessing training needs of field and affirming completion of CE requirements via mailed "certificate" of completion.
28. On outgoing 1035's the company sends a letter to the client outlining the information they need, such as surrender charges, to ensure they make an informed decision. Customer must sign off on this letter before company processes the exchange out.
29. Excellent monitoring checkpoint system has been created specifically covering the 24 IMSA questions.
30. An excellent newsletter is produced for all 119,000 brokers on a monthly basis. This includes thoughtful articles on replacements and other ethical market conduct issues.
31. There is easy accessibility to the senior officers by the distributors. The executives' home phone numbers are publicized and brokers are told they can call any time there is an issue they feel is important.
32. Customer Surveys are sent out on all new business to get input from customers. When negative answers are reported, the Compliance Director calls the respondent or investigates through other means.
33. Company has in place an active conservation effort, which resulted in saving over $100 million of replacements last year.
34. An excellent quarterly complaint analysis report is done with a follow-up Complaint Audit conducted by the Director of Compliance.
35. Company president and senior management team meet with the Director of Compliance on a quarterly basis to review and results of the company's various sales practices monitoring activities.
36. World Class process of legal review and communication to business areas regarding new laws and regulations or changes to existing ones.
37. Career agents receive excellent training on needs analysis and the use of products to meet customer needs. The specially developed approach provides both vertical and horizontal training on needs analysis concepts, software, fact-finding and process.
38. The company tracks agent and HO employee completion of CE requirements and provides reports to agents and supervisors.
39. Company has an excellent monitoring process for the General Agencies. Corporate Audit and the Compliance Department, combined, will visit 100% of the agencies each year. Typically Corporate Audit will do 10-14 a year and the Compliance Area will do the balance.

40. Extensive us of hyperlinks to web site materials provided superior documentation that was all presented on a single CD for easy update.
41. Audits are completed on a random basis and for cause. During this year ten general agency audits will take place. The department takes into advisement field audit recommendations from various home office departments. They work closely with the distribution area and are sensitive when dealing with the general agency offices. Most offices appreciate the auditing activity and the feedback that is developed.
42. Good statement of commitment to the concepts in the Principles and Code in "Doing Business with Sun Life" as well as in the "Sales Operations and General Agent Agreement."
43. Detailed Compliance plan addresses key issues and plans for testing proactively.

44. The process includes well-written guidelines and a “Company Standards Guide for Written Communications.”
45. Permanent Paper and Computer files on each client show all sales presentations and customer contacts.
46. Company has special section on VL applications grouping together all suitability information.
47. Quantitative Exhibits were developed by many companies to show on one page finding that demonstrate conclusively their compliance with the question throughout the membership period.
48. Highly visible “Purple Book” is distributed to all agents covering all IMSA standards including Advertising.
49. 24-hour turn around on 95% of ads submitted by field. Tracking on time and by region.
50. Agents are tested on each new product and must score 100% before they can sell it.
51. New Agent mentoring program and incentives. Agents are assigned to a career agent who receives financial incentives when new agent attains career status. New agents get $500 bonus for NASD license during first six months and educational milestones are used as promotion criteria from representative, to career agent to senior career agent.
52. Company web site has been developed as a “best-practices” database for use in training new agents. Site tracks hits by individual by pages by date and time so that managers can follow up to be sure agents are doing the assignments.

After the awards presentation, companies were asked to select the top 3 practices they would like to hear more about. Company experts on the selected topics will give detailed presentations at a sharing event. Our hope is that these will be regular small group discussions that will encourage continuous improvement and the wide-spread use of the best practices shown above.

News Flash From IMSA!

IMSA Chairman Dick Kling sent all member companies and independent assessors a 4 page update last week on IMSA’s search for a new executive director. A search committee (Joe Blair, Baltimore Life, Tuck Nason, Acacia Group, Michael Roth, MONY and Dick Kling, American Express) has engaged Heidrick & Struggles to identify 3-5 candidates for interviews by mid-September. Hopes are "to name a highly-qualified Executive Director, fully capable of taking IMSA to the next level, in the next few months."

If any of our readers has thoughts or recommendations, speak now or forever hold your peace. We will be glad to pass on any input from you to people in the process.

The IMSA Update also announced that IMSA’s Strategic Plan will be published by October and distributed to all attendees of the Best Practices Conference in Chicago in early October. Dick will kick-off this Conference and Tuck Nason, IMSA’s Chairman-elect will offer comments concerning: IMSA 2002 and Beyond.

The Update also included a fax of an article from the New York Times on "Mississippi Gaining As Lawsuit Mecca." Kling used the article to show "that corporate defendants such as life insurers continue to confront an adverse litigation environment and, therefore, must be able to demonstrate they have instituted sound compliance practices to detect and deter systemic consumer abuses.
IMSA membership and its assessment processes present on of the most effective means by which IMSA member companies can demonstrate their commitment to sound marketplace practices and, thereby, mitigate their litigation risk.

The Update ended with a pledge to keep member and assessors up to date as key developments occur and with thanks from the Board of Directors for continued support.

παντα ουν οσα εαν θελητε ινα ποιωσιν υμιν οι ανθρωποι, ουτως και υμεις ποιειτε αυτοις:

Therefore all things whatsoever ye would that men should do to you, do ye even so unto them:

Do unto others as you would have them do unto you:

The Kenneth J. Kalis Company Inc.

Continuous Improvement based on Timeless Values.

The Golden Rule. That's the way we run our business. We think it's the way you should run yours too. It's the basis of IMSA's Principle One of integrity and fairness.

Kenneth J.Kalis, CLU, is the Publisher of Excelsior and a Qualified IMSA Assessor. He may be reached at 352-375-4111 or kkalis@aol.com

It underlies the other 5 Principles too:

- Customer-focused sales and service
- Fair competition
- Clear and adequate customer information
- Fair and timely resolving of complaints
- Ethical supervision and monitoring of compliance

IMSA has established a rigorous assessment process for helping companies put in place the policies and procedures they need to build a culture that supports the Golden Rule. Over 200 of the nations top companies have traveled the arduous path to IMSA membership, and, with our help, yours can too.

The Kenneth J. Kalis Company's IMSA Team can leverage your IMSA Assessments into an ongoing process of continuous improvement that will point your business to world-class excellence. That's our expertise. We translate the IMSA Principles, Questions and Indicators into usable touchstones that will transform your business, strengthen your relationship with your customers and build renewal and new business income.

Of course the process is rigorous. Like translating the text on page 10 from the Greek, to Shakespearean English, to today's International Version. Even more difficult, is putting the Principle into practice. But with our help, you can do it. Give us a call. The work will be long and arduous. But the results can be everlasting.

Kenneth J. Kalis Company, Inc.
KJKC
Client-Focused IMSA Expertise

IMSA Project Management & Planning
Electronic Documentation & Software
Life & Annuity Professionals
Status Checks
Facilitated Self-Assessments
Expert Independent Assessments
Ongoing Reassessment Preparation

Ann Buffie Is MVP

The first ever Kenneth J. Kalis Company Most Valuable Player Award was presented at the Grand Hyatt to Ann Buffie, of Burnsville, Minnesota. Ann joined the Kalis IMSA Team in 2000 and has worked with 9 companies so far. In these assessments she has added great value by bringing into play her tremendous expertise in NASD regulations and the sale and monitoring of registered products. She is president of Ann Buffie & Associates specializing in insurance and securities compliance consulting. Being in the arena on a day-to-day basis, Ann is able to provide our clients with up-to-date information on best practices and how to use them to improve marketing efforts. Ann was chosen from among 18 Kalis IMSA Team members eligible for the award. We congratulate her and wish her continuing success.

A New Clarity in International Development

In case you missed the formal announcement:

The European Commission have just announced an agreement whereby English will be the official language of the EU, rather than German, which was the other possibility. The Germans were initially reluctant to accept this but conceded after negotiations with Her Majesty's government.

The agreement stipulates that English spelling had some room for improvement and it was accepted that a five year programme of change would be accomplished to implement these spelling changes in a new "EuroEnglish".

In the first year, "s" will replace the soft "c". Sertainly, this will make the sivil servants jump for joy. The hard "c" will be dropped in favour of the "k". This should klear up konfusion and keyboards kan have 1 less letter.

There will be growing publik enthusiasm in the sekond year, when the troublesome "ph" will be replaced with "f". This will make words like "fotograf" 20% shorter.

In the third year, publik akseptanse of the new spelling kan be expekted to reach the stage where more komplikated changes are possible. Governments will enkorage the removal of double letters, which have always ben a deterent to akurate speling. Also, al wil agre that the horibl mes of the silent "e" in the language is disgraseful, and they should go away.

By the 4th year, peopl wil be reseptiv to steps such as replasing "th" with "z" and "w" with "v".

During ze fifz year, ze unesesary "o" kan be dropd from vords kontaining "ou" and similar changes vud of kors be aplid to ozer kombinations of letrs. After zis fifz year, ve vil hav a realy sensibl riten styl. Zer vil be no mor trubls or difikultis and evrivun vil find it ezi tou nderstand each ozer.

A spokesman for the EU was quoted as saying, "It's so gud to se zat ve stil haf vays of making evryone agre."

Contributed via the Internet