



Excelsior

Fourth Quarter, 2005

Volume VII, Issue 4

Ethical Market Conduct Issues for Presidents and Senior Executives

Kalis: “Did Bush Lie?” Bob Woodward: “No.”

One of the highlights of the ACLI Annual Meeting was a presentation by famed journalist Bob Woodward. He gave a fascinating report of his 500 question interviewing sessions with President Bush. These were the most in-depth interviews ever given by a sitting President, and Woodward pulled out all of the stops.



When time came for questions, I asked the question that has been on my mind for a long time: “Did Bush lie about the reasons for going to war with Iraq?” After saying I reminded him of his editor who immediately asked him if he caught the President in any lies, Woodward said, simply and directly, “No.” He went on to explain that the President relied upon the intelligence that was given him. He further explained that intelligence is not fact, and that what the CIA director termed “a slam-dunk” (that there were WMD’s) turned out to be anything but.

I’m pretty sure this exchange will not make it into any history books, but I appreciated the opportunity provided by the ACLI for us to hear such a prominent and distinguished speaker as well as the opportunity to ask questions.

Congratulations to:

- U.S. Financial Life Insurance Company, Cincinnati, OH
- AXA Equitable Life Insurance Company, New York, NY
- AXA Equitable Life and Annuity Company, Colorado
- MONY Life Insurance Company, New York, NY
- MONY Life Insurance Company of America, New York, NY
- American Fidelity Assurance Co., Oklahoma City, OK
- Beneficial Life Insurance Co., Salt Lake City, UT
- Great American Cos.
 - Annuity Investors Life, Cincinnati, OH
 - Great American Life, Cincinnati, OH
 - Loyal American Life, Cincinnati, OH
 - Pioneer Mutual Life Insurance Co., Fargo, ND

During the 4th Quarter of 2005 these companies renewed their IMSA membership or attained membership for the first time.

Boston Mutual Fails IMSA Standards Review

On November 21, IMSA issued a press release noting that the Boston Mutual Life failed to qualify for membership. Boston Mutual had been an IMSA member since 1999.



IMSA’s release went on to say that “Every three years, IMSA member companies must complete a comprehensive review followed by an outside assessment looking back over their membership period to ensure quality business practices that safeguard the consumer.”

IMSA did not give any of the specifics of the issues involved. However, a BestWire story released the next day cited “improper actions of three agents” in 2005. According to Boston Mutual General Counsel Walter Gorski, the behavior involved “misrepresentation” and “failure to deliver policies.” The Company has terminated all three Agents.

No mention was made of any connection to a Story from CommunityDispatch.com Life Insurance Agent Arrested on Financial Elder Abuse Charge, which recounted how the California Department of Insurance Investigation Division charged an agent with felony of Financial Elder Abuse. The Agent was allegedly having the premiums for a Boston Mutual Policy sent directly to himself. Boston Mutual terminated the Agent’s contract and reinstated the policy, according to the article.

There appears to be no basis for the rumors circulating that “a company lost its IMSA certification because it provided its agents with competitive analyses of other company products.” This kind of analysis is proper as long as all the information is accurate and there is no attempt to present a false comparison or to defame the competitor.

Gorski also said that Boston Mutual was “proud to be a member” of IMSA, and that “as soon as we would be eligible to be re-examined for recertification we are going to make every effort to do so.” Paul Petry, President and CEO of Boston Mutual, had been an IMSA Board Member and resigned when the Company failed to meet the IMSA standards.

We are sorry to see a Company lose its IMSA membership, but we commend Boston Mutual for its integrity and continuing commitment to ethical market conduct. Our hope is that other companies will see how important it is to build a culture of integrity and honesty and to continuously monitor its business processes, policies and procedures to keep them up to the IMSA standards.

Insurance Leaders Join Board of IMSA, Insurance Ethics Organization; Genworth's Leon Roday Named Chairman

WASHINGTON, D.C. -- IMSA members attending its annual meeting earlier this week confirmed Leon E. Roday as Board Chairman. Roday is Senior Vice President and General Counsel of Genworth Financial, Inc.

"It is an exciting time for IMSA," said Roday. "The ethical business practices promoted by IMSA are very important to companies, regulators and consumers. IMSA is a key voice for market conduct in the life insurance industry and I look forward to the coming year as we work together to maintain and even strengthen IMSA's high ethical standards."

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

- John M. Bremer, Northwestern Mutual Life Insurance Company;
- Brian K. Breneman, MetLife/New England Financial;
- Charles C. Cornelio, Jefferson Pilot Corporation; and
- Brenda J. Cude, Department of Housing & Consumer Economics, University of Georgia.

Atchinson provided the following background on the chairman and new board members:



Leon E. Roday is Senior Vice President, General Counsel and Secretary for Genworth Financial. He is responsible for Legal operations, Government Relations, Compliance, and Strategic Meeting Planning for Genworth's global family of companies. Prior to this position, Roday held the same role

for GE Financial since 1996. Roday is also Chair-elect of the Board of the Insurance Marketplace Standards Association. Before joining GE, he was a partner at LeBoeuf, Lamb, Greene, and McRae.



John M. Bremer is the Chief Operating Officer of Northwestern Mutual, Milwaukee, Wisconsin. Bremer became a member of the Northwestern Mutual Board of Trustees in July 2001. Bremer is responsible for Northwestern Mutual's Audit, Communications, Compliance/Best Practices, Corporate

Services, Government Relations, Human Resources and Law Departments. In addition, Bremer serves as the Company's Chief Compliance Officer. Bremer joined Northwestern Mutual as an attorney in 1974.

Brian K. Breneman is a Vice President at New England Financial where he is responsible for the New England Financial Distribution Channel which includes approximately 2,200 representatives in over 45 sales offices nationwide. Prior to that, Breneman was vice president of sales for the North Central Zone overseeing a sales force of over 1,000 representatives in the states of Pennsylvania, New Jersey, New York, West Virginia, Ohio, Michigan and Tennessee. He joined MetLife as an Account Rep in November 1987.

Charles C. Cornelio is Executive Vice President, Technology and Insurance Services, and Chief Legal Officer of Jefferson Pilot Corporation. He is a member of the Management Committee of Jefferson Pilot and is responsible for Legal, Corporate Secretary, Internal Audit, Government Relations, Information Technology, Customer Service, Licensing, Commissions and Claims. Prior to joining Jefferson Pilot, Cornelio was responsible for Operations at Chubb Life Insurance Company of America. Cornelio was a private practice lawyer specializing in mergers and acquisitions before joining the life insurance industry.



Dr. Brenda J. Cude is Professor of Housing and Consumer Economics at the University of Georgia where she teaches consumer protection and consumer policy. Her research interests focus on how consumers acquire and use information before making buying decisions.

Cude's expertise in online transactions as well as in readability of disclosures and other insurance communication has proven useful as she represents the consumer perspective in policy discussions at national meetings of insurance regulators. She is a funded consumer representative to the National Association of Insurance Commissioners.



Kalis Asked to Serve on Committee Revising Assessment Handbook



IMSA has received approval from its Board of Directors to move ahead with the planned revisions to the Assessment Handbook of 2000. I am pleased to have been asked to serve on the committee which will begin work in early January. The process is planned to unfold as follows:

- Organize Committees to work on the changes.
- Present the changes to the membership in the spring of 2006.
- Present revised Handbook to the Board and Member Companies for approval.
- Publish the revised Handbook in a May-June 2006 timeframe.
- Hold training sessions during the summer of 2006.

For a complete summary of the changes to be made, please go to our website at http://kkalis.com/news_september2005.htm and check out the September update there. I am looking forward to this work to help make the assessment process more consistent and concurrent with today's key issues. My involvement with the Committee will enable me to get a jump start on updating and revising our copyrighted KP4 IMSA Software to be reflective of the changes to the 2006 Handbook. We should be well positioned to help our client companies update their assessments incorporating the Handbook revisions.

Maine Promotes Market Conduct “Best Practices”

WASHINGTON, DC (October 21, 2005) – IMSA today commended the Maine Bureau of Insurance for issuing a Bulletin that promotes enhanced consumer protection by encouraging life insurance companies to establish and maintain market conduct “best practices.”

Maine Superintendent Alessandro Iuppa said the Bureau has considered the role of “best practices” organizations in its efforts to promote high standards for market regulation and market conduct activities.

“One such organization is the Insurance Marketplace Standards Association (IMSA),” states the Bulletin, which goes on to say that in carrying out their market oversight activities “Bureau examiners may ask whether the insurer is a member of IMSA. If so, the examiners will ask for and review evidence concerning the insurer’s compliance with IMSA’s standards.”

The Bulletin goes on to explain that “examiners may consider such evidence in determining the scope of their review of the insurer’s marketing and sales practices, such as producer training and licensing, as well as its handling of consumer complaints.”

IMSA Executive Director Brian Atchinson commended Superintendent Iuppa for the Bureau’s efforts and added that these efforts are consistent with the National Association of Insurance Commissioners’ Modernization Roadmap.

“We are pleased that Maine has joined the growing number of states including Iowa, Massachusetts, New York, North Dakota and Texas that recognize the value of IMSA qualification for consumers, companies and regulators.” said Atchinson.

See the IMSA web site at <http://imsaethics.org/>.



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.

Kenneth J. Kalis, CLU and Qualified Independent Assessor, Editor.

Mailing Address: 17220 NW 78th Avenue, Alachua, FL 32615.
Telephone 386-462-1074. Fax 386-462-1075. Email kkalis@aol.com. Web site kkalis.com



English - Merry Christmas & Happy New Year, German - Froehliche Weihnachten und ein glückliches Neues Jahr, Irish - Nollaig Shona Dhuit, Italian - Buon Natale e Felice Anno Nuevo, French - Joyeux Noël et Bonne Année, Swedish - God Jul och Gott Nytt År, Welsh - Nadolig LLawen a Blwyddyn Newydd Dda, English - Merry Christmas & Happy New Year, German - Froehliche Weihnachten und ein glückliches Neues Jahr, Irish -

English - Merry Christmas & Happy New Year, German - Froehliche Weihnachten und ein glückliches Neues Jahr, Irish - Nollaig Shona Dhuit, Italian - Buon Natale e Felice Anno Nuevo, French - Joyeux Noël et Bonne Année, Swedish - God Jul och Gott Nytt År, Welsh - Nadolig LLawen a Blwyddyn Newydd Dda, English - Merry Christmas & Happy New

A Christmas Carol

by Christina Georgina Rossetti

In the bleak mid-winter
Frosty wind made moan,
Earth stood hard as iron,
Water like a stone;
Snow had fallen, snow on snow,
Snow on snow,
In the bleak mid-winter
Long ago.
Our God, heaven cannot hold Him,
Nor earth sustain;
Heaven and earth shall flee away
When He comes to reign:
In the bleak mid-winter
A stable-place sufficed
The Lord God Almighty
Jesus Christ.
Enough for Him whom cherubim
Worship night and day,
A breastful of milk
And a mangerful of hay;

Enough for Him whom angels
Fall down before,
The ox and ass and camel
Which adore.
Angels and archangels
May have gathered there,
Cherubim and seraphim
Thronged the air,
But only His mother
In her maiden bliss
Worshipped the Beloved
With a kiss.
What can I give Him,
Poor as I am?
If I were a shepherd
I would bring a lamb;
If I were a wise man
I would do my part, -
Yet what I can, I give Him,
Give my heart.

Nollaig Shona Dhuit, Italian - Buon Natale e Felice Anno Nuevo, French - Joyeux Noël et Bonne Année, Swedish - God Jul och Gott Nytt År, Welsh - Nadolig LLawen a Blwyddyn Newydd Dda, English - Merry Christmas & Happy New Year, German - Froehliche Weihnachten und ein glückliches Neues Jahr, Irish - Nollaig Shona Dhuit, Italian - Buon Natale e Felice Anno Nuevo, French - Joyeux Noël et Bonne Année, Swedish - God Jul och Gott Nytt År, Welsh - Nadolig LLawen a Blwyddyn Newydd Dda, English - Merry Christmas & Happy New Year, German - Froehliche Weihnachten und ein glückliches Neues Jahr, Irish - Nollaig Shona Dhuit, Italian - Buon Natale e Felice Anno Nuevo, French - Joyeux Noël et Bonne Année, Swedish - God Jul och Gott Nytt År, Welsh - Nadolig LLawen a Blwyddyn Newydd Dda, English - Merry Christmas & Happy New Year, German - Froehliche Weihnachten und ein glückliches Neues Jahr, Irish - Nollaig Shona Dhuit, Italian - Buon Natale e Felice Anno Nuevo,

**Christina
Georgina
Rossetti**
1830 - 1894



Christina Rossetti (1830-1894) is one of the greatest female poets in English and could have been Poet Laureate had not her final illness intervened. A devout Anglican, she refused two suitors on religious grounds, and wrote beautiful, simple poems about her faith that still speak to us today. Above is her Christmas Carol from 1866.