



Excelsior

Fourth Quarter, 2008

Volume IX, Issue 2

Ethical Market Conduct Issues for Presidents and Senior Executives

Streamlined Reinstatement Now Available

IMSA has created a streamlined reinstatement process for former members. This new expedited approach will be available only through the end of 2009.

To renew your IMSA membership this way, you need to:

- Perform due diligence to determine you meet the IMSA standards.
- Prepare a CEO / CCO signed Reinstatement Attestation
- Attach all required examination reports
- Demonstrate compliance with the IMSA standards for the past 90 days
- Engage a Qualified Independent Assessor to do an abbreviated assessment of 7 or the 25 IMSA standards
- Complete the process by December of 2009.

Ken Kalis was a member of IMSA's Working Group that created this cost effective way to renew IMSA membership and to minimize or eliminate external assessment costs in the future. Training on this approach was well-received at the Scottsdale session that immediately preceded the Best Practices meeting. We are talking with a number of companies who are interested in using this approach to renew their membership, and we would be interested in talking with you about it too. If you are interested, please call us at 386-462-1074 or email to kkalis@kkalis.com.

Congratulations to these fine IMSA companies:

John Hancock Life Insurance Company
John Hancock Life Insurance Company (U.S.A.)
John Hancock Life Insurance Company of New York
John Hancock Life and Health Insurance Company
John Hancock Variable Life Insurance Company
Midland National Life Insurance Company
North American Company for Life and Health
Protective Life Insurance Company
TIAA-CREF Life Insurance Company

Did You Know.....

We are located in Alachua, Florida? Alachua is a suburb of Gainesville (home of the University of Florida where Ken's father-in-law was chairman of the Department of Medicine) and is an American Indian word meaning "sinkhole," I'm sorry to say. But there is a positive side to all of this. Since we are located in a low cost-of-living area, our overhead is low, and even with the travel costs our fees for IMSA assessments are very low. That's why we offer a unique Meet it or Beat It pricing guarantee. We will meet or beat the price of your last assessment for the same service. Reasonable cost is perhaps one of the key reasons that over 50 companies have chosen Ken Kalis to be their Qualified Independent Assessor.

Best's Review has called Ken, "IMSA's only full-time independent assessor," and we will use all our experience and expertise to help you and your company get the most out of your IMSA experience. Find out more at <http://kkalis.com/> or 386-462-1074 or simple respond to this email from kkalis@kkalis.com.

TIAA-CREF Life Insurance Company Achieves National Ethics Recognition With IMSA

BETHESDA, MD, Oct 15, 2008 (MARKET WIRE via COMTEX) -- TIAA-CREF Life Insurance Company, a New York domiciled company that primarily conducts its business operations from Charlotte, North Carolina, has attained qualification in the Insurance Marketplace Standards Association (IMSA), the leading independent standards-setting organization for the life insurance, annuity and long-term care insurance marketplace.

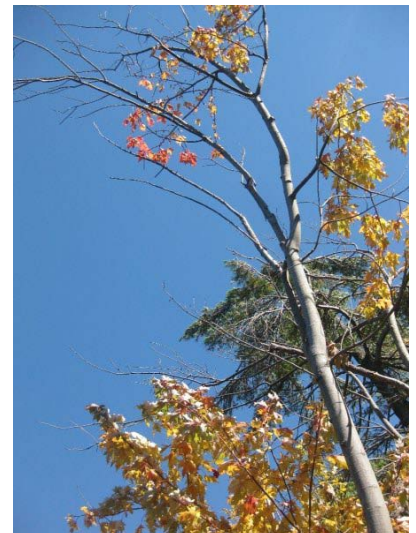
"We are very proud to receive this recognition by IMSA," said Eric Jones, CEO of TIAA-CREF Life Insurance Company. "It illustrates the financial and ethical commitment we have made to clients for more than 90 years as we help them get to and through retirement."

"This market distinction not only assures TIAA-CREF Life Insurance Company's customers of our sound business practices," adds Chief Compliance Officer Wayne Smiley, "it also reminds the insurance industry that it is well served by honesty, fairness and integrity in all customer contacts."

IMSA President & CEO Brian Atchinson applauded TIAA-CREF Life Insurance Company for successfully completing the rigorous, independent review of its marketing, sales and compliance practices necessary to attain IMSA qualification.

"We congratulate TIAA-CREF Life Insurance Company on this great achievement," said Atchinson. "This demonstrates their dedication to high standards of ethical business practices."

To qualify for IMSA membership, a company must complete a comprehensive review followed by an outside assessment to ensure quality business practices that safeguard the consumer. Qualification stands for a three-year period.



IMSA Leader Speaks On Why Ethics Matter At NAIFA Convention

On September 9, 2008, Timothy F. Kneeland, President of Life Investors Insurance Company of America, an AEGON company, addressed the membership of the National Association of Insurance and Financial Advisors (NAIFA) at its annual convention in San Diego, CA, about why ethics matter in a crowded and sometimes confusing marketplace.

Kneeland is a 26-year member of NAIFA on the Insurance Marketplace Standards Association (IMSA) Executive Committee. He also served as IMSA's Board of Directors Chairman in 2007.

"I am honored to share with agents and advisors why and how a commitment to ethics does in fact matter to consumers throughout the country," said Kneeland. "In the life insurance industry, ethics excellence is essential at all levels of the insurance sales process."

He adds "NAIFA and IMSA are key participants in helping to promote a healthy marketplace."

Cliff Wilson, Chair-Elect of the National Association of Insurance and Financial Advisors (NAIFA) will also speak at the event. "The professionals in our industry work hard to earn the trust and confidence of our clients," said Wilson. "At NAIFA, we are committed to promoting the most stringent standards of ethical practice, and are pleased to have our efforts with IMSA highlighted at our annual convention."

The BIG Fish Story

Kneeland also told the group a good ethics story about a big fish, like the one you see in this picture: (that's not Tim, but my son Jonathan in Gananoque, Ontario, earlier this month)

Tim and his grandfather were fishing out alone on the lake when something big hit. Tim set the hook and tried reeling in the monster fish. It was tough work. The fish wouldn't quit, but neither would the fisherman. After a long struggle, Tim brought the fish to the side of the boat, and his grandfather netted it. It was the biggest bass they had ever seen. When Grandpa measured it, it was several inches over the limit. "What are we gonna do, Grandpa?" Tim asked. "The only thing we can do, Tim. Put him back where he belongs." When they had, with mixed emotions, put the lunker back, Tim asked his grandfather, "What would have happened if you hadn't been here with me?"

"Well," said Grandfather, "you would have learned an even more important lesson." "What's that?" Tim asked. "To do the right thing even when nobody's looking."



36 CEO's Write Treasury Offering Help with Financial Crisis

AMERICAN COUNCIL OF LIFE INSURERS

Protection. Savings. Guarantees., 101 Constitution Avenue, NW, Suite 700, Washington, DC 20001-2133, www.acli.com, Page 1 of 3
October 15, 2008, The Honorable Henry M. Paulson, Jr., Secretary, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, N.W., Washington, D.C. 20220

Dear Mr. Secretary:

On behalf of the U.S. life insurance industry, we are writing to offer our assistance and any information we can provide that may be useful as you consider how to best address the troubles currently facing the U.S. financial sector. We hope you will look to us and to insurance regulators as resources during these challenging times.

Additionally, we are writing to express our continued support for the creation of an Office of Insurance Information within the Department of Treasury. Although we realize you are currently grappling with issues that require your immediate attention, we hope you will continue to support the creation of an information office as part of the reforms likely to be implemented by your Department in the coming months. Such an office would provide your Department with the best means of efficiently gathering publicly available information on our business as you and other policymakers evaluate the appropriate regulatory oversight of U.S. financial institutions.

Sincerely,

Patrick S. Baird, President & CEO, AEGON USA, **Haluk Ariturk**, Chairman, Acacia Life, **Gary C. Bhojwani**, President & CEO, Allianz Life • **Thomas J. Wilson**, Chairman, President & CEO, Allstate Insurance Co. • **JoAnn M. Martin**, President & CEO, Ameritas Life Insurance • **Robert B. Pollock**, President & CEO, Assurant, Inc., **L. John Pearson**, Chairman, President & CEO, The Baltimore Life, **Eugene Choate**, President, Bankers Fidelity Life, **Jeffrey H. Post**, President & CEO, CUNA Mutual, **C. Paul Patsis**, President & CEO, Farmers New World Life, **Edward S. Ritter**, Chairman & CEO, Generali USA Life Re, **Michael D. Fraizer**, Chairman, President & CEO, Genworth Financial, **Peter R. Schaefer**, President & CEO, Hannover Life Re, **John C. Walters**, President & COO, Hartford Life, Inc., **Thomas J. McInerney**, Chairman & CEO, ING Life Insurance, **James R. Boyle**, President, John Hancock Insurance, **Dennis R. Glass**, President & CEO, Lincoln Financial Group, **Monica M. Hainer**, Chief Executive Officer, London Life Re, **Stuart H. Reese**, Chairman, President & CEO, Massachusetts Mutual Life, **Michael G. DeKoning**, President & CEO, Munich American Re, **Jerry Jurgensen**, Chief Executive Officer, Nationwide Mutual Insurance Co., **Theodore A. Mathas**, President & CEO, New York Life Insurance, **Edward J. Zore**, President & CEO, Northwestern Mutual, **Mark A. Haydukovich**, President & CEO, Oxford Life Insurance, **James T. Morris**, Chairman, President & CEO, Pacific Life Insurance, **Larry D. Zimpleman**, President & CEO, Principal Financial Group, **John D. Johns**, Chairman, President & CEO, Protective Life Corporation, **A. Greig Woodring**, President & CEO, Reinsurance Group of America, **Edward B. Rust, Jr.**, Chairman & CEO, State Farm Life Insurance, **Donald A. Stewart**, Chief Executive Officer, Sun Life Financial, **W. Weldon Wilson**, Chief Executive Officer, Swiss Re Life & Health America, **John H. Jacobs**, Chairman, Union Central Life, **John F. Barrett**, Chairman, President & CEO, The Western & Southern Life, **Chris C. Stroup**, Chairman & CEO, Wilton Re, **James L. Mounce**, President & CEO, Woodmen of the World Life, **Michael W. Pado**, President, XL Re Life America

Hey, wouldn't it be a great idea if the CEO's of the IMSA companies listed above encouraged the others to join the industry's premier standards-setting organization for the life insurance industry? Don't you think this would show their companies' commitment to maintaining high ethical standards and to being fair, honest, and open in the way they advertise, sell and service their products? I bet their customers would be pleased and recognize this as a confidence-building affirmation of integrity too.

Consumers to Benefit From State Regulator & IMSA Collaboration Annuity Suitability Practices Identified

BETHESDA, MD, Nov 05, 2008 (MARKET WIRE via COMTEX) -- The Insurance Marketplace Standards Association (IMSA), the leading independent market conduct and compliance standards-setting organization for the life insurance, annuity and long-term care insurance marketplace, has announced the conclusion of its Annuity Supervision & Monitoring Review Initiative. This review was conducted by IMSA at the request of seven state insurance departments (IA, IL, NH, MO, OH, OR, and PA) to facilitate a clear understanding between regulators and life insurance companies about what constitutes suitable supervision and monitoring practices in the life insurance marketplace.



"We appreciate the substance of the report and the constructive team effort of regulators from seven states and compliance professionals from IMSA companies," said Michael McRaith, Illinois Insurance Director.

"Thanks to IMSA for its leadership on this important project that advances the best interests of consumers."



"The State of Ohio is a proud partner in the IMSA Suitability Initiative," said Ohio Department of Insurance Director Mary Jo Hudson.

Mary Jo Hudson

"I believe that this collaborative effort promotes greater predictability and consistency in regulatory practices and company compliance practices. Predictability and consistency result in greater integrity in our annuity markets, and which is beneficial to consumers."

"We believe the IMSA report is an important first step toward the goal of ensuring that all annuity sales to consumers are suitable," said Roger Sevigny, NAIC President-Elect and New Hampshire Insurance Commissioner. "The NAIC will continue working to further clarify for the industry those practices that meet the requirements of the Suitability in Annuity Transactions Model Regulation."



Roger Sevigny

"This has been a very helpful process," said Pennsylvania Insurance Commissioner Joel Ario, "proving once again that best practices organizations like IMSA play a vital role in bringing regulators and companies together to solve regulatory challenges."

The review was a direct outgrowth of discussions that took place between state and federal regulators, distributors, consumer organizations and IMSA-qualified company representatives at the IMSA Annuity Suitability Summit Meeting in March, 2008.

The discussions revealed that regulators sought a better understanding of current practices companies use to comply with the supervision and monitoring requirements of the NAIC Suitability in Annuity Transactions Model Regulation. IMSA will co-host its next Summit with AARP tomorrow, November 6th, in Washington, D.C.

"The IMSA Annuity Suitability Summits have created a unique forum to craft common solutions to shared challenges," said James Mumford, First Deputy Insurance Commissioner of Iowa, "and the solutions that emerge from this forum only serve to strengthen our industry and protect the consumers who rely on the integrity of both regulators and insurance providers."

"As an increasing number of states continue to adopt some form of the NAIC Suitability in Annuity Transactions Model Regulation," said Carol Stern, Vice President & Chief Compliance Officer of ING, US Insurance Division, "the time to identify strategies that companies can employ to reasonably assure compliance and that regulators can review to verify compliance with state laws and regulations is now."

Best Practice Corner

As a part of our IMSA assessments, we share with our client companies the best practices we have gathered from our "universe" of IMSA work, some 100 companies, or more. Each month, we publish one in our electronic "Update for IMSA Friends." If you would like to receive this each month, simply send us your email address and we will get it to you. Send it to kkalis@kkalis.com or call us at 386-462-1074.

October Best Practice: Monitoring Independent Producers

Monitoring independent producers has long been a challenge for companies operating through third parties. At the Best Conference Meeting in Scottsdale, we heard an interesting best practice that several companies are using. They use the LIMRA CAP survey with some questions tailored to their concerns and get excellent return rates. When they come across a third-party distributor who won't participate in the survey, they insist upon an on-site audit, which has been agreed to and really helped raise the comfort level of the IMSA company. Another approach we have seen is sending a compliance survey to the third parties and given further scrutiny, auditing or visits to those whose survey responses raise issues.

Since our last Excelsior, we have published these best practices:

23. April 2008	Gift Certificates/Complaints	Principle 5
24. May 2008	Agent Input on Complaints	Principle 5
25 June 2008	Written Commitment	Principle 1
26 July 2008	Testing Independent Agents	Principle 2
27 August 2008	Process Mapping	Principle 5
28 September 2008	Compliance Alerts	Principle 1
29 October 2008	LIMRA CAP/Audits	Principle 6

You can check them all out (and lots more too) on our website at www.kkalis.com.



Joel Ario

IMSA President & CEO, Brian Atchinson, commended IMSA-qualified companies and state regulators for their willingness to work collaboratively to identify the supervision and monitoring practices that insurance companies use to promote suitable annuity sales. "IMSA serves the marketplace as an honest broker between companies, regulators and consumers," said Atchinson, "and we are pleased to bring these groups together to protect consumers and promote a healthy marketplace."

IMSA was asked to conduct this review because IMSA-qualified companies have employed industry-leading annuity suitability supervision and monitoring practices (to demonstrate compliance with IMSA's supervision and monitoring standards) over the past 10 years -- well before the NAIC Suitability in Annuity Transactions Model Regulation was developed. IMSA also was asked to conduct a similar review of indexed annuity practices in 2006, which led to the development of industry leading practices regarding suitability, disclosure and producer training standards.

IMSA's Standards Advisory Committee, including representation from AARP, FINRA, NAIC, NAIFA and Standard & Poor's, also provided valuable input throughout this initiative.

Annuity Suitability Supervision and Monitoring Practices Report is Now Online!

IMSA's Annuity Supervision & Monitoring Review, undertaken at the request of Pennsylvania, Illinois, Ohio, Oregon, Iowa, Missouri and New Hampshire to identify leading practices for the sale, supervision and monitoring of annuity transactions, is complete. This report is available to IMSA-qualified companies in the Members Section of IMSA's website at www.imsaethics.org.

Are You Being Ethical? 6 Steps to Countering Industry's Negative Media Attention

These 6 points have been excerpted from the Agents Sales Journal article Brian did earlier this year. You can read the full article at IMSA's website www.imsaethics.org.

- #1: The best defense is a great offense.** Talking openly about a product concern or industry incident creates the opportunity to discuss what makes you and your products different. It also demonstrates your knowledge of the industry and your respect for what your clients deserve.
- #2: Combat the 'fast-talking agent' stereotype.** Remember that, by design, you have two ears and just one mouth. An ethical agent strives to meet the customer's needs rather than just selling a product. In order to meet those needs with an appropriate sale, however, you have to listen to and understand the individual circumstances of each unique prospect.
- #3: Create ethical policies and procedures for your practice.** Ninety-four percent of respondents to a Harris Survey believe that a life insurance company's commitment to ethical business practices is important, so demonstrate your commitment to ethics upfront.
- #4: Maintain a sound approach with seniors.** Shine a positive light on things by stressing your agency's ethical approach to senior sales. One approach might be to invite the prospect to bring along an adult child or other trusted friend to ask questions and observe the transaction. Not only can you win the senior's consumer trust, but you also have an opportunity to earn the business of the trusted friend or the adult boomer child (and subsequent generations) when they see how well you served the senior customer.
- #5: Shout it out.** Be sure to create marketing materials around your ethical approach, and don't forget about visibility; prominently display these informational pieces on agency desks and include them in mailed communications. Try to obtain some third-party credibility, as well.
- #6: Lastly, remember that every good house starts with a solid foundation.** The solid foundation of any ethical practice is one of compliance. Make compliance a priority by keeping up with changing laws, required certifications, licensing, and continuing education requirements. In today's insurance climate, ethics do matter. Rather than a warm and fuzzy public relations concept, ethical practices have emerged as a market differentiator in a competitive marketplace. Let consumers know that ethics matter to you, and your agency will matter to them.

Brian Atchinson is president and CEO of the Insurance Marketplace Standards Association. He can be reached at brianatchinson@imsaethics.org or at 240-744-3030.



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Happy Thanksgiving to Everyone!

Keep an eye out for our November update, where you will see evidence that shows that the first Thanksgiving was actually celebrated in St. Augustine, Florida on September 8, 1565. This was the first community act of religion in the first permanent European settlement in the land and it also included both Spanish and natives.



But regardless of when and where that first Thanksgiving Day occurred, we can all rejoice with my favorite Thanksgiving poem that I learned in the second grade:

"A Boy's Thanksgiving Day."

by Lydia Maria Child.

Over the river, and through the wood,
to Grandfather's house we go;
the horse knows the way to carry the sleigh
through the white and drifted snow.

Over the river, and through the wood,
to Grandfather's house away!
We would not stop for doll or top,
for 'tis Thanksgiving Day.

Over the river, and through the wood-
oh, how the wind does blow!
It stings the toes and bites the nose,
as over the ground we go.

Over the river, and through the wood.
with a clear blue winter sky,
The dogs do bark and the children hark,
as we go jingling by.

Over the river, and through the wood,
to have a first-rate play.
Hear the bells ring, "Ting a ling ding!"
Hurray for Thanksgiving Day!

Over the river, and through the wood-
no matter for winds that blow;
Or if we get the sleigh upset
into a bank of snow.

Over the river, and through the wood,
to see little John and Ann;
We will kiss them all, and play snowball
and stay as long as we can.

Over the river, and through the wood,
trot fast my dapple gray!
Spring over the ground like a hunting-hound!
For 'tis Thanksgiving Day.

Over the river, and through the wood
and straight through the barnyard gate.
We seem to go extremely slow-
it is so hard to wait!

Over the river, and through the wood-
Old Jowler hears our bells;
He shakes his paw with a loud bow-wow,
and thus the news he tells.

Over the river, and through the wood-
when Grandmother sees us come,
She will say, "O, dear, the children are here,
bring pie for everyone."

Over the river, and through the wood-
now Grandmothers cap I spy!
Hurrah for the fun! Is the pudding done?
Hurrah for the pumpkin pie!