

# July Update



Dear Friends;

I trust you all had a great July. All of us, I believe, have had a very hot one! It was good to cool off at the Marriott Harbor Beach Resort during the ACLI Legal and Compliance Annual Meeting and to see some of you there. As usual, the Kenneth J. Kalis Company was an exhibitor and had good traffic at our booth. Several company people expressed an interest in IMSA membership and many more in our newly formalized business writing services (more on this in "What's UP at the Kenneth J Kalis Company?" towards the end of this Update).

Each month we feature a visual and "literary" theme to help readers identify the issue, and for July we are using Independence Day and Hot Weather. So, as my daughter would say, get a cool drink, relax in the shade and enjoy this July Update!

*You have to love a nation that celebrates its independence every July 4, not with a parade of guns, tanks, and soldiers who file by the White House in a show of strength and muscle, but with family picnics where kids throw Frisbees, the potato salad gets iffy, and the flies die from happiness. You may think you have overeaten, but it is patriotism.*

~Erma Bombeck



## Oxford Life Insurance Company Among Top 50 Insurance Companies

PHOENIX, July 15 /PRNewswire-FirstCall/ -- Oxford Life Insurance Company today announced that it has been named one of Ward's 50 Benchmark Group of top performing insurance companies.

Each year the Ward Group studies the financial performance of more than 800 life and health insurance companies domiciled in the United States and identifies the top performers. Each company that earns a spot on the list has passed safety and security screenings and has achieved superior performance over a period of five years.



This Ward's ranking places Oxford Life Insurance Company in the top 50 of all life and health insurance companies analyzed. ***"Our company is honored to have been included on the 2010 Ward's 50 list, which recognizes the top performers in the life insurance industry based on safety, consistency and financial performance,"*** said President & CEO Mark A. Haydukovich.

Ward Group is a consulting firm specializing in the insurance industry and the leading provider benchmarking and best practices services, with expertise in staffing level analysis and expense management. A complete list of the Ward's 50 Benchmark Group is available at [www.wardinc.com](http://www.wardinc.com).

Founded in 1965, Oxford Life Insurance Company specializes in providing life insurance, Medicare supplement, and fixed annuities sold through independent marketing organizations and general agents. A member of the [Insurance Marketplace Standards Association \(IMSA\)](#) the national organization dedicated to promoting high ethical standards in the life insurance marketplace, Oxford Life provides excellent customer service while exemplifying the highest standards of ethics and professional integrity. Oxford Life is a subsidiary of AMERCO (Nasdaq: UHAL). SOURCE Oxford Life Insurance Company

***Editor's note:*** We checked out the criteria for "top performing companies." They include:

Five year average Return on Average • Equity

- Five year average Return on Average Assets
- Five year average Return on Total Revenue
- Five year growth in Revenue
- Five year growth in Surplus

***For what avail the plough or sail, or land or life, if freedom fail? ~ Emerson***



*May the sun in his course  
visit no land more free,  
more happy, more lovely,  
than this our own country!*

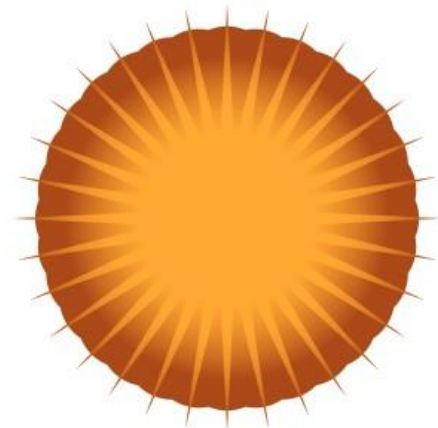
~Daniel Webster

### **Key Performance Benchmarks**

An important objective of the Ward's 50 is to compare their performance as a group with the rest of the industry. In addition to achieving greater levels of income returns, the Ward's 50 benchmarks also outperformed in other key performance benchmarks. The Ward's 50 life-health group of companies outpaced the industry for five year policyholder surplus growth (8.4% compared to 5.6%) and premium income growth (12.4% compared to 1.3%).

### **Other IMSA companies in Ward's top 50 include:**

- American Family Life Insurance Company
- American Fidelity Assurance Company
- Baltimore Life Insurance Company
- Great American Life Insurance Company
- Primerica Life Insurance Company
- Shelter Life Insurance Company
- Trustmark Insurance Company



### **Big Fines for IMSA Dropouts: \$715 for AIG**

In our April Update we reported on recent regulatory actions on several former IMSA companies. MetLife, Nationwide, AXA and Guardian had to pay \$13.5 million, \$2.1, \$1.9 million and \$64.500 after recent actions by federal and state regulators. This month AIG, IMSA's third largest member as of July 2009 according to Best's Review, was hit with a whopping \$725 million class action settlement to Ohio and Florida:



According to the New York Times, Ohio's attorney general, Richard Cordray, said that it was the 10th largest securities class-action settlement in United States history. Cordray also made this statement at a news conference: *"No privileged few are entitled to play by different rules than the rest of us.*

*Ohio is determined to send a strong message to the marketplace that companies who don't play by the rules will pay a steep price."*



In an interesting observation on the role of state regulation, Corday added: ***“The states are too often the only ones to watch out for this misconduct. For years, people have been asleep at the switch.”*** From what we’ve seen and heard in industry meetings this year, we expect even greater activity on the behalf of consumers from both the states and feds. Certainly the recent award of \$1 million by the SEC to a whistleblower in Connecticut points the way to even more scrutiny.

The new Dodd-Frank Wall Street Reform and Consumer Protection Act has a whistle blower provision that the San Diego Source thinks “could be a gold mine” for those who take advantage of it. Under the new law whistle blowers can get up to 30% of any monetary sanctions recovered by federal regulators. One whistle blower complaint under the new law has already been filed with the SEC. Sounds like those dollars are going to mount up. It seems to me too that IMSA membership is something to be especially valued in times like these!

### **ACLI Meeting**

We had a great time at this year’s meeting, as I noted in the introduction. It was nice to see a couple of companies interested in pursuing IMSA membership and great to see many of you. The hotel was great (although the restaurants and parking a little pricey for Florida) and the ACLI staff did a superb job. Below is a “Thank You” note I got from them (a best practice that few companies use to their best advantage) that contains some information that might be of interest to you.

## **ACLI 2010 COMPLIANCE & LEGAL SECTIONS ANNUAL MEETING**

**Marriott Harbor Beach Resort & Spa  
FORT LAUDERDALE, FL**

**JULY 13-15**



On behalf of ACLI and Chairs Dave Griffin, Vice President, Insurance Services, Compliance Officer, Baltimore Life, and Tracy Rich, Executive Vice President, General Counsel & Corporate Secretary, Guardian Life, we would like to thank you for attending the 2010 Compliance and Legal Sections Annual Meeting. We hope the meeting and venue met your expectations. Thank you to our speakers, sponsors and exhibitors.

***Freedom has its life in the hearts, the actions, the spirit of men and so it must be daily earned and refreshed - else like a flower cut from its life-giving roots, it will wither and die. ~Dwight D. Eisenhower***

*Freedom's natal day is here.*

*Fire the guns and shout for freedom,*

*See the flag above unfurled!*

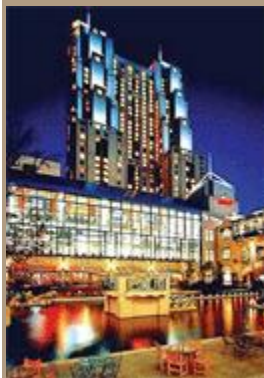
*Hail the stars and stripes forever,*

*Dearest flag in all the world.*

~Florence A. Jones



#### Mark Your Calendar



ACLI Compliance and Legal Sections Annual Meeting will be held July 10 – 13, 2011 at the Marriott San Antonio Rivercenter in San Antonio, Texas.

We hope you will join us!

If you have any questions or comments, please contact Victoria Smith, ACLI, 202-624-2408, or via email: [victoriasmith@acli.com](mailto:victoriasmith@acli.com).

### **Make the Most of Your Social Media Opportunities**

No doubt you've see the excellent work IMSA has done in creating its Social Media Template for companies. But what have you done to help yourself in this area? There are lots of free opportunities, starting with LinkedIn at <http://www.linkedin.com/nhome/>. There you can post your own profile, including resume, interests and website and join groups with common interests. For example, some of the groups I below to are:



Prudential Alumni Network is visible on your profile. [Change visibility.](#)



ComplianceEX is visible on your profile. [Change visibility.](#)



Insurance Professionals of America is visible on your profile. [Change visibility.](#)



Financial Services Regulation is visible on your profile. [Change visibility.](#)



Treasury / Finance Careers is visible on your profile. [Change visibility.](#)



Insurance Compliance Networking Forum-U.S. is visible on your profile. [Change visibility.](#)



Proposals for the Reform of the Financial Services Industry is visible on your profile. [Change visibility.](#)



Financial Regulation: Insurance is visible on your profile. [Change visibility.](#)



Financial Services Regulation and Compliance is visible on your profile. [Change visibility.](#)

You'll also be able to send messages to those in these groups and others and build a wide network you can use to your benefit as you share your own expertise and experience with others. You can even start by piggy-backing off my network of nearly 100 connections, most from the world of life insurance compliance. Why not give it a whirl?

***The winds that blow through the wide sky in these mounts, the winds that sweep from Canada to Mexico, from the Pacific to the Atlantic ~ have always blown on free men. ~Franklin D. Roosevelt***



Another new but promising source is Insurance Campus.Org at: [http://www.insurancecampus.org/?xg\\_source=msg\\_mes\\_network](http://www.insurancecampus.org/?xg_source=msg_mes_network). This site has groups too. Here are two that I belong to:

Insurance Campus.org is looking for industry leaders with an interest in Insurance Legal Matters, Compliance & Regulation. Interested? Join the group, send an e-mail to Walt Podgurski at [walt@insurancebroadcasting.com](mailto:walt@insurancebroadcasting.com), or call at 888-282-1765.

Members: **43**  
Latest Activity: **1 hour ago**

## IMSA?

Ask any questions about IMSA membership, assessments and standards. Open forum on best practices and best approaches to all IMSA issues.

Members: **1**  
Latest Activity: **Apr. 28, 2009**

## Let's Talk!

[http://www.insurancecampus.org/group/imsaissues?xg\\_source=activity](http://www.insurancecampus.org/group/imsaissues?xg_source=activity)

I really hoping someone joins me in this IMSA group as I am felling pretty lonely! If my testimony isn't enough for you, here's a note I got recently from Socialware, a leader in the social media industry:

Hi Ken,

In the fast-paced world of social media having the latest information on how to best utilize these resources, maintain compliance and identify new opportunities is critical to your overall success. To help push forward your social initiatives and provide the necessary knowledge to protect you and your firm below are several resources covering social networking compliance trends, news and best practices:

**Webinars** - *learn how to grow your business through social networks while remaining compliant*

[Best Practices: Driving Business on LinkedIn](#)  
[LinkedIn Adoption In a Regulated World](#)

**Industry News** - *see what other firms in your industry are doing with social media*

[As Advisors Use Facebook and Twitter More, Compliance Concerns Loom](#)  
[Financial Advisers Break Rules To Use Social Media--Study](#)

**Blog Roll Up** - *keep up to date on social networking industry trends, studies, and more*

[6.5 Things you may have missed about LinkedIn](#)  
[Twitter beats out Facebook for business](#)

Please let me know if you have any questions.

Matt Hawkins  
[matt@socialware.com](mailto:matt@socialware.com)  
Follow US @Socialware  
[www.Socialware.com](http://www.Socialware.com)



Hi Ken,

I'd like to remind you about an upcoming free webinar that will discuss best practices for driving business on LinkedIn. With more than 60 million users, LinkedIn is a social network that is essential for financial professionals (many in the industry are already embracing LinkedIn and seeing the business and recruiting impact). This webinar will focus on best practices for how advisors, reps, and agents can leverage LinkedIn to engage with prospects, customers, and peers while addressing the compliance challenges of using LinkedIn in a regulated industry.

[You can register for the free webinar here.](#)

Thanks and bring your questions!

Best,  
Matt

P.S. We have a number of previously recorded webinars on topics such as adopting Twitter in a regulated industry, FINRA's requirements for social media, and more. I would highly encourage you to [check them out here](#).



## IMSA Today

July 23, 2010

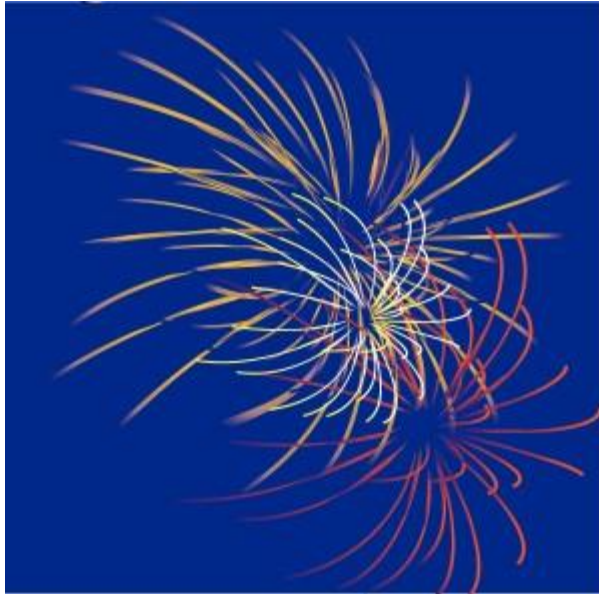
### Benchmarking Survey Results – Company Compliance, Law & Ethics

IMSA has released its benchmarking survey findings in a comprehensive report. ***The Organization of Law & Compliance Departments and Their Leadership*** is now available to the public at [www.IMSAethics.org](http://www.IMSAethics.org).

IMSA issued the recent **benchmarking survey on current practices regarding the organizational structure of law and compliance departments, as well as the role of Chief Ethics Officers and Chief Compliance Officers, within life insurance companies**. In recent years, an increasing number of organizations have assigned compliance and ethics responsibilities to separate individuals, and the study sets forth current rationales regarding decisions to combine law and compliance departments or to maintain them as separate departments and/or functions.

*Liberty is always dangerous, but it is the safest thing we have.*

~ Harry Emerson Fosdick



## **AARP–IMSA September Summit – Ethics in a Changing Marketplace**

With evolving financial services regulation and its impact on the marketplace comes the need to address ethics on a new financial services frontier. To that end, AARP and IMSA will co-host ***Understanding Ethics on a New Financial Services Frontier*** in Washington, D.C. on Wednesday, September 22, 2010 from 10:00 am – 4:00 pm **to explore the changing role of ethics in financial services and insurance.** Topics to be explored include:

- contemporary ethics issues facing the financial services marketplace;
- what companies are doing to establish an ethical culture; and
- why it is important to address reputational risk.

Invitations to industry representatives and thought leaders specializing in ethics will be distributed in the coming weeks. **If you are interested or have responsibility for ethics in your organization**, please contact Margie Lopez at [MargieLopez@IMSAethics.org](mailto:MargieLopez@IMSAethics.org) or (240) 744-3025. An agenda and list of speakers will be available in the coming weeks.

### **Leading AML Practices – August 3<sup>rd</sup> Webinar**

On **August 3<sup>rd</sup> at 3:00 pm (EST)**, IMSA will host an **Anti-Money Laundering (AML) webinar**, which will explore AML regulations and responsibilities and give attendees actionable steps toward a more robust compliance infrastructure. Compliance professionals from both **ING** and **Sun Life Financial** will discuss AML requirements and will speak to their company's leading practices. This webinar is available to both IMSA member and non-member company representatives at no charge. Register online at [www.IMSAethics.org](http://www.IMSAethics.org).

*We on this continent should never forget that men first crossed the Atlantic not to find soil for their ploughs but to secure liberty for their souls.* ~Robert J. McCracken

## Industry Meeting Highlights

### IMSA Compliance & Standards Committee

During its recent meeting, members of the Committee focused the majority of their discussion on outstanding operational issues associated with interpretation of new provisions of the recently revised the NAIC Suitability in Annuity Transactions Model Regulation. The Committee agreed to establish a Working Group to identify key questions requiring further clarification for possible submission of comments to the NAIC Market Conduct Examination Standards Working Group as the NAIC Working Group develops revisions to the NAIC Market Regulation Handbook. The

Committee also raised such important issues as Universal Life products and the need to better understand the impact on Long Term Care Insurance emanating from health care reform.



### ACLI Legal & Compliance Conference

The ACLI Legal & Compliance Section Meeting was held in Ft. Lauderdale, Florida on July 13-15. The meeting included a variety of presentations on issues ranging from building a compliance culture in a smaller company to new trends on the horizon with respect to the use of cloud computing as a means to leverage existing technology resources. Representatives from several IMSA qualified companies served as presenters and attendees at the conference which provided a good forum for the exchange of new and innovative techniques to address contemporary compliance issues.

***America is much more than a geographical fact. It is a political and moral fact ~ the first community in which men set out in principle to institutionalize freedom, responsible government, and human equality. ~Adlai Stevenson***

## IMSA in the News

From social media to annuities regulation to ethical pitfalls among agents, IMSA has been quite active in recent news reports. Visit [www.IMSAethics.org](http://www.IMSAethics.org) and view the latest headlines from *Deloitte's Forward Focus*, *Insurance News Net* magazine, and *Agent's Sales Journal* magazine.

## Save the Date

Aviva, Dewey & LeBoeuf and IMSA will co-host a **Symposium on Insurance Compliance on Thursday, September 16, 2010 in West Des Moines, Iowa**. The keynote luncheon speaker will be **Susan Voss**, Commissioner, Iowa Insurance Division, and CLE credits will be available. A full agenda and additional details will follow in the coming weeks. Among the issues to be discussed at this conference include: How do you maintain compliance as a vital, dynamic function within your organization? How do you maximize the intersection of compliance and enterprise risk management? What are the three most significant threats to maintaining a successful compliance function within your organization?

There is no registration fee to attend the conference but IMSA has requested an RSVP to [MargieLopez@imsaethics.org](mailto:MargieLopez@imsaethics.org) from those who plan to attend this session.

## Senior Designations – AARP Report

AARP has released a recent position paper entitled "Preventing the Misleading Use of Senior Designations – What States Can Do." Visit [www.IMSAethics.org](http://www.IMSAethics.org) to access the report.

## Upcoming Meetings

August 3	IMSA Anti-Money Laundering Webinar
August 13-17	NAIC Summer Meeting – Seattle, WA
August 29-Sept. 1	IRES Career Development Seminar – Albuquerque, NM
September 11-15	NAIFA: 2010 Annual Convention & Career Conference –Seattle, WA
September 13	IMSA Producer Advisory Group Meeting – Seattle, WA
September 16	Symposium on Insurance Compliance-West Des Moines, IA

To submit comments or to cancel your email subscription at any time, please contact Jennifer Kalita at [JenniferKalita@IMSAethics.org](mailto:JenniferKalita@IMSAethics.org)



*Then join hand in hand, brave Americans all!  
By uniting we stand, by dividing we fall. ~John Dickinson*

## **Best Practice of the Month – Keeping Up with Technology**

At an IMSA conference call last month, two companies reported on concerns regulators have with copiers and emails. It seems that some copiers retain the content of what is copied and that companies are obligated to disable that feature. Concern also exists about the interception of emails and one large company has taken steps to encode every email before it is sent. New challenges every day!

How to address such concerns? See our article above on social media, which you can use to form networks of your peers and get quick input on emerging issues and potential solutions—real solutions that are working for someone else!



## **What's UP at the Kenneth J Kalis Company**



After a slow first half of the year, things are picking up. We continue to work on the IMSA Compliance & Standards Committee and some other pro bono IMSA work as well. Our marketing efforts continue and we are looking forward to beginning some assessments after we return from vacation. In view of the smaller IMSA universe and opportunities for assessments, we are more actively marketing our services for business writing, with which many of you are familiar (all of you, when you include the Updates as newsletters!). The idea here is to have us create or update your business prose as necessary, whether it be in compliance manuals, policies and procedures, newsletters, web sites or reports.

You get first-class, high quality writing at a low cost and with no long term commitment. Please see the attached flyer for more details!

*In the truest sense, freedom cannot be bestowed; it must be achieved.* ~Franklin D. Roosevelt



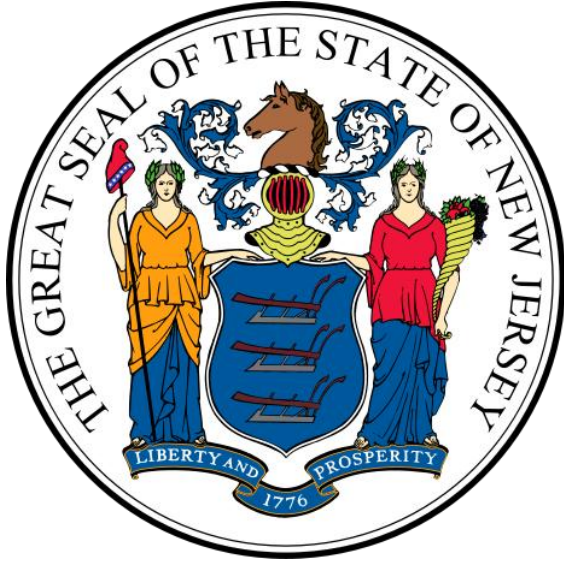
# How To Drive In Jersey

Seriously, there are only two things needed to drive effectively in NJ: A horn and a middle finger. Everything else is superfluous, including knowing where you are going.

For those of you who live in Jersey or have lived there, these things may come as no surprise. For those who haven't travelled there before, Beware, Be Prepared and Be Afraid,,,, Be Very Afraid.

1. You must first learn to pronounce the city name, it is Nork - rhymes with Fork, not New-ark. Also, Trenton is not pronounced Tren-ton, it is Trent-in.
2. The morning rush hour is from 5 AM to NOON. The evening rush hour is from NOON to 7 PM. Friday's rush hour starts on Thursday morning.
3. The minimum acceptable speed on the turnpike is 85 mph. On the parkway it's 105 or 110. Anything less is considered "Sissy.." (Just ask the former Governor of NJ)
4. Forget the traffic rules you learned elsewhere. Jersey has its own version of traffic rules. For example, cars/trucks with the loudest muffler go first at a four-way stop; the trucks with the biggest tires go second; However, in Monmouth and Burlington counties, SUV- driving, cellphone-talking moms ALWAYS have the right of way.
5. If you actually stop at a yellow light, you will be rear ended, cussed out, and possibly shot.
6. Never honk at anyone. EVER ! Seriously. It's another offense that can get you shot.
7. Road construction is permanent and continuous in all of Jersey . Detour barrels are moved around for your entertainment pleasure during the middle of the night to make the next day's driving a bit more exciting.
8. Watch carefully for road hazards such as drunks, skunks, dogs, cats, barrels, cones, celebs, rubber-neckers, shredded tires, cell-phoners, deer and other road kill, and the homeless feeding on any of these items.
9. MapQuest does NOT work here -- none of the roads are where they say they are or go where they say they do and all the Turnpike EZ Pass lanes are moved each night once again to make your ride more exciting.
10. If someone actually has their Turn Signal ON, wave them to the shoulder immediately to let them know it has been "accidentally activated."





11. If you are in the left lane and only driving 70 in a 55-65mph zone, you are considered a road hazard and will be "flipped off" accordingly. If you return the flip, you'll be shot.

12. Do not try to estimate travel time -- just leave Monday afternoon for Tuesday appointments, by noon Thursday for Friday appointments, and right after church on Sunday for anything on Monday morning. SAFE DRIVING !!!

**Editor's Note:** I received the above from one of our readers in an email. Another version appears on the web at

<http://belowthebeltway.com/2009/03/14/how-to-drive-in-new-jersey/>

This version also contains a pithy comment: Remember, if you miss your exit, just back up until you get to the exit ramp you need.--Ron

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And so we will close for July! I hope you find those New Jersey driving directions amusing but not instructive. I will leave you all with a wish that the Garden State's "Liberty & Prosperity" will bless you and your lives. Thank you for your continuing interest in IMSA, ethical market conduct and the Kenneth J. Kalis Company.

*Ken Kalis*

**IMSA?...We can help!**

**352-505-0705**

And we **know** that **all things** work together for good to them that love God, to them who are the called according to his purpose. Romans 8:28