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## *January Update!*

Dear Friends;

I hope you are enjoying the New Year. "Old things are past, behold! All things are become new!" We are expecting good things in 2011 for you and for all of our colleagues who are working hard to nurture ethics and compliance in the insurance world. January was also National Thank You Month, and I want to thank each one of you for reading our material and for being committed to the noble ideas that our industry has been built upon.

We are highlighting January birthdays and holiday and quotes from those famous people born in January, especially Dr. Martin Luther King. Lots of news this month, so please read on!

***Faith is taking the first step even when you don't see the whole staircase.*** Martin Luther King, Jr. January 17, 1929

## Introducing: **Compliance Performance Arch**

A Comprehensive Diagnosis Tool for the Independent Analysis of Insurance Company Risks  
Drafted by Kenneth J. Kalis, CLU, October 1, 2010

Objectives:

1. To meet companies' need for an overall assessment of performance vs. clearly defined and widely recognized standards
2. To use a principle-based process
3. To affirm compliance and best practices
4. To use existing regulatory & audit findings
5. To assess risks and identify key issues
6. To incorporate emerging standards
7. To provide credible independent affirmation based on review of existing business data (no self-assessment)
8. To recognize excellence and commitment to customers
9. To operate through professional accredited insurance experts
10. To award an "Arch of Approval" for success.



## **Everything that we see is a shadow cast by that which we do not see.** Martin Luther King, Jr.



Our interest continues in providing interested companies with a useful diagnostic tool to help them assess the risks, strengths and gaps in their compliance operations. For many years the IMSA process met this need. Our hope is that it will continue to be used by CEFLI, and we are interested in working with those who continue to use it. The Compliance Performance Arch is offered as an alternative approach for those who do not. Please let me know if you have any interest in learning more about this comprehensive and innovative assessment tool. We are happy to share with you our PowerPoint presentation that further outlines each of the points above. We welcome your input as we look for industry support and involvement.

### CEFLI Update



On Wed, Jan 26, 2011 at 2:07 PM, Donald Walters <[donaldwalters@cefli.org](mailto:donaldwalters@cefli.org)> wrote:

To: All Life Insurers

Re: CEFLI Launch Success; Membership Grows

Below is a news release announcing the strong success of the first two events of our organization and the continued growth of our membership.



**CEFLI FORMALLY LAUNCHES EFFORT TO SERVE NEEDS OF INDUSTRY'S COMPLIANCE AND ETHICS PROFESSIONALS**

\* Kick-Off Webinars On Social Media Training and Annuity Suitability Attract Hundreds Of Regulators and Industry Participants

\* Key Industry Players Have Joined; Others Being Encouraged to Sign Up

BETHESDA, MD (January 26, 2011)-CEFLI (the Compliance and Ethics Forum for Life Insurers) has formally begun its mission to serve the needs of industry's compliance and ethics professionals with two highly successful webinar events in January.

Hundreds of industry and regulatory representatives attended CEFLI's initial webinars on Social Media Training and Annuity Suitability held on January 19 and January 25 respectively.

**When you have eliminated the impossible, whatever remains, however improbable, must be the truth.** Sherlock Holmes, born January 6, 18??





***I have a dream that one day every valley shall be exalted, every hill and mountain shall be made low, the rough places will be made straight and the glory of the Lord shall be revealed and all flesh shall see it together.*** [Martin Luther King, Jr.](#)

***"We have been tremendously pleased by the overwhelming interest in our first two webinars and expect the interest to grow as the value of our organization becomes ever more apparent,"*** said CEFLI's President & CEO Don Walters. ***"CEFLI connects life insurers' compliance & ethics officers with others who are managing the same or similar issues in the life insurance industry. Our forums allow for industry compliance & ethics professionals to share insights and innovative strategies on the changing demands of state and federal regulatory requirements. And, by continually improving the overall professionalism of life insurance industry compliance & ethics professionals, CEFLI will continue the industry's leadership role in compliance & ethics in financial services."***

Industry response to CEFLI has been strong with key players including John Hancock Financial, Genworth, Aviva and ING already having signed up as members.

***"We are very excited about the launch of CEFLI and the industry's response to the unique opportunity CEFLI will provide for life insurance compliance and ethics professionals. And the momentum continues, with TIAA-CREF, Sammons Financial (North American Company for Life and Health Insurers and Midland National) and Baltimore Life joining the organization recently and several other companies reviewing membership. We expect that as other insurers see the success of our efforts, they will join as well,"*** he said. At the request of the NAIC, CEFLI co-hosted and presented a webinar educational series on social media on January 19. The two part webinar series on "Providing Education on Social Media" was developed exclusively for regulators and presented to approximately 100 state regulators nationwide. The series communicated the compliance challenges and impressed upon state insurance regulators the many operational challenges that the companies face regarding the use of social media.



***I don't know anything about music. In my line you don't have to.*** [Elvis Presley](#), January 8, 1935

Leveraging its strong regulatory relationships, CEFLI hosted a webinar on annuity suitability on January 25. The webinar offered the more than 200 compliance and ethics professionals who signed up the opportunity to ask questions and hear the viewpoints of two leading state insurance regulators from Iowa and Wisconsin - two states that recently adopted the Model Regulation and were actively involved in its development.

***"CEFLI's subject matter expertise and their ability to stage a webinar forum utilizing two leading regulators on the timely topic of annuity suitability were most valuable. It provided excellent information and analysis. This is a big reason why we joined CEFLI."*** Wayne Smiley, Chief Compliance Officer, TIAA-CREF Life Insurance Company

***"The CEFLI annuity suitability webinar addressed a timely compliance topic facing many life insurers. It is precisely these types of forums with direct input from regulators that will make***

***I just want to do God's will. And he's allowed me to go to the mountain. And I've looked over, and I've seen the Promised Land! I may not get there with you, but I want you to know tonight that we as a people will get to the Promised Land.*** [Martin Luther King, Jr.](#)



***CEFLI is a valuable resource for our organization and other compliance and ethics professionals.***  
Nick Gerhart, VP- Compliance & Regulatory Affairs, Sammons Financial Group/Midland National Life

CEFLI is planning similar events throughout 2011. Information on upcoming events as well as products and services available for CEFLI members may be found on the CEFLI website:  
<<http://www.cefli.org>> [www.cefli.org](http://www.cefli.org)

Governed by a Board of Directors comprised of chief compliance & ethics officers, CEFLI is an organization developed by chief compliance & ethics officers for chief compliance & ethics officers. CEFLI will help to develop innovative strategies and identify best practices to address the most important compliance & ethics issues on the minds of today's thought leaders within the life insurance industry.

Donald J. Walters, President & CEO, T \* 240 744 3027 F \* 240 744 3031 E \* [donaldwalters@cefli.org](mailto:donaldwalters@cefli.org)



***To myself I am only a child playing on the beach, while vast oceans of truth lie undiscovered before me.***

[Isaac Newton](#), Born January 4, 1642



Don't miss Alan's excellent article on CEFLI in the January 10 edition on setting expectations. Here is a brief quote used by permission:

The new organization is promising on its website, [cefli.org](http://cefli.org), to be the "premier source of compliance and ethics knowledge and information for life insurers" in "a new era in compliance & ethics."

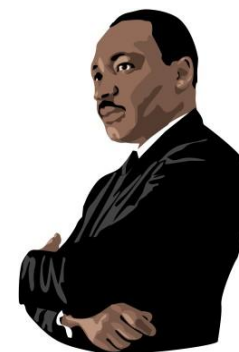
Or, as its tagline suggests, "The Forum That Connects."

So what can you expect for your membership dollar?





***I have decided to stick with love. Hate is too great a burden to bear.*** [Martin Luther King, Jr.](#)



For one thing, a focus on both compliance *and* ethics. “There is a clear, distinct – and growing – difference between compliance as a structure in an organization and ethics,” said CEFLI president and CEO Don Walters. As he sees it, compliance provides baseline standards and is rules-based. Ethics, on the other hand, is based on principles and encourages going beyond the minimum required.

Be sure to read the full article at: <http://www.ins-compliance.com/article.cfm?id=1923>



**Quick Links**

[General Info](#)  
[Register Now](#)  
[Hotel Reservation Form](#)  
[Sponsor Levels](#)

**Life & Health Compliance Association  
Meeting #96**

**[Gideon Putnam Resort](#) - Saratoga Springs,  
NY**

**April 27-29, 2011 - Hosted by Currin  
Compliance Services**



***“Nothing is more important than for a sinner to become a Christian, nothing; but it is a mistake to stop a man who is running to catch a train and ask him about his salvation. He is likely to miss both.”—***

William Lyons Phelps, professor of English at Yale University (1892-1933),  
born Jan. 2, 1865





***The hottest place in Hell is reserved for those who remain neutral in times of great moral conflict.*** Martin Luther King, Jr.

# IAdCA

Insurance Advertising Compliance Association

Share This:    

**Register  
Now**

10th Annual IAdCA  
Conference  
April 6-8, 2011  
Hard Rock Hotel, Universal  
Orlando  
Orlando, FL  
Registration fee - \$575\*

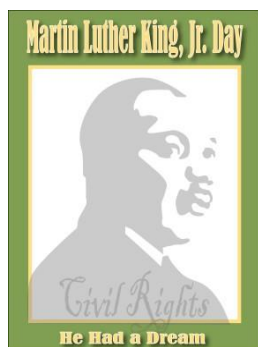


\*Multiple Registrations Discount: When 2 or more individuals from the same company register, the fee can be reduced \$50 per person.

**Darkness cannot drive out darkness;  
only light can do that. Hate cannot  
drive out hate; only love can do that.**

Martin Luther King, Jr.





*Shallow understanding from people of good will is more frustrating than absolute misunderstanding from people of ill will.* Martin Luther King, Jr.

# Insurance News

## Japan Post, Axa Top Outrank U.S. Insurers as Largest

January 07, 2011 | A.M. Best Company, Inc.

According to AM Best, Japan Post Insurance Co. and Axa S.A. top the lists of the world's largest insurers, while U.S. insurers barely crack the top five.

Japan Post, a unit of the government-owned Japanese postal system, was the largest by assets, reporting 2009 year-end assets of \$1.1 trillion. France-based Axa came in second, with \$962.8 billion in assets. However, as measured by 2009 net premiums, Axa topped the list, with \$116.5 billion. Japan Post ranked fourth.

The only U.S.-based companies to make the top five of either list were American International Group Inc. and UnitedHealth Group Inc.

Read the full story at the link provided below. (By Rick Cornejo, managing editor, BestWeek: [rick.cornejo@ambest](mailto:rick.cornejo@ambest))

<http://www.insurancenewsnet.com/article.aspx?id=242257&type=international&inl=1>

## US Jobs Report: Insurers Lose Jobs as National Job Market Grows

Best also opines that while the national job market added 103,000 jobs in December, the U.S. insurance industry lost 3,700 jobs last month, extending a long-term decline. On a year-to-year basis, industry employment, now standing at 2.17 million jobs, is down 0.17% since December 2009...

<http://www.insurancenewsnet.com/article.aspx?id=242273&type=breakingnews&inl=1>

*'The time has come,' the walrus said,  
'to talk of many things: of shoes and  
ships - and sealing wax - of cabbages  
and kings.'* Lewis Carroll, January 27, 1832





***To be a Christian without prayer is no more possible than to be alive without breathing*** Martin Luther King, Jr.

### Garden State Grows Insurance Compact

On January 6, 2011 New Jersey Governor Chris Christie today signed the Interstate Insurance Product Regulation Compact (IIPRC) legislation making New Jersey is the 38th member to join the Compact, bringing the nationwide premium volume represented by the states in the Compact to just over two-thirds.

. For more information, visit [www.insurancecompact.org](http://www.insurancecompact.org)

### Genworth Exits VA Business

Genworth Financial Inc. is exiting variable annuities as it focuses on more profitable businesses. It will record a roughly \$12 million charge for employees who will be laid off and other related costs resulting from its decision to do so...

<http://www.insurancenewsnet.com/article.aspx?id=242380&type=breakingnews&inl=1>

<http://www.insurancenewsnet.com/article.aspx?id=242380&type=breakingnews&inl=1>

### Agents: Defund Federal Study of Insurance Regulation

A producers association called for Congress to weaken the new Federal Insurance Office by stripping funding for a scheduled study of insurance regulation.

(By Sean P. Carr, Washington Bureau Manager: [sean.carr@ambest.com](mailto:sean.carr@ambest.com))

<http://insurancenewsnet.com/article.aspx?id=243635&type=lawregulation&inl=1>

**Are you laboring under the impression that I read these memoranda of yours? I can't even lift them.**

Franklin D. Roosevelt, January 30, 1882



**Our scientific power has  
outrun our spiritual power.  
We have guided missiles and  
misguided men.** [Martin Luther King, Jr.](#)



## Social Media

### *CEFLI and the NAIC Present Social Media Training to Regulators*

On **January 19, 2011**, CEFLI completed its two part educational webinar series on Social Media to approximately 100 state regulators. The second session entitled "Regulation of Social Media in the Insurance Industry" covered various topics including: the compliance issues companies are dealing with today, how the companies are complying with the various regulatory requirements as well as what insurance regulators should be looking to do as they ensure companies are following the applicable regulations.

By being asked by the NAIC to work with them to conduct this training and reaching out to several state regulators with a growing expertise in the area of social media to help present the material, the webinar struck an effective balance of building awareness of the issues and anticipating what needs to be addressed going forward. Read the full article at <http://cefli.org/about>

### Best Practice of the Month – Advertising Review

Most companies handle the review and sign-off of advertising in one of two ways:

1. The "check-off" system. (Not connected with the famous Russian playwright.) A route slip of all necessary reviews is circulated through the company with the material. Each area signs off then passes it on to the next one until everyone is ok with it. The downside here is that reviewers often must look at the same piece more than once; first the original presented, then the changes others have made.
2. The "committee" approach. The key people meet regularly and review all materials at once. This is less common in 2011 than it was in 1998. It is quicker and less time-consuming. The difficulty is in getting a regular time commitment for the meeting.

One very large company has come up with a 21<sup>st</sup> century approach. All new material handled through a real time collaborative simultaneous ad review. The proceedings are recorded and the lion's share of the ads are dealt with in this "One & Done" approach. (Materials that have been previously been approved and whose kill date has come are handled via the "check-off" system.) What a great, creative approach!

***Baseball is like a poker game. Nobody wants to quit when he's losing; nobody wants you to quit when you're ahead.*** [Jackie Robinson](#), January 31, 1919



***Peace is not merely a distant goal that we seek, but a means by which we arrive at that goal.*** [Martin Luther King, Jr.](#)



Current!  
On point.  
Measured.  
Plain English.  
Landscaped.  
Incisive.  
Actionable.  
Natural.  
Customer-friendly.  
Easy-to-read.

## Good Compliance Writing *by Ken Kalis*

As we turn our business efforts towards good compliance writing, we plan to address one aspect each month. Using our COMPLIANCE mnemonic in the text box, we discussed “Current” in December and are moving on to “On Point” here in January. :

**On point.** Feature the main elements prominently, on the top page, or in bold. Use summaries, hyperlinks and footnotes to support.

Every day I see headlines that announce “Something BIG has happened!” Then I have to search through lots and lots of letters, syllables, words, sentences, paragraphs and even pages to find out precisely what that BIG event actually was. How many times have

you seen “10 Sure Shot ways to lose belly fat!” then followed link after link to uncover yet another click. I give up most of the time realizing that it’s not worth the effort.

Of course the web writers are motivated to lead you to other sites, and “journalists” want you to read their prose. But there is no place for verbosity in compliance writing. There may be a need for some “boiler plate” or legal or technical language in the law or regulation, but my job as a good compliance writer is to cut through to what is essential. Time and space compel me just to reference the 27 IMSA Assessment Questions from the 2000 Handbook. Carefully crafted as they were, our users had difficulty in figuring out the main point. We helped get them to the essence of the question:

***"I have two generals who will not fail me: Generals January and February."***  
*Nicholas I, Tsar of all the Russias, 1854*



# Means we use must be as pure as the ends we seek.

Martin Luther King, Jr.



## The Essence of Each IMSA Question

- 1.1 *How do you make sure your customers' needs and objectives match with your company's products?*
- 1.2 *Do you encourage your distributors to consider customers' needs and objectives?*
- 1.3 *Do you comply with the laws and regulations covering the sale and marketing of individual life and annuity products/*
- 1.4 *Do you take part in industry activities to encourage ethical market conduct?*
- 1.5 *Have you given all your people a written document that says you support the IMSA concepts?*
  
- 2.1 *Do you have selection criteria for your distributors?*
- 2.2 *Are you sure your distributors are properly licensed and appointed?*
- 2.3 *Are your distributors trained on matching customers needs with your products?*
- 2.4 *Do you have materials explaining your products?*
- 2.5 *Do you have appropriate training on compliance for your distributors and employees?*
- 2.6 *Do you have continuing education for distributors and employees?*
  
- 3.1 *Have you told your people what "fair competition" is?*
- 3.2 *Do you provide customers necessary information to evaluate replacements?*
- 3.3 *Do you have a replacement tracking system?*
- 3.4 *Do you discourage disparaging remarks about competitors?*
  
- 4.1 *Do you give your customers the information they need to make a wise buying decision?*
- 4.2 *Are the materials you use easy for the buyer to understand?*
- 4.3 *Do your sales materials comply with advertising laws?*
- 4.4 *Are you sales illustrations or other sales materials checked for accuracy and full disclosure?*
  
- 5.1 *Does your complaint resolution process comply with laws and regulations?*
- 5.2 *Do you give your customers an easy way to register complaints?*
- 5.3 *Do you analyze complaints to eliminate their root causes?*
- 5.4 *Do you make good faith efforts to resolve complaints?*
  
- 6.1 *Do your executives establish and enforce policies and procedures supporting IMSA?*
- 6.2 *Do you supervise your distributors and employees to assure compliance with IMSA?*
- 6.3 *Do you train your distributors and employees on IMSA as IMSA requires?*
- 6.4 *Do you require internal auditing of your policies and procedures to assure compliance with the IMSA standards?*

	Handbook	Essence
Words	761	327
Words/Sentence	31.8	11.8
Passive Sent	13%	3.0%
Flesch score	1.4	34.4
Grade level	20.9	11.3
Which do you want your people reading?		

Check out the text box to see the readability results. What a difference! And, for those who didn't want to turn to the Handbook itself to see the original wording, we linked each essence to the original text. Happy users were the result. Confusion was banished. Life was a lot easier!

## *Feeling a little blue in January is normal.*

Marilu Henner

*Do you have a writing project that just can't seem to get done? Why not give us a shot at it? We'll meet your deadline and give you a high quality work product that fully meets our standards of good compliance writing! Call Ken Kalis **352-505-0705** or email [kkalis@aol.com](mailto:kkalis@aol.com)*

## *Closing Thoughts:*

We have two winter thoughts for you this cold January. One humorous the other, thoughtful:

### **New Jersey Winter Poem**

**It's winter in New Jersey  
And the gentle breezes blow  
Seventy miles an hour  
At five below.  
Oh, how I love New Jersey  
When the snow's up to your  
butt  
You take a breath of winter  
And your nose gets frozen  
shut.  
Yes, the weather here  
is wonderful  
So I guess I'll hang around  
I could never leave New  
Jersey  
Cuz I'm frozen to the ground!**

[http://www.sparkpeople.com/mypage\\_public\\_journal\\_individual.asp?blog\\_id=3975333](http://www.sparkpeople.com/mypage_public_journal_individual.asp?blog_id=3975333)



And then it is Winter

You know ... time has a way of moving quickly and catching you unaware of the passing years.

It seems just yesterday that I was young, just married and embarking on my new life with my mate. And yet in a way, it seems like eons ago, and I wonder where all the years went.

I know that I lived them all ... and I have glimpses of how it was back then and of all my hopes and dreams ...



But, here it is... the winter of my life and it catches me by surprise. .. How did I get here so fast? Where did the years go and where did my youth go?

I remember well ... seeing older people through the years and thinking that those older people were years away from me and that winter was so far off that I could not fathom it or imagine fully what it would be like ... But, here it is ... my friends are retired and getting grey ... they move slower and I see an older person now. Some are in better and some worse shape than me ... but, I see the great change ... Not like the ones that I remember who were young and vibrant ... but, like me, their age is beginning to show and we are now those older

folks that we used to see and never thought we'd be.

Each day now, I find that just getting a shower is a real target for the day! And taking a nap is not a treat anymore ... it's mandatory! Cause if I don't on my own free will ... I just fall asleep where I sit!

And so ... now I enter into this new season of my life unprepared for all the aches and pains and the loss of strength and ability to go and do things that I wish I had done but never did!!

But, at least I know, that though the winter has come, and I'm not sure how long it will last ... this I know, that when it's over ...it's over ...



Yes, I have regrets. There are things I wish I hadn't done ... things I should have done, but indeed, there are many things I'm happy to have done.  
It's all in a lifetime ...

So, if you're not in your winter yet ... let me remind you, that it will be here faster than you think. So, whatever you would like to accomplish in your life please do it quickly! Don't put things off too long!! Life goes by quickly. So, do what you can today, as you can never be sure whether this is your winter or not!

You have no promise that you will see all the seasons of your life ... so, live for today and say all the things that you want your loved ones to remember ... and hope that they appreciate and love you for all the things that you have done for them in all the years past!!

"Life is a gift to you. The way you live your life is your gift to those who come after. Make it a fantastic one!"

LIVE IT WELL! BE HAPPY! BE THANKFUL!  
Remember "It is health that is real wealth and not pieces of gold or silver."

~author unknown~  
<http://jmm.aaa.net.au/articles/19196.htm>

*Ken Kalis*

505-0705  
215-9124 cell

**"Only Believe!"** Mark 5:36

***Love is the only force capable of transforming an enemy into friend.*** Martin Luther King, Jr.

*Below is our special added attraction. One of our family's favorite recipes created by my wife Claudia. We love it. Hope you will too!*



# cCc

## *Chicken – Cheese – and Chips*

Wonder what to do with leftover roast chicken (or turkey) or those skinless chicken breasts that have been sitting in the freezer for a while? Well you can try the Kalis family original - Chicken, Cheese and Potato Chips. It's easy, quick and everyone from the children to the grandparents will love it. There are no ingredient portions since you can make this casserole for one or 100 or any number of guests in between.

### **Ingredients:**

- Chicken, cooked and cut into bite-sized pieces
- Cream of Chicken soup
- Sharp cheddar cheese, grated
- Potato chips
- Peas (optional)

Mix the cooked and cubed chicken pieces with the cream of chicken soup and transfer to a casserole (approximately 1 can of soup for every 2 cups of chicken). If you wish, mix some frozen green peas into the chicken mixture. *Generously* cover the chicken with grated sharp cheddar cheese. Crush the potato chips and sprinkle over the cheese, and don't be stingy with your chips.

Bake in a 350° oven for approximately 30-40 minutes or until cheese is melted and casserole is bubbling.

Serve with cranberry sauce and your favorite green vegetable.