



# Excelsior

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Ethical Market Conduct Issues for Presidents and Senior Executives

## New IMSA Chairman and Board Members

IMSA has named Timothy F. Kneeland, President of Life Investors Insurance Company of America (of the AEGON Group), as Board Chairman. At the same time, IMSA elected to its new Board of Directors leaders from life insurance companies, distribution and a rating agency.

“IMSA is doing great things for consumers and the industry and 2007 promises to be another exciting, busy year,” said Kneeland. “IMSA is raising the standard for all its qualified companies – and that will strengthen the industry as a whole. I look forward to the coming year as we continue to address marketplace challenges with new, innovative compliance solutions.”



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

- Scott A. Curtis, Raymond James & Associates;
- Steven J. Dreyer, Standards & Poor's;
- Richard W. Silver, AXA Financial, Inc.; and
- Kevin R. Slawin, Allstate Financial.

Welcoming the new members, IMSA President & CEO Brian Atchinson said, “The diversity of our Board of Directors is a tremendous asset to IMSA in its role as the premier standards setting organization promoting high ethical standards in the life insurance, annuities, and long-term care marketplace. These distinguished professionals will bring valuable perspectives on the industry and marketplace as we continue to pursue our mission.”

Atchinson also communicated this background information on the chairman and new board members:

**Timothy F. Kneeland** is President of Life Investors Life Insurance Company of America and is responsible for business development for the company's Financial Partners Division. Kneeland began his career in sales in 1982 while attending Iowa State University. He held many

field management positions including General Agent of Life Investors top production agency. In September 2002, Kneeland joined on the Life Investors Home Office staff and was named President of Life Investors in April 2003.

**Scott A. Curtis** is Senior Vice President of Raymond James & Associates responsible for Mutual Funds Research and Marketing, Financial Planning and Retirement Services, and numerous initiatives related to Raymond James & Associates private client group. Prior to his current position, Curtis was President of Planning Corporation of America, Raymond James' insurance agency, beginning in February 2003. Curtis spent the prior 13 years of his career with GE Financial Assurance, now Genworth Financial, in Richmond, Virginia, where he was senior vice president and national sales manager.

**Steven J. Dreyer** served as Managing Director of Insurance Ratings for Standard & Poor's from 2001 to 2006 and is currently Managing Director of Utilities and Project Finance Ratings. He joined Standard & Poor's in 1990 with its acquisition of ratings firm Insurance Solvency International, Ltd. Previously he was responsible for insurance industry forecasting at Chase Econometrics. Dreyer has been named to Insurance Newscast's "100 Insurance Industry Most Powerful – North America" annually since 2002.

**Richard V. Silver** has been Executive Vice President and General Counsel of AXA Financial, Inc., AXA Equitable Life Insurance Company, and MONY Life Insurance Company since 2001. Silver joined Equitable Life's Law Department in 1986 and has served as President and Chief Operating Officer of AXA Advisors, and Associate General Counsel and Chief Compliance Officer and Deputy General Counsel of Equitable Life and AXA Financial.

**Kevin R. Slawin** is President Allstate Financial Distribution and is responsible for all of Allstate Financial's distribution channels including independent agents, financial institutions, Broker-Dealers and workplace. He also has responsibility for Allstate Financial Strategy and is CEO of Allstate Bank. He is a member of the company's Executive Committee and is a Board of Director of several companies including Allstate Life Company, Lincoln Benefit Life Company, American Heritage Life Company, Allstate Bank and many other operating companies.

## Iowa Recognizes IMSA Qualification as Market Oversight Tool

IMSA applauded the Iowa Division of Insurance for a Bulletin that names IMSA and other best practice organizations as “valuable tools” the Division can use to carry out its market oversight responsibilities.



In Bulletin 06-04, Commissioner Susan E. Voss notes that the Iowa Division views IMSA-qualified companies as being “at less risk to be in violation of Iowa laws and regulations concerning the sale of life insurance and annuity products.”

“The Division has determined that it will allocate more market examination resources to monitor and examine life insurance companies that are not members of IMSA,” states the Bulletin.

“IMSA companies are leading the way in compliance and treating consumers fairly,” said IMSA Chairman Timothy F. Kneeland, President of Life Investors Insurance Company of America, a member of the AEGON Group. “We see this Bulletin as an acknowledgment of the high standards of market conduct that IMSA-qualified companies maintain.”

“We are pleased the Iowa Insurance Division has determined that a company’s IMSA qualification can be a useful tool in their oversight,” IMSA President & CEO Brian Atchinson said. “As state regulators are challenged to oversee an increasingly complex marketplace, the Iowa regulators are to be commended for carefully considering whether a company truly maintains policies and procedures to protect consumers and promote ethical business practices.”



### Topic Based Software Tool

One topic of discussion at the IMSA training session was the development of a common software tool or database designed in the topic-based format for companies to use during their self-assessment to gather and present their evidence for complying with the IMSA standards. Every company and/or QIA is going to have to go through the process of migrating data in the Principle format to the topic-based approach. I am hoping that IMSA can spearhead a working group to come up with a common tool to be used by all companies. This will not only be a much more efficient use of members time and resources, but it will be a huge move towards establishing continuity and quality control for all IMSA assessment as well giving regulators a dependable and consistent presentation of the evidence used to support IMSA membership.

## Five Life Insurance Companies Renew Membership in IMSA

On October 03, 2006, IMSA announced that five prominent life insurance companies have qualified to renew their IMSA membership.

IMSA President & CEO Brian Atchinson congratulated the following companies for successfully completing the rigorous, independent review of their marketing, sales and compliance practices required every three years to qualify for renewed IMSA membership:

- American Equity Investment Life Insurance Company, Des Moines, IA;
- American Equity Investment Life Insurance Company of New York, Lake

Success, NY;

- Farm Bureau Life Insurance Company, West Des Moines, IA;
- Hartford Life Insurance Company; and
- Hartford Life and Annuity Insurance Company, both in Simsbury, CT.

“IMSA qualification is a tangible demonstration of a company’s continuing dedication to ethical business practices and fair and honest service to customers,” Atchinson said. “We applaud these companies and their commitment to IMSA’s high standards and quality business practices that safeguard the consumer.”

## National Sustainability Requirements Included in New Marketplace Standards

**Bethesda, MD** – Suitability standards for annuity products and long-term care insurance that will apply nationally are the centerpiece of new standards just issued by the Insurance Marketplace Standards Association (IMSA), the premier standards-setting organization for the life insurance marketplace.

The new IMSA suitability standards incorporate the essential elements of the NAIC model regulations for annuities and long-term care insurance. Inclusion of these provisions means widespread, national application of these consumer protection standards by IMSA companies. They will cover the 60 percent of the life insurance marketplace represented by IMSA-qualified companies.

“These standards exemplify the best in the marketplace,” said Leon Roday, IMSA Chairman and Genworth Financial Senior Vice President and General Counsel. “The national application of the suitability standards among IMSA-qualified companies will benefit consumers with more consistent protections. These uniform standards will also be good for IMSA companies as they will be implementing one set of high standards rather than many different state standards.”

In addition to suitability provisions, the new IMSA standards adopt a streamlined methodology to more closely track the compliance approach of companies and (more) regulators. The new IMSA standards are effective immediately with a compliance date of January 1, 2008.

“This latest revision of IMSA’s standards is the result of 18 months of work from a wide cross section of our companies including all sizes and product lines,” said IMSA President and CEO Brian Atchinson. “In addition, for the first time we had input from a Standards Advisory Committee made up of representatives from NASD, AARP, NAIC, Standard and Poor’s, A.M. Best, and the National Association of Insurance and Financial Advisors (NAIFA). Their participation and input in this process has been invaluable.”

*You can read the full release on IMSA’s web site at [imsaethics.org](http://imsaethics.org).*

## Best Practice Corner

### Advertising

One issue most insurers struggle with is the issue of advertising by agents, whether career or captive. At a meeting on this issue, we heard from one company that got over one thousand ads to review per week! Some companies ban all advertising by agents, others limit the material that can be used to corporately produced materials. One company has taken a totally different approach. This company that markets through both career and independent agents, encourages them to send in their ideas. They have a professional design person on the advertising staff and work closely with the producer to put together an ad that uses the producer’s idea to present a strong marketing piece that is compliant and professional. They have arrangements with local printers so that the professionally designed piece can be sent electronically to the local printer and produced locally. As you can imagine, the producers love this, and the company’s marketing materials not only look great, but they are easy to understand and fully compliant.

### Industry participation

At this week’s IMSA Training session in Washington, one speaker talked about the difficulty of gathering data on her company’s support of industry activities that encourage ethical market conduct. Every year, she

does a company-wide survey to find out who belongs to what organizations, who serves on what committees, who has spoken at industry events or published an article in an industry publication. This is a HUGE job. It is also an area where you can add value.

One best practice we have recognized begins with defining the company’s position on industry participation. The company we recognized decided they wanted a definite role in influencing the direction of key issues for their products (variable annuities). To this end, they gave responsibilities for industry participation to a single officer. She reviewed all the current memberships and costs and worked with other key decision makers to cut budget from areas where no real value was gained and to redirect the company’s effort into these narrower key areas that would help gain recognition for the company as a key player in their field and hence an opinion leader. This company empowered a key executive to visit with regulators on a regular basis to share concerns and give input on emerging issues. As a result of these efforts, the company developed a great relationship with its regulators, became a recognized opinion leader in their markets, and did all this with fewer dollars and staff resources than were previously expended randomly.

You can do this in your company! It’s not that hard and will pay huge dividends!

## Assesment Handbook Approved by Board

IMSA’s Board of Directors, the Board approved the final draft of the IMSA Assessment Handbook on October 24, 2006. This approval extends to the effective date, compliance date and implementation date for new IMSA standards. As you may recall, the standards are effective upon approval by the Board of Directors (as of October 24) and companies are encouraged to comply with these new standards as soon as possible. However, companies will not be required to comply with the new standards until January 1, 2008 (i.e., the compliance date). Companies will not be required to compile their evidence according to the labeling system under the topic based approach to assessment until January 1, 2010 (i.e., the implementation date).



There is one major exception to these requirements: companies that distribute indexed annuity products are required to comply with IMSA’s index annuity standards (approved by the Board on June 21, 2006)(also found within the 2006 edition of the Assessment Handbook) by October 1, 2006.

Phillips Brooks is the famous Boston pastor who wrote "O Little Town of Bethlehem." Here's a lesser known poem about Christmas.



*Everywhere, everywhere, Christmas tonight!  
 Christmas in lands of the fir-tree and pine,  
 Christmas in lands of the palm-tree and vine,  
 Christmas where snow peaks stand solemn and white,  
 Christmas where cornfields stand sunny and bright.  
 Christmas where children are hopeful and gay,  
 Christmas where old men are patient and gray,  
 Christmas where peace, like a dove in his flight,  
 Broods o're brave men in the thick of the fight;  
 Everywhere, everywhere, Christmas tonight!  
 For the Christ-child who comes is the Master of all;  
 No palace too great, no cottage too small.*

Phillips Brooks (1835-1893)

*Have a Joyous and Peaceful Season*



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