Insurance Times: Industry Hopes Mass. HMO Reforms Stall Ballot Question
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Sees problems with new law but
prefers it to more radical referendum

by Mark Hollmer
InsuranceTimes

BOSTON - Two state heath-care industry associations are reacting cautiously to a patient rights bill passed by the Massachusetts State Legislature and pledging a "wait-and-see" attitude toward the law and its new managed care standards.

At the same time, property/casualty insurers are urging that the measure be amended to exempt workers compensation.

And in a related issue, some industry insiders and business leaders are voicing their opposition to a fall voter referendum, which loosely outlines universal health care and calls for a schedule to implement it.

If approved, industry observers claim, the referendum could bring about changes that will shift reform well into radically dangerous territory.

"The fact that it calls for implementation of universal coverage without specifying how it would be paid for or who would pay for it is extremely troubling to anybody who is footing the bill for health care costs," said Larry Rasky, a consultant with the Committee for Affordable Health Care Choices.

Group members include various business/industry and medical associations and specialists who view the initiative as "dangerous, poorly written" and "a disaster if it is made law," Rasky said.

Still, the so-called "Patient Bill of Rights" approved by the State House includes a number of new requirements and greater government oversight. Gov. Paul Cellucci signed the bill into law on July 21.

Reform Provisions

Among the provisions:

An independent feasibility study on state-wide universal health care.

A new Office of Patient Protection within the Department of Public Health, to focus on quality-of-care.

Requirements that health insurers disclose information about plans to their members.

A yearly Health Plan Report Card, which will be reported to the Division of Insurance and issued by the Division of Health Care, Finance and Policy.

Access to emergency care under the universal "prudent layperson standard." This means that if a typical person decided he or she had an ailment or injury that needed emergency room care, then HMOs would cover the visit.

The bill affirms the right of physicians to decide on clinical treatments without a managed care organization interfering.

Meanwhile, some industry insiders are taking a "wait-and-see" attitude about how the new legislation could affect services and costs.

Peter Ajemian, spokesman for the Massachusetts Association of Health Maintenance Organizations, said his association was still studying the legislation and assessing how it would affect HMOs in the state.

"Members of our association are trying to assess what the impact of this legislation will be. Some of it remains unclear," Ajemian said.

But Ajemian repeated some of MAHMO's worries about how much the new managed care reforms will cost HMOS, and subsequently, consumers.

"We have ongoing concerns about the potential cost of legislation this sweeping, in terms of what will the impact be on premiums, how will that impact plans in general, in terms of operations and if they are (cost) increases that end up getting past down" to consumers.

Still, Ajemian said, the bill includes some provisions MAHMO supports, such as the "prudent laypersons standard."

It is "one principle ... espoused in the bill that we supported all along," he said.

He said that his fall's ballot measure - which calls for a study and eventual implementation of universal health care, among other provisions - goes too far.

"We have been strongly opposed to it all along," he said. "There was hope ... that if there was a deal on the patient bill of rights, that the measure would be withdrawn."

LIAM to Examine

Andrew Calamare, president and chief executive officer of the Life Insurance Association of Massachusetts, said his association must examine the impact of the new law over time before it can gauge how it will affect the industry.

There are "a number of issues in the bill that only time will tell the result," he said.

Among the key issues Calamare said LIAM will watch: implementation of the new, standardized definition of "medical necessity," how the state evaluates health insurance for its "health care report card" now required by law, and how the newly mandated oversight boards will tackle issues affecting the industry.

"People want to see exactly the tenure and tone of the oversight board and the issues it begins to grapple with," he said.

In addition, Calamare said, LIAM has a seat on the new managed care oversight board's advisory committee, and will help shape how the Act is put into practice.

"At least we have a seat at the table in terms of providing some advice to key public policy-makers as they move forward," he said.

Workers Comp Concern

In another twist, the American Insurance Association issued a press release calling for Cellucci to return the managed care legislation to the Legislature with an amendment to provide an exemption for workers compensation programs, which are included in the legislation.

James Harrington, AIA vice president, northeast region, and

Suzanne Bump, the AIA northeast region assistant vice president, wrote a letter to Cellucci explaining their association's position.
"At best, the inclusion of workers compensation programs in the bill creates confusion as to the standards which should apply, since all workers compensation medical programs already are subject to consumer education, utilization review requirements, appeal rights and treatment standards," they said.
Rasky said his committee doesn't have a position on the legislation, because his members have independent concerns, likes and dislikes about different sections of the new law.
"Our organization is not a lobbying group and a number of our members have their own legislative efforts that run independently of this committee, which is set up strictly for the purpose of opposing the ballot question," he explained.
But at the same time, he spoke generally about membership position on the new law, which includes a study of universal health care, but unlike the referendum, no mention of establishing a timetable for implementing it.
"A number of our members are concerned about so many ambiguities in the legislation, and the process that would be set up as the result of the legislation in general, and obviously in terms of how the (universal health care) study proceeds," he said.
But, he said, members prefer a coordinated legislative effort rather than a ballot question left unfiltered to the mercy of voters.
"Our people in general feel that a legislative effort that is deliberate, and gives everybody an opportunity to participate, is far better suited to solving this problem then a ballot question drafted by one side of the argument," he said.
The referendum was written by a number individuals including union members, physicians and health care activists, he said.
Rasky added that he believed the legislatures believed referendum supporters wouldn't push ahead if reform legislation was passed.
"What we're hoping is that the (referendum supporters) now move aggressively against that initiative, as some of them indicated they might."

Insurance Times: Calif. Agents Criticize Low Income Auto Plan Similar To Conn. Proposal

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by Anthony Breznican
Associated Press

LOS ANGELES (AP) - The state's showcase program to provide low-cost car insurance to poor people is under fire from agents who say the policies are too much trouble to write and aren't profitable.
The plan, designed to reduce the number of uninsured motorists by lowering premiums, has received nearly two dozen complaints from agents since its July 2 inauguration.

"I'm not happy to sell it,'' Herb Jones, an insurance agent in the Crenshaw district of Los Angeles, said. "I don't market it, but if people call me for the policy, I'll tell them the qualifications.''

The program, which was approved by the Legislature last year, is run by the California Automobile Assigned Risk Plan, a coalition of insurance companies.

A similar plan was debated by Connecticut lawmakers this past session. It passed the Legislature's insurance committee but has not advanced.

California agents are under no legal obligation to sell the policy, CAARP regional director Richard Manning said.

"It's their business decision,'' he said. "It's not hurting the plan, but it is affecting the consumers.''

Under the program, qualifying motorists in Los Angeles and San Francisco can obtain low-cost policies that satisfy the minimum amount of auto insurance required by the state. Only the other person's car, not the policyholder's, is covered in an accident.

The plan charges $450 annually for a bare-bones auto policy in Los Angeles County and $410 in the San Francisco area. There is a 25 percent surcharge for unmarried, male drivers 19 to 25.

Participants must have clean driving records and meet income and other guidelines.

Nearly 1.8 million vehicles out of 6 million in Los Angeles lack insurance and nearly 80,000 out of 412,000 in San Francisco, according to the state Department of Insurance.

Officials from Connecticut, Illinois, New Jersey, Washington, Kentucky and Louisiana are watching California's four-year pilot program to gauge its success, Manning said.

Supporters say obstinate agents who fail to promote the program are preventing poverty-stricken drivers from getting the coverage they need.

"These agents have a moral and economic responsibility to serve their communities,'' said Douglas Heller of the Santa Monica-based Foundation for Taxpayer and Consumer Rights. ``We're going to urge any agent unwilling to work with this state-mandated program to start taking part.''

100 Insureds

Nearly 100 people have signed on to the plan within the first two weeks, and about 3,300 others were pursuing policies last week, according to Heller, whose office is monitoring the project's success.

Some agents fear qualified participants will purchase the insurance, then drop it once they register their cars with the Department of Motor Vehicles. California's proof-of-insurance law requires owners of the state's nearly 27 million vehicles to show they have coverage when they register.

Additionally, agents have objected to the hours they have spent setting up policies for people who say they are qualified, only to learn later that they are not, said Jones, who is also president of the American Agents Alliance, a nonprofit organization of independent insurance brokers.

"Ever since it started, I've been doing a whole lot of work for nothing,'' said Jones, adding that he makes about a $54 commission on each low-cost policy he sells.

The Connecticut plan also had a projected base premium of $450., which Connecticut agents have argued is insufficient to make the product self-sustaining. The proposal includes a 25 percent surcharge on single male drivers between the ages of 19 and 24. Residents in Hartford, New Haven and Bridgeport would be eligible for the Connecticut policy.

Insurance Times: Insurers Cautious As NY Workers Comp Rates Reduced Again

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Fear costs may be going up

by Mark Hollmer
InsuranceTimes

New York workers compensation rates will drop for the fifth time in six years.

Gov. George Pataki announced average rates this year will be reduced by about 2.5 percent effective Oct. 1.

Overall rates in the last five years have dropped nearly 40 percent, according to the New York State Insurance Department.

This year's rate decline matches the number proposed by the New York Compensation Insurance Rating Board, which represents the industry and submits annual proposed rate applications.

Terri Marchon, insurance department spokesperson, credits the reduction with workers compensation reforms that Pataki signed into law in 1996.

"We're now starting to see the positive effects," she said.

The industry's American Insurance Association gave a mixed reaction to the news.

"The rate filing is fine," said AIA public affairs director Michael Moran.

"We are happy that the reforms passed have lead to rate reductions, although we are somewhat concerned looking forward, that costs are starting to go up, especially medical costs," Moran said.

"And New York is still an expensive state to do business in for a workers compensation carrier."

The 2.5 percent average number is potentially misleading, because it factors in rates for some businesses that will actually see steeper declines and others that will rise.

For example, the tunneling and iron/steel erection industries will see the largest rate declines this year, at 27 percent, Marchon said.

Bicycle messenger businesses, circuses and carnivals will actually see rate hikes, but Marchon did not have specific numbers available.

Before Pataki signed the 1996 workers compensation reforms, the state's system had been considered among the nation's most expensive.

New York had the second highest costs among all the states, at 57 percent higher than the national average and 53 percent higher than in Massachusetts, 59 percent higher than in Connecticut and

85 percent higher than in New Jersey, according to the New York Insurance Department.
The reform law repeals an Appeals Court decision that let equipment manufactures whose machines caused a workplace injury recover damages from the injured worker's employer.
Its provisions required employers with poor safety records to launch safety programs or face sanctions, established a restricted standard of grave injuries where third party lawsuits are permitted, and created the Workers Compensation Inspector General, which has broad investigative powers to investigate workers compensation fraud.
Rates declined more than 8 percent in 1995, 18 percent in 1996, 7.5 percent in 1997 and over 3 percent in 1998.
But rates didn't change at all in 1999, though the New York Compensation Insurance Rating Board recommended an increase, Marchon said.
Moran said Pataki proposed additional reforms early in his term that the AIA supports looking at again.
Among the most important proposals, according to Moran: the use of objective guidelines to determine permanent partial disability.
Right now, New York has a subjective system where a hearing officer determines the level of a worker's disability. This system contributes to more friction costs, Moran said - which include additional litigation and attorney involvement.
"The subjective system doesn't work as well," Moran said.

Insurance Times: Mass. Revamps Web Site

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All it takes are just a few clicks of the mouse.
That's how Massachusetts Division of Insurance Commissioner Linda Ruthardt described the new, redesigned DOI web site launched last week.
"The previous web site always had a tremendous amount of valuable information for consumers, but using it was not as easy as it could have been," Ruthardt said in a prepared press release announcing the change.
Representatives from each Division department looked at other Insurance Departments' web sites around the country to gain ideas for the Massachusetts redesign.
Among the changes: complaint forms and licensing applications are now available for downloading. Users can also reach high-traffic areas on the web site right from the homepage. The home page image now resembles a stack of files in a cabinet or box, easily sorted through.
"The beauty of it is its simplicity," said Chris Goetcheus, the DOI spokesman.
The address remains the same: www.state.ma.us/doi.

Insurance Times: Insurance Ceos' Salaries Online
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The insurance consumer website, www.insure.com, has launched a new Insurance Executive Salary Tool that allows readers to view insurance executives' compensation. Insure.com identified 25 insurance executives whose compensation totaled more than $3 million in 1999: Arthur F. Ryan, Chairman, CEO, and President, Prudential Insurance Co. of America ($7,189,931) 2. J. Harold Chandler, Chairman, President, and CEO, UnumProvident ($5,853,648) 3. Wilson H. Taylor, Chairman, Cigna Corp. ($5,460,087) 4. James A. Mitchell, CEO, IDS Life Insurance Co. ($4,145,542) 5. Seymour Sternberg, Chairman, President, and CEO, New York Life Insurance Co. ($4,117,110) 6. James D. Ericson, CEO, Northwestern Mutual Life Insurance Co. ($4,083,203) 7. George R. Gordon, Managing Partner, New York Life Insurance Co. ($3,918,440) 8. Barry Murphy, IDS Life Insurance Co. ($3,813,039) 9. J. E. Gustafson, President and COO, St. Paul Cos. ($3,773,566) 10. Robert D. Bates, CEO, Guarantee Life Insurance Co. ($3,733,513) 11. Gregory H. Wolf, Former President and CEO (resigned in August 1999), Humana Inc. ($3,692,349) 12. William M. Sullivan, President (resigned in December 1999), Oxford Health Plans Inc. ($3,681,696) 13. John V. Scicutella, CEO, Individual Financial Services, Prudential Insurance Co. of America ($3,645,164) 14. Thomas C. Sutton, CEO, Pacific Life Insurance Co. ($3,624,914) 15. Paul S. Amos, Chairman, AFLAC Inc. ($3,611,450) 16. Robert H. Benmosche, Chairman of the Board, President, and CEO, Metropolitan Life Insurance Co. ($3,565,245) 17. Robert P. Saltzman, CEO, Jackson National Life Insurance Co. ($3,525,077) 18. Rodger A. Lawson, Executive Vice President, International Investments, Prudential Insurance Co. of America ($3,416,125) 19. Leonard D. Schaeffer, Chairman and CEO, WellPoint Health Networks Inc. ($3,338,436) 20. D. W. Leatherdale, Chairman and CEO, St. Paul Cos. ($3,316,655) 21. H. Edward Hanway, President and CEO, Cigna Corp. ($3,294,315).

Insurance Times: No Opposition To Trust Liquidation Voiced At Mass. Court Hearing
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by Mark Hollmer
InsuranceTimes

BOSTON - The parent company of Trust Insurance Co. has withdrawn its opposition to a petition to place the company in liquidation, just five days after filing court papers opposing the petition. Attorneys from Trust Group Inc. and the Division of Insurance receivership now running Trust Insurance were able to agree on relevant issues on July 26. This came a few hours before a July 26 Supreme Judicial Court hearing held to address the state's

liquidation petition.
Trust Group Inc. attorney Donald Farrell Jr. filed his formal withdrawal notice right before the hearing, which lasted less than five minutes. The hearing was long enough for Judge Roderick Ireland to hear brief statements from Farrell and J. David Leslie, special assistant attorney general who has been supervising the Trust receivership on behalf of Insurance Commissioner Linda Ruthardt.
Ireland made no decision on the petition to liquidate Trust. The judge stated that he had already read all the papers filed in the case and would do so one more time before issuing a ruling.
Before the hearing, Farrell explained to Insurance Times that "our primary concern was making sure certain assets were disposed of properly, and that there was going to be proper notice ... and that we would have an opportunity to monitor the procedure more closely."
In a July 26 letter to Farrell, Leslie apparently addressed all of those concerns. Among his statements: he pledges to meet with Trust Group officials "at least monthly to discuss the status of the receivership proceeding and our efforts to convert assets to cash."

CAR Battle
The Trust Group had also apparently been worried that the DOI, acting as receiver, would resolve Trust's ongoing legal battle against Commonwealth Auto Reinsurers over its residual market reimbursement formula without getting court approval first. That lengthy dispute concerns the formula CAR uses to redistribute money to auto insurers when an insurer leaves the state and could be worth more than $20 million if Trust wins. A state Court of Appeal has already ruled in Trust's favor, although it stopped short of deciding what a new formula should be.
Leslie pledged, on behalf of Commissioner Ruthardt, that she would "not resolve the CAR matter or any related litigation without first seeking the court's approval."

Sale of Assets
Leslie also agreed to not sell off any assets without notifying the Trust Group first, and giving the board the chance to testify before such action takes place.
Commissioner Ruthardt filed a petition seeking liquidation of the Taunton-based insurance company beginning Aug. 2, because she believes the company is insolvent. It's been in temporary receivership since February.
Trust Insurance has a negative policyholders' surplus of over $5 million as of Dec. 31. As of the end of June, the company has reported a negative cash flow of about $28 million.

Insolvency Fund
If a judge declares Trust insolvent, the Massachusetts Insurers Insolvency Fund would step in along with similar guarantee funds in other states where Trust has conducted business. The MIIF must pay any covered claims from before insolvency is declared, and any within two months after the declaration. Liquidation of Trust Insurance would cover costs in between.
Ruthardt is also seeking to be declared permanent receiver of Trust Assurance Co., a sister company that handles mostly

commercial policies. Trust Assurance will continue to pay its claims and then will be run off because the company has no internal system to exist on its own.

A $20 million Fleet Bank loan is among Trust Insurance's unresolved debt problems.

Insurance Times: Mass. Auto Study Proposal Survives In Budget

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BOSTON - It was nearly dead just two months ago, but a proposed $200,000 study of the complex Massachusetts automobile insurance system has made it into the state budget

Both the House and the Senate approved the study during the third week in July. But the study remained at the mercy of Gov. Paul Cellucci, who had until the end of last week to veto specific provisions of the state budget.

"The Governor's Office is looking into it ... they want to be sure that with a study of that cost (that) it's not going to be duplicating recent studies. It's not finalized at this point," said Matthew McDonald, assistant spokesman for the Executive Office of Administration and Finance.

Assuming there are any vetoes, the budget was to be sent back to the State House where legislators had until July 31 to override Cellucci's vetoes.

In April, the House funded the study in its version of the state budget but the Senate in May did not.

One reason the Senate left the study out of its budget: an apparent misunderstanding over a consultant who may or may not have billed the Legislature for more than $70,000 in preliminary costs even though the study hadn't gained official approval.

State Rep. Nancy Flavin, House chairwoman of the Joint Committee on Insurance, said the consultant - UMASS Economics Professor Craig Moore - was never formally contacted for work. She added she didn't believe he billed the state for anything.

A study would evaluate nearly the entire system, including the Safe Driver Insurance Plan, and the potential switch from the state's current regulated system to a competitive automobile insurance system. Also included in the study: the state's territory rating system and minimum insurance requirements.

Insurance Times: Mass. Enacts Follow-Up To Non-Group Reforms

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BOSTON - Massachusetts Gov. Paul Cellucci has signed a bill two weeks ago that addresses unfinished business with non-group health insurance reform.

It follows a 1996 law requiring carriers to use one standard plan to cover people not eligible for public or private group health

insurance, regardless of pre-existing medical conditions.
The initial reform law kicked in three years ago, and gave carriers until Sept. 30 to phase out their old non-group plans and switch customers to a product in line with the new law.
The new law:

Allows carriers to renew closed plans or discontinue them when subscribers reach 25 percent of the plan's 1999 enrollment figures.

Establishes an alternative, cheaper version of the standard non-group plan.

Complies with HIPPA federal requirements. The Health Insurance Portability and Accountability Act of 1996 requires companies selling non-group health insurance to give notice before canceling a plan or when planning to leave a market.

Addresses non-group eligibility, by letting any Massachusetts resident purchase a non-group plan except for Medicare or Medicaid.

Establish open enrollment for both the standard and alternative plans. Anyone who doesn't meet HIPPA eligibility requirements gets pre-existing condition exclusions and waiting periods.

Creates a mandatory reinsurance pool for companies that offer health insurance in the non-group market.

Insurance Times: State Farm's Utilization Review Methods Being Probed

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The National Association of Insurance Commissioners (NAIC) has confirmed that a nationally coordinated, multi-state market conduct exam is underway involving State Farm and its use of approximately 500 utilization or "paper review" companies.
NAIC President George Nichols III, who also serves as Kentucky's insurance commissioner, confirm the exam is underway during a recent broadcast on Dateline NBC.
Nichols was asked to comment regarding an earlier, June 23, broadcast in which a Dateline NBC investigation revealed potential unfair claims practices involving two utilization review companies previously used by State Farm.
Nichols noted that several states already had inquiries of State Farm in progress before the Dateline broadcast and that the multi-state exams will take advantage of information already gathered. The exams will focus specifically on how State Farm uses independent medical exams and utilization or paper reviews.
"Until the states can complete their nationally coordinated exam, we cannot pass judgment on State Farm or their contractors, and we cannot go into details of the extent or nature of these exams," Nichols said.
NBC's broadcast also has sparked a discussion on whether the states should consider adopting new consumer protections regarding utilization review of auto injury medical claims, Nichols said.

Insurance Times: Mutuals Middlesex, Holyoke To Form Mass. Strategic Partnership

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by Mark Hollmer
InsuranceTimes

Middlesex Mutual Assurance of Connecticut is talking to Massachusetts-based Holyoke Mutual about forming a strategic partnership through which it will introduce products to Bay State customers.

"The Restorationist" could be one of the first Middlesex-created products the company offers as part of any deal, according to Holyoke Chief Executive Officer Douglas Ryder. Middlesex originally created the product for customers wanting special insurance for their historic homes.

Holyoke would offer the products under its own name, and Middlesex would serve as the Salem-company's reinsurer and provide related policy services.

"We're anxious to get this off and going and make it available," Ryder said.

Jim Matschulat, the Middlesex Mutual chief executive officer, added that collaboration will help both companies achieve their goals.

"It's simply a way to help Holyoke ... and for us to bring our capabilities to a new market."

Collaboration is possible because both companies are part of the Country Mutual Property Casualty Insurance Group -- a four member insurance pool including Middlesex, Holyoke, Illinois-based Country and MSI of Minnesota. Middlesex joined in 1998, and Holyoke signed up in January.

Each company maintains its separate corporate identity but collectively pool their underwriting abilities to benefit each other's businesses.

It is through this partnership, Ryder said, that Middlesex approached him with the goal of taking "The Restorationist" and other products into Massachusetts and other markets.

Both sides say the collaborations makes sense because it costs far more alone in time and manpower to launch new products.

"We already have agents in place," Ryder said. "We can do instant products, and can get things in place a lot quicker than starting from scratch."

Middlesex is applying for its license in Massachusetts, which will allow it to reinsure products through Holyoke.

Matschulat and Ryder say they've been talking since earlier this year and hope to launch something by next year.

Not Direct Sales

Matschulat adds he has no plans to apply to operate in the Massachusetts market directly.

"Holyoke has a good name. Its establishment from the market is already there. I can gain market share for the pool (by) working with them ... working together as a team we would achieve more."

Matschulat added he's not sure of any similar arrangement being discussed in regionally in the industry right now.
Middlesex is a regional general property, property casualty and personal lines company that writes about $80 million in premium in Connecticut and Maine.
Holyoke offers similar homeowners and automobile insurance products. Last year the company wrote about $70 million in premium in Massachusetts and New England and New York.

Insurance Times: Vermont's U.S. Senate Candidates Vie Over Health Insurance Proposals

August 1, 2000, Vol. XIX No. 16

by Ross Sneyd
Associated Press

MONTPELIER -Democratic Senate candidate Jan Backus has laid out a comprehensive plan that she said would provide health insurance to every American within three years at a cost of $265 billion over five years.
The aggressive plan by the Winooski Democrat highlighted how important an issue U.S. Senate candidates believe health care to be in 2000. Backus' primary opponent, state Auditor Ed Flanagan, said he planned to unveil his own proposal this week. Incumbent Sen. James Jeffords, whose job they both want, has been touting his own health care record, pointing out that he successfully pushed through a prescription drug initiative.
"Every Vermonter deserves access to affordable and comprehensive health care - from cradle to grave,'' Backus said as she introduced her own proposal. ``Universal health care coverage is a matter of fundamental fairness as well as a matter of basic economics.''
All three of the major candidates has a history of working on health care issues. Backus, a state senator, is a former chairwoman of the Vermont Senate Health and Welfare Committee. She was a key architect of the failed state attempt at health care reform nearly seven years ago.
Flanagan has not been involved in crafting health care policies, but as auditor he has been responsible for reviewing how well state programs have been implemented.
And Jeffords is the chairman of the U.S. Senate Health, Education, Labor and Pensions Committee and he was an original co-sponsor of President Clinton's unsuccessful 1994 bid for national health care reform.
None of the candidates appears willing to cede ground to the others on an issue voters seem to care deeply about, but it was Backus who got the microphones first with a specific proposal.
Her plan, if enacted, would require every state to provide health insurance to everyone without coverage within three years. The federal government would provide 70 percent of the cost of that coverage and the states would have to raise the remainder. Backus proposed a combination of cutting defense spending, closing some

tax loopholes and tapping the federal budget surplus to pay for her plan.
States would be given the flexibility of determining how to craft their policies - including options to adopt a single-payer system or a pay-as-you-go plan - but they would have to provide minimum coverage, including for prescription drugs and mental health and substance abuse.
Backus would limit the amount that individuals would have to pay for coverage. A family of four earning less than $25,000 annually, for example, would pay no more than 0.5 percent of its income toward premiums, co-payments or deductibles. Families earning up to $50,000 would pay no more than 5 percent.
"The plan I'm asking for is equal to what members of Congress have,'' Backus said. ``They have a great deal of choice under that plan.''
Many details would need to be worked out, either before Congress adopted such a plan or when states crafted their own. For example, one of the shortcomings of some plans in the past was how to discourage companies that now provide insurance coverage for their employees from dropping those plans so the government could pick them up.
Previous plans also have been criticized because they do not address how to hold down the ever-spiralling costs of health care itself. Backus said she believed her plan would do that because it would provide roughly $3,800 per enrollee and no more, forcing providers to live within government-set constraints.
"It is the power of the bulk buyer,'' she said.
Jeffords' staff said he had been pursuing a number of initiatives to expand coverage in the wake of 1994's unsuccessful national reform, including tax credits toward the purchase of coverage and improved funding formulas for hospitals, home health, Medicare and nursing homes.
"Senator Jeffords is chairman of the Senate health care committee and is very proud of his record on health care and would be happy to debate his record with whoever the nominee is,'' said spokesman Erik Smulson.

Insurance Times: Conn. Hmos Reported To Meet State's New Risk-Based Capital Requirements

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by Insurance Times and The Associated Press

HARTFORD - At least seven of Connecticut's major health maintenance organizations are currently in compliance with the ``risk-based'' capital requirements that first took effect two years ago, according to the state's insurance department.
At least two other companies are in compliance but are either not writing new business or pulling out of the Connecticut market, said Louis Scotti, the department's manager of financial analysis and compliance.
``These are fairly new levels, and this past year was a phase-in

year,'' he explained. ``There are levels that go from a mandatory takeover level, where the commissioner takes over, all the way to a company-action level, which means their capital has fallen below and they have to submit a plan for corrective action.''
The Aetna Group, Cigna Health Care of Connecticut, ConnectiCare, HealthChoice of Connecticut, MedSpan, Oxford and Physicians Heath Services are all in compliance, Scotti said.
Aetna actually includes three additional HMOs owned by Aetna, but Aetna has moved their business to the main company, Scotti said.
HeathChoice is in compliance, he said, but it's not writing new business. Kaiser Foundation Health Plan is in compliance but is pulling out of the market. Wellcare doesn't comply, he said, but it isn't marketing new business.
In a separate interview, Scotti said Aetna, Cigna, ConnectiCare, and Wellcare didn't meet state requirements last year but they've taken appropriate action since then.
The new regulations have been phased in over two years and began in full in January. They measure asset risk, credit-risk underwriting and other related business risks using a complex formula, Scotti said.
HMOs have always had minimum capital requirements in Connecticut but they never had the additional risk-based criteria now in place, which has been used for life and property casualty insurers.
The new regulations covering HMOs follow the same guidelines and are designed to increase the amount of reserves available to cover the various risks.

Insurance Times: Political Odd Fellows Find Common Ground In Holocaust Commission

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North Dakota's Democrat Commissioner Pomeroy and Republican Former Secretary of State Eagleburger pursue Holocaust era insurance claims

by Frederic J. Frommer
Associated Press

WASHINGTON (AP) - An unlikely political pair is leading efforts to compensate Holocaust victims for unpaid insurance policies. About the only thing they have in common: Neither is Jewish.
North Dakota Insurance Commissioner Glenn Pomeroy is a cheery 44-year-old Democrat whose accent sounds like something out of the movie ``Fargo.'' Former Secretary of State Lawrence Eagleburger is a gruff 69-year-old Republican who chain-smokes between puffs of his asthma inhaler.

Teamed Up in 1998
The two teamed up in 1998 when Pomeroy, president of the National Association of Insurance Commissioners, helped tap Eagleburger as the first chairman of the International Commission on Holocaust

Era Insurance Claims, on which Pomeroy serves.
``We felt we needed somebody from the outside, someone with clout and leadership and world presence,'' Pomeroy said.
"And they couldn't find him so they took me,'' quipped Eagleburger.
The commission, established two years ago by Jewish groups, U.S. and European regulators and five European insurers, settles unpaid insurance policies issued between 1920 and 1945.
Many Holocaust victims and their family members were denied coverage after World War II because insurance companies demanded policies or death certificates as proof.
"If you went to Auschwitz, you didn't take your insurance policy with you,'' Eagleburger said, referring to the infamous Nazi concentration camp.
The commission has received 30,000 claims since it started accepting them in February. It forwards the claims to insurance companies, who decide whether to make an offer. If they refuse, or if the claimant finds the offer too small, appeals can be made to special panels established by the commission.
Eagleburger plays judge and mediator on the larger issues between Jewish groups and the insurance companies - Generalli, Alianz, AXA of France, and Winterthur Leben and Zurich Financial Services from Switzerland. Recently, a group of Dutch insurance companies joined as well.
The commission has gotten insurance companies to accept relaxed standards of proof, such as receipts and anecdotal evidence, in assessing claims. The companies have also agreed to pay successful claimants 10 times the value of the original policy, to roughly approximate its purchasing power of a half-century ago.
Two companies, Assicurazioni Generali of Italy and Allianz AG of Germany, already have agreed to pay roughly $150 million each in Holocaust claims.
Pomeroy, as a representative of U.S. insurance regulators, has provided the leverage against the companies, all of which have subsidiaries in the United States. Aiding him are laws in Minnesota, California, New York, Florida, Washington and Maryland authorizing their insurance commissioners to forbid a company from doing business in the state if it does not cooperate with the commission.
Eagleburger said that on several occasions he has brought Pomeroy into private meetings with insurance company officials ``so I could be in a position of saying, 'If you guys aren't careful, I can always unleash the regulators on you.' ''
Pomeroy's involvement came almost by accident. He was president of the commissioners' association when some members wanted to tackle Holocaust compensation.
"States were not of one mind in how to deal with it,'' Pomeroy said. ``A group of state commissioners came to me and said, 'Pomeroy, you're the president of this organization. You've got the clout to try to pull us together and take this over.' ''The fact that Pomeroy came from a state with a tiny Jewish population helped.

'No Political Gain'
"Politically and geographically, he's a commissioner from a state where there is no political benefit for him in engaging in this

kind of activity,'' said Elan Steinberg, the World Jewish Congress president.
"When he came to me at the time, he had all of two Holocaust survivors in his state, who have since unfortunately passed on. He came to it just out of the sense of moral obligation.''
Steinberg likens Pomeroy to a Jimmy Stewart character - his gentle, ``almost timid'' style belies a steely interior.
"And I think that surprised those who thought he would be a pushover,'' Steinberg said. ``This is a guy who ain't no pushover.''
Eagleburger, on the other hand, is ``blustery - he is tough inside and out,'' Steinberg said. ``He's like a missile - he's dogged and he knows where he wants to end up, and he takes you there.
"And it's these different personalities that have brought us most of the accomplishments we have in the commission.''
William H. Webster, the former FBI and CIA director who represents the French company Axa, said Eagleburger's job is like ``herding cats,'' with five insurance commissioners, five insurance companies and five Jewish organizations on the commission.
"He's done it well, with a good sense of humor, and yet at the same time he's been fair with everybody, and presses hard when he wants to see progress,'' Webster said. ``And he's able to chide them without threatening them.
"Pomeroy has made valuable contributions simply by being very understated in an atmosphere in which there was a lot of steam, at the beginning, while people learned to trust each other.''
Pomeroy, the younger brother of Rep. Earl Pomeroy, D-N.D., is winding down his commission work as he runs for North Dakota attorney general. Eagleburger, whose career has been spent in Republican circles with the likes of George Bush, Henry Kissinger and James Baker, contributed to Pomeroy's campaign.
"I've probably ruined myself with Republicans,'' Eagleburger said. ``He's the first Democrat I've ever supported and my hand would wither if I had to vote for him.''
On the Net: The International Commission on Holocaust Era Insurance Claims: http://www.ICHEIC.org/

Insurance Times: Slimmed Aetna Positioned To Improve Health Results

August 1, 2000, Vol. XIX No. 16

by Natasha Gural
Associated Press

HARTFORD - Aetna, free of its financial services and international businesses, can focus on its core health insurance operation, according to analysts who have been following the insurer.
But improving Aetna's strained relations with patients and doctors will be a challenge, these same analysts said.

Sold to ING

Aetna sold the financial services and international operations to the Dutch company ING Group on last month for $5 billion in cash. ING will also assume $2.7 billion in Aetna debt.

Newly slimmed, Aetna still has healing to do.

"The problems with Aetna have always been the health care line and this doesn't solve those issues,'' said Gregory Crawford, vice president for health care analysis for Fox-Pitt, Kelton, Inc.

"Now the real work begins,'' he said. ``It's real easy to sell off pieces of your franchise. Turning around your health care operation is harder.''

Aetna warned on that its second-quarter earnings were likely be much lower than anticipated, blaming an increase in medical costs at its health maintenance organizations.

Aetna said its per-share earnings would be in the range of 85 cents to 95 cents, while analysts surveyed by First Call/Thomson Financial had forecast profits of about $1.20 per share.

Aetna's chairman and chief executive officer, William H. Donaldson, said the company is looking for a new CEO for the health care business. Donaldson would remain in the position of chairman.

Meanwhile, a number of steps are planned to improve the bottom line. Aetna will place more nurses in hospitals and other medical centers to ``make the whole process more efficient and get a better sense of what medical costs are doing,'' said Aetna spokeswoman Joyce Oberdorf.

The company also plans premium increases, beginning with contracts that renew in the fourth quarter, and higher co-payments for more expensive treatments.

And the insurer plans a ``more respectful'' attitude toward doctors, nurses and patients, Oberdorf said.

Three Factors

"What consumers are telling us is, `We're suspicious of you, you treat us as numbers and you give us too many hassles,''' she said. ``We want to address all three of those factors.''

Throughout the insurance industry, companies are trying to be a little more consumer-friendly, said Dr. Donald Timmerman, president of the Connecticut State Medical Society.

"We thoroughly anticipate that Aetna will honor its commitment to swing the managed care pendulum back to improving customer service,'' he said.

The new health company, which will retain the Aetna name, will have headquarters in Hartford with other major offices in Blue Bell, Pa., and Middletown, Conn.

The company will have 19.5 million health care members, 14.8 million dental care members and 11.5 million group life insurance members.

"Even on the reduced earnings expectation, it's profitable,'' said Weston Hicks, managing director at J.P. Morgan. "I think, clearly, the key is to execute on health care.

Insurance Times: Travelers Insurance, a member of Citigroup, has reached an agreement to purchase the renewal rights to a portion of Reliance Insurance Group's commercial lines middle-market book of business.
August 1, 2000, Vol. XIX No. 16

HARTFORD - Travelers Insurance, a member of Citigroup, has reached an agreement to purchase the renewal rights to a portion of Reliance Insurance Group's commercial lines middle-market book of business.
Beginning this month, subject to execution of a definitive agreement and customary individual underwriting reviews, Travelers plans to offer renewal policies for many of Reliance's middle-market accounts at terms and conditions similar to those in place.
"We are excited about the opportunity to expand our middle-market presence," said Douglas Elliot, chief operating officer, Travelers Commercial Lines. "Our extensive field underwriting and local claim servicing capabilities position us well to meet the needs of Reliance middle-market customers, agents and brokers."
"Reliance has written solid middle-market accounts with some of the best agents and brokers in the industry," commented Pete Higgins, chief underwriting officer of Travelers Commercial Lines. "This is an excellent match."

NEW YORK - Gulf Insurance Group, a member of Travelers Insurance, and its subsidiaries, will acquire the renewal rights to environmental, excess and surplus casualty businesses and certain classes of surety from troubled Frontier Insurance Group. The agreement includes the transfer of certain Frontier staff to Gulf. Specific terms of the agreement were not disclosed.p

PORTLAND, Me. - Portland, Maine's largest privately-owned insurance agency is getting larger. Clark Associates has acquired Olympic Insurance Associates in Gorham. All five of Gorham's employees will stay on with Clark Associates, which will retain the office at 28 State Street. Clark is an employee-owned agency with branch offices now in Windham, Waterboro, Gray and Gorham.

HARTFORD - The Hartford Financial Services Group reported an 18 percent increase in core earnings for the second quarter, reflecting continued growth in the company's worldwide life operations. Net income was $213 million for the second quarter, compared to $215 million for the same period last year. Strong performance in life operations was partially offset by a decrease in property and casualty results, reflecting rising costs in personal lines.
"Our life operations continue to achieve superior results, particularly in the investment products segment, where earnings for the quarter increased 36 percent," said Ramani Ayer, chairman and CEO. "We are also continuing to see improvements in commercial lines pricing, which is encouraging, as well as strong results in small commercial and in personal lines products sold to members of the American Association of Retired Persons."

Insurance Times: Editorial Opinion Insurance Regulation
August 1, 2000, Vol. XIX No. 16

California's insurance department is just settling down from a tumultuous few months that have seen allegations of political corruption bring down the state's insurance commissioner.

Chuck Quackenbush has maintained his innocence in the face of charges aired during Senate and Assembly hearings that he abused his office. He is alleged to have allowed insurance companies that were accused of mishandling claims from the Northridge earthquake to contribute millions of dollars avoid paying fines. Instead, the insurers were allegedly encouraged to sign settlements which included contributions to nonprofit groups founded by Quackenbush.

According to the Senate and Assembly testimony, these foundations were used in part to finance a television advertising campaign featuring Quackenbush, as well as political polling and grants to charities, some of which had ties to the former insurance commissioner.

State and federal criminal probes are reportedly underway.

Once a rising star in the state's Republican circles, Quackenbush is now apparently dead politically.
But the real damage has been to the credibility of the state's insurance department. Both the public and the industry have been mistreated.

These events make one wonder how much of this is the fault of the state's system of electing its insurance commissioner.

An elected insurance commissioner must raise funds for re-election. If he or she has political ambitions, the office can be used as a stepping stone to higher office. For these reasons alone, an elected commissioner faces pressures that an appointed commissioner will never face.

Where are the advocates of an elected commissioner in Massachusetts and other states now? Do they still want to risk the integrity of the insurance department by placing it in the control of politicians whose focus is on politics, not on fair regulation.

It's better that commissioners be insulated as much as possible from political pressures. Let the governors who appoint them worry about fundraising and re-election.

Instead of fretting about electing insurance commissioners,we all should be worried about how few people actually vote -- whether for commissioner, governor, senator, representative or president.

According to the U.S. Census Bureau, a major reason people fail to vote is because they simply are not registered in time for election day. The insurance community has decided that this is something they can help change. Since 1990, Insure Democracy has helped register thousands of voters.

The American Council of Life Insurers, the American Insurance Association, and the Health Insurance Association of America are launching Insure Democracy 2000, the latest installation in the decade-long national non-partisan voter registration and education project.

Each group is sending Insure Democracy voter education and registration kits to all of their member companies so they can increase employee registration in time for election day on November 7. The kits contain state-by-state voter registration information and schedules, a voter's guide and employee communications materials for get-out-the-vote activities.

Also, the Insure Democracy web site (www.insuredemocracy.com) includes materials to enable companies of all types, not just insurers, to tailor the program to fit their needs.

"When asked what form of government did you give us, Benjamin Franklin replied, 'a Republic, if you can keep it.' He understood that our system of government takes the active involvement of all of its citizens. Insure Democracy is a turnkey voter participation project that companies can use to encourage their employees to register to vote and become active in keeping our Republic," said Robert E. Vagley, AIA's president and chief executive officer.

"Every day government decisions are made that directly affect our lives. Having served in Congress and as governor of my home state, I believe that an active and informed electorate strengthens our government process," said Carroll A. Campbell, Jr., ACLI's president and chief executive officer. "The purpose of Insure Democracy is to strengthen our electoral process by helping our member companies get their employees involved."

Visit www.insuredemocracy.com and get involved by registering to vote now. Election day will be here before you know it.

Insurance Times: Conn. HMO Medspan Sets Sights On Expansion Into Mass.

August 1, 2000, Vol. XIX No. 16

by Mark Hollmer
InsuranceTimes

Hartford-based MedSpan Inc. wants to expand its HMO business into Massachusetts.
The 11-year-old company is touting its application for a

Massachusetts HMO license as the first in the state in four years. MedSpan began life as a Preferred Provider Organization and re-capitalized as a Health Maintenance Organization four years ago.

MedSpan President and CEO Kevin Kelly said he's hoping the company - a for-profit stock corporation -- can begin operating in western Massachusetts by next January.

"We have grown at a very responsible rate," Kelly said. "As we look to expand, we (hope) to forge partnerships with other like-minded hospitals and physician organizations ... that believe integrated financing and delivery of health care will result in improved quality and more affordable health care coverage."

Joins 17 HMOs

If approved, MedSpan would join a list of about 17 HMOs licensed in Massachusetts, according to the Division of Insurance.

MedSpan's expansion will initially be focused from Worcester westward, targeting the company's Connecticut clients who work across the border in the Bay State.

"We need to be able to satisfy those MedSpan (clients) by providing them access to MedSpan providers in Massachusetts," Kelly said.

In addition, Kelly points out that many of his competitors in Connecticut have Massachusetts HMO products. "It behooves us to make sure even just for Connecticut employer groups that at a minimum, we can provide the same kind of access to HMO providers," he said.

Kelly said his company is unique as "the only provider-sponsored managed care-company in the region, to my knowledge." At least in Connecticut, it is the first health plan owned and managed by local doctors and hospitals. Twelve "integrated hospital systems" and dozens of physician groups own the company along with three private equity investors, he said.

Medicare Choice

MedSpan covers more than 100,000 members in Connecticut in a network including over 6,000 physicians affiliated with 31 hospitals statewide. The company offers a number of products, and has featured its Medicare+Choice plan since January 1998 - which has over 12,000 members.

The company, he said, feels like a regular HMO "without all of the hassle."

Ninety-five percent of provider claims are processed within 15 business days versus between 30 and 90 days with his competitors, a quality, he said, that is "virtually unheard of in this market."

And the overall medical environment for patients, he said, "is a much more collaborative approach than traditional Wall Street-driven HMOs that seem to have a more antagonistic relationship with provider groups."

But at the same time, Kelly said, MedSpan hasn't lost track of the bottom line. The company made $300,000 in 1999, he said, and it's "on target" to make a $3 million profit this year on $180 million in revenue. MedSpan was able to increase profits, he said, because of reduced operating expenses and premium increases.

Internet Use
MedSpan is using the Internet to hold down costs. The company is working to expand its ability to conduct referral and eligibility work through the Internet by the end of this year, he said.
"Providers will be able to submit claims, do claim status (checks), or pre-authorization through the Internet ... (or) look up lab results and order pharmaceuticals and manage (a list of accepted drugs the HMO will pay for)," he said.
MedSpan's application to enter the market comes as other companies have pulled back from HMO and related Medicare coverage. Twenty private health insurance companies announced recently that they'll pull out of over 440 counties around the country where they currently provide "Medicare Plus Choice" plans to 875,000 people. Three of those companies that offer the plan are pulling out of Connecticut: Anthem Blue Cross & Blue Shield, Aetna U.S. Healthcare and Cigna Inc.
HealthChoice of Connecticut is also leaving, affecting about 26,000 in the state's Medicaid program plus 14,000 commercially-insured clients.

Insurance Times: Atlantic Mutual Launches Valuables Initiative

August 1, 2000, Vol. XIX No. 16

Atlantic Mutual Companies has launched a new initiative with increased risk capacity and dedicated resources for the art, antiques and valuables market.
"We realize that a single point of contact is important for our agent partners," explained Kermit Smith, president and chief operating officer for Atlantic. "By combining our vast and specialized resources and complementary talents in this category, we expect to make a significant impact in the marketplace."
The company has increased its risk capacity for specialty valuable coverages to $100 million and assigned Grace Thomas, assistant vice president for the marine division, to head the initiative. The company believes the new capacity will allow it to better serve insureds with large collections, including museums, universities, organizations, associations and corporations.
"The growing sophistication of corporations and organizations has expanded both their appetite for collecting and their subsequent demand for quality and comprehensive insurance protection and service," said Thomas. "Atlantic Mutual's new art, antiques and valuables initiative has been developed to provide specialized protection and claims handling for organizations vulnerable to the risks that are unique to valuables." Visit www.atlanticmutual.comp

Insurance Times: Lloyd's Teams With Firm On Hacker Insurance

August 1, 2000, Vol. XIX No. 16

Lloyd's of London will offer insurance coverage against losses caused by hackers to clients who use the computer security firm Counterpane Security Inc. of San Jose, California.
Counterpane claims to be the first Internet security service provider to offer a guarantee of direct financial reimbursement in the event a hacker penetrates its defenses. The guarantee, to provide up to $100 million in coverage, is underwritten by insurance brokers Frank Crystal & Co. and SafeOnline, with additional coverage available from Lloyd's, the world's leading insurance market.
"This is not for your home user. This is for Yahoo!, this is for CDUniverse, which lost all those credit card numbers (to a hacker) in January,'' said Bruce Schneier, chief technology officer at Counterpane.
Standard computer security includes firewalls, constantly updated antivirus software and other hacker-blocking systems.
Various organizations have estimated that hacker attacks this year have cost businesses tens of billions of dollars, mostly in lost time. A study released by Jericho, N.Y.-based Reality Research estimated businesses worldwide will lose more than $1.5 trillion this year because of computer viruses spread through the Internet.
The ``ILOVEYOU'' virus, spread by email earlier this year, affected about 45 million computer files at a cost to companies of $2.61 billion, according to Computer Economics Inc.
Counterpane's Schneier said a $20,000 annual premium will provide coverage for $1 million in hacker losses; the cost rises to $75,000 for $10 million in losses. Additional coverage, up to $100 million, must be negotiated with Lloyd's.
Some existing insurance policies cover hacker losses under loss-of-business or vandalism clauses, but there are few policies written to specifically cover the attacks. And those that do often carry premiums that start at $100,000 and run up to $3 million.
Analysts say the hacker insurance market is expected to grow to billions of dollars in premiums by the end of the decade. But insurers have been reluctant to be the ground-breakers because there currently are no effective tools for measuring the risk involved.

Insurance Times: Kemper Launches Excess Property Operation

August 1, 2000, Vol. XIX No. 16

NEW YORK - Kemper Casualty Co. (KCC) has launched an excess property insurance facility providing up to $50 million in capacity to domestic and U.S.-based multinational, energy, industrial and commercial large risk customers.
The facility, Kemper Property, will underwrite "all-risk" coverage, including boiler and machinery, on A-rated paper on a mono-line basis. It will also support Kemper Solutions'

integrated risk programs and take advantage of its expertise in the energy, manufacturing and technology sectors. It also will offer limited Zone 1 earthquake and Tier 1 windstorm capacity to national accounts.

"The launch of Kemper Property will help us to achieve our objective of broadening our large risk franchise and diversifying our business," said KCC President Dennis Kane. "Unlike Kemper's old HPR unit, which was acquired by GE Reinsurance last year, Kemper Property will provide excess coverage to a broad spectrum of target markets and typically won't be involved in the kinds of engineering services provided at the primary level."

Kemper Property will offer coverage to accounts above the normal loss expectancy but within the probable maximum loss. The typical minimum attachment point is $10 million. The minimum annual premium is $50,000.

Insurance Times: Conning: P/C Insurers Must Re-Examine Costs Of Distribution Systems

August 1, 2000, Vol. XIX No. 16

Says market fragmentation requires more flexibility

HARTFORD - Insurers in the property-casualty sector will not be able to reduce expense levels significantly unless they address their commission and other acquisition expenses, according to a recent Conning & Co. study.

Insurers have been unable to reduce their underwriting expense ratios and, in fact, have seen these ratios rise in the last few years, largely because competitive pressures have helped to keep expenses high, Conning analysts contend.

Multiple Channels

In order to compete effectively in what promises to be a more fragmented marketplace, insurers will have to develop multiple distribution channels, with varying expense structures, which will allow them to reach potential customers through a number of access points, according to the report.

The Conning study, "Property - Casualty Expense Management: Chipping at the Wrong Block in a Fragmenting Market," reports that personal lines expense ratios as a percentage of direct premium rose 7.9 percent from 1994 to 1998, and that expense ratios for the primary commercial lines jumped 9.7 percent over the same period.

Insurers failed to control expenses because none of their strategies focused on reducing commissions and other acquisition expenses, expenses which combined represent roughly 70 percent of the industry's total underwriting expenses.

"Because the bulk of insurers' underwriting expenses were considered sacrosanct, much of their effort to control expense ratios was marginal, and ultimately doomed to failure," said Jack Gohsler, senior vice president at Conning.

"Insurers have only recently begun to re-examine their direct sales costs because they have been afraid of disrupting their primary, or in some cases, only distribution channel."

Technological change is expected to continue to drive the fragmentation of the insurance marketplace, and this fact will become the defining marketing imperative of the next decade, Conning experts believe.

The near monopoly currently enjoyed by the agency business model is giving way to a new marketing landscape built around multiple market access points and an array of sales structures - many of them Internet based.

Existing agency distribution and service models will continue to be a dominant force in the property and casualty insurance marketplace for the foreseeable future.

Cost/Benefit Analyses

But to respond to the expense pressures resulting from the fragmentation of the marketplace, agency companies should perform a cost/benefit analysis of every distribution channel. For instance, insurers should accurately gauge the size of the market that will prefer a self - service model via the Internet, and then develop a model with a cost structure that can exploit this market segment.

"Expense control will remain a critical issue, and we believe historical approaches that focus on expense control incrementally or independent of business strategies will become counterproductive," said Gohsler.

"Expense control must be addressed from within the constraints of each operating model. The new competitive landscape leaves little margin for error."

In the fragmented techno - marketplace, focus will become much more important than scale. As market niches proliferate exponentially, the size of these markets will become increasingly smaller and insurers will need to do more with less. Companies that can serve multiple niches, particularly in personal lines, are expected to thrive.

The Conning study, Property - Casualty Expense Management: Chipping at the Wrong Block in a Fragmenting Market, is available by calling toll free (888) 707-1177 or (860) 520-1245 or by visiting www.conning.com.

Insurance Times: Mass. LLJUA Seeks To Boost Liquor Liability Sales

August 1, 2000, Vol. XIX No. 16

Hikes agent commissions to 30%

WESTBOROUGH, Mass. - The Liquor Liability Joint Underwriting Association (LLJUA) of Massachusetts, a liquor liability insurer of last resort, is embarking on a new campaign to dramatically increase its sales of liquor liability coverage in the state.

LLJUA officials say there are more sellers of liquor without coverage than with coverage, despite the increasing danger of operating without insurance.

So the LLJUA is boosting incentives for agents to sell and owners to buy coverage, according to Charles W. Bucke, CPCU, president of the LLJUA.

The LLJUA is doubling commissions to 30 percent for new sales of liquor liability insurance and upping all other commissions as well.

The insurer is also slashing premiums for package store owners by 60 percent, which brings the cost for insurance for the average package store to about $1 per day.

The 30 percent commission is available to agents who sell to new business owners, or owners of businesses who were previously uninsured.

In addition, commissions for sales to businesses that already have liquor liability insurance have been increased from 15 to 20 percent and the commissions on renewals are going from 12 to 15 percent.

To be eligible for coverage from the LLJUA, a business must be rejected by the voluntary market at least three times.

LLJUA's insurance is available for owners of taverns, hotels, restaurants, social clubs, package stores, caterers and other businesses that sell alcoholic beverages.

"No business that sells liquor should be without liquor liability insurance," Bucke maintained. "Yet about 60 percent of businesses that sell liquor still do not have liability coverage. We increased commissions because we want to give agents a serious incentive to help us reach these uninsured businesses."

Bucke also announced a 60 percent reduction in premiums for package store owners. The premium reduction matches a reduction provided last year to tavern and restaurant owners. The reduction was not provided to package store owners last year because underwriters believed that most owners were insured through commercial insurers and did not need an incentive to buy liquor liability coverage, Bucke said.

But the LLJUA has since learned otherwise.

"Through an informal survey we were surprised to find that package store owners are as likely as bar and tavern owners to be operating without liquor liability coverage," Bucke said. "We believe the majority of package store owners are uninsured and suspect that many of them are not even aware of the dangers they face by being uninsured."

Package store owners, for example, can be held liable if an intoxicated person enters their store, purchases and drinks an alcoholic beverage, then has a serious accident, according to the LLJUA.

Bucke added that it is difficult to tell if a heavy drinker is intoxicated, so a store attendant could easily sell alcohol to an intoxicated customer without realizing it."

The new premiums are 10 cents per $100 of liquor sales for up to $50,000 of coverage per person and $100,000 per incident; 15 cents per $100,000 per person and $200,000 per incident; 20 cents for $250,000 per person and $500,000 per incident; and 25 cents for $500,000 per person and $1,000,000 per incident.

The LLJUA, based in Westborough, Mass., can be contacted toll free at 1 877-366-1140.

Insurance Times: Running Of Red Lights Blamed In Rising Number Of Fatal Automobile Crashes
August 1, 2000, Vol. XIX No. 16

Safety institute endorses use of red light cameras that photograph violators

by Brigitte Greenberg
Associated Press

WASHINGTON - Drivers who make a split-second decision to try to beat a red light are to blame for the deaths of more than 800 people and an estimated 200,000 injuries in the United States each year, according to a study of government figures.
The study by the Insurance Institute for Highway Safety found that between 1992 and 1998, almost 6,000 people died in such crashes, and more than half of them were pedestrians and occupants of other vehicles hit by red light runners.

Deaths and Injuries
An additional 2,779 deaths occurred in the vehicles running the red lights. During the same period, about 1.5 million people were injured.
"Red light running is more than just a form of aggressive driving. People are dying and getting hurt needlessly because of it,'' said Ed Rust Jr., chairman of the institute and chief executive of State Farm Insurance, said in a written statement.
Researchers from the nonprofit institute studied data from the Department of Transportation's Fatality Analysis Reporting System and found that fatal crashes at traffic signals increased 18 percent from 1992 and 1998, more than three times the rate of increase for all other fatal crashes during that time.

Highest Rates
In each state, the researchers examined the rate of red light running deaths per 100,000 residents and determined that the states with the highest death rate were Arizona, with a rate of 7.1 deaths; Nevada with 3.9; Michigan with 3.7; Texas with 3.5; and Alabama with 3.4.
New England and Northeast states all had rates below the national average.
Among cities, the rate was highest in Phoenix, with 10.8 deaths per 100,000 people, followed by Memphis, Tenn., with a rate of 8.0; Mesa, Ariz., with a rate of 7.8 deaths; Tucson, Ariz., and St. Petersburg, Fla., both with a rate of 7.6 deaths.
In releasing the data, the institute endorsed the use of red light cameras, which photograph vehicles running red lights and ticket violators by mail. Such programs, used in about 40 U.S. communities, reduce red light running by about 40 percent, according to the institute.

Privacy Concerns
However, privacy advocates, including the American Civil Liberties Union, have said they are wary because of privacy

concerns.
"We haven't opposed cameras for the specific use enforcing traffic violations,'' said Barry Steinhardt, associate director of the American Civil Liberties Union. ``We are concerned about mission creep, that these cameras will be used for other purposes, and it's classically true that surveillance techniques created for one purpose are rarely restricted to that purpose.''
Visit ww.highwaysafety.org.

<table>

DEATHS IN RED LIGHT RUNNING CRASHES, BY STATE

State	1992-98 Deaths	Population	Deaths per 100,000
Arizona	305	4,280,998	7.1
Nevada	59	1,529,841	3.9
Michigan	355	9,655,540	3.7
Texas	663	18,677,046	3.5
Alabama	143	4,255,686	3.4
New Mexico	56	1,670,580	3.4
Florida	434	14,197,723	3.1
California	956	31,645,023	3.0
Delaware	21	717,499	2.9
Indiana	157	5,786,136	2.7
Georgia	195	7,191,835	2.7
Colorado	100	3,726,547	2.7
Alaska	16	602,143	2.7
South Carolina	98	3,710,014	2.6
Maryland	127	5,019,177	2.5
Tennessee	130	5,232,648	2.5
Nebraska	37	1,633,674	2.3
Kentucky	83	3,850,041	2.2
Louisiana	93	4,320,427	2.2
North Carolina	147	7,186,826	2.0
New Jersey	153	7,963,761	1.9
Illinois	219	11,869,341	1.8
Pennsylvania	218	12,020,928	1.8
Missouri	95	5,321,403	1.8
Minnesota	78	4,603,792	1.7
Connecticut	52	3,269,867	1.6
Utah	31	1,970,416	1.6
New York	253	18,139,524	1.4
Ohio	155	11,140,317	1.4
Iowa	37	2,837,375	1.3
Wisconsin	66	5,126,950	1.3
Oregon	40	3,136,769	1.3
West Virginia	21	1,815,279	1.2
Washington	62	5,422,076	1.1
Oklahoma	37	3,269,720	1.1
Kansas	28	2,583,283	1.1
Mississippi	28	2,684,727	1.0
Virginia	64	6,596,267	1.0
Idaho	10	1,156,774	0.9
Massachusetts	49	6,063,332	0.8
Hawaii	9	1,175,722	0.8
Maine	9	1,240,476	0.7

Arkansas	17	2,473,662	0.7
South Dakota	4	724,084	0.6
Wyoming	2	475,159	0.4
Vermont	2	581,635	0.3
New Hampshire	3	1,147,635	0.3
Montana	2	860,093	0.2
Rhode Island	2	991,938	0.2
North Dakota	0	639,368	0.0
United States	5,951	262,743,255	2.3

Note: U.S. totals include District of Columbia
Source: U.S. Department of Transportation Fatality Analysis Reporting System; U.S Census Bureau, 1997 (population); (c)2000, Insurance Institute for Highway Safety, Highway Loss Data Institute
</table>

Insurance Times: General American Adds Conservator To Portfolio

August 1, 2000, Vol. XIX No. 16

General American Life Insurance Co. has introduced Conservator, an interest crediting whole life policy. The first of a new generation of post-Regulation XXX whole life products the company says it will be introducing, Conservator has a guaranteed cash value as well as an excess interest crediting strategy.
"The Conservator is what permanent life insurance was meant to be - simple and straightforward. We take a unique approach to help policy owners gain additional security through our special interest crediting methodology that is tied to a market index rate," noted Ben H. Wolzenski, executive vice president of GenAmerica Financial Corp.
The Conservator has a guaranteed minimum interest rate of 5.5 percent on the base cash value, with the opportunity to earn excess interest credits. The policy owner builds equity while enjoying the policy's guarantees.
Other key features of the Conservator include a guaranteed death benefit and guaranteed level premium rates.
GenAmerica Financial is the holding company for General American Life and is an affiliate of MetLife, Inc.

Insurance Times: Massmutual Boosts Individual DI Marketing

August 1, 2000, Vol. XIX No. 16

Massachusetts Mutual Life Insurance recently introduced several new capabilities to support individual disability income producers with worksite marketing through its Disability Income Strategic Business division.
Producers can now call on MassMutual's disability income design

center for customized employer and employee sales illustrations for multi-life cases when selling MassMutual disability income insurance. After the producer supplies MassMutual with an electronic employee census, MassMutual's design center will first create a premium benefit summary for the employer that shows the amount of benefit and premiums for each employee. After the employer reviews the summary and agrees to either sponsor or pay for individual DI coverage for employees, the design center will create personalized DI proposals for each employee. The center guarantees producers five days or less turnaround.

When MassMutual issues a multi-life case on a guaranteed basis, the design center will provide the employer with pre-printed, customized specifications for each applicant on behalf of the producer. At the same time, the company's DI multi-life service unit will work with the producer and the company liaison to facilitate administration of the case, including billing and service.

Insurance Times: NEF re-prices variable survivorship product

August 1, 2000, Vol. XIX No. 16

New England Financial recently improved its popular variable survivorship life product and added a new asset allocation capability for key products in its variable life product line.

To increase the competitiveness of the variable survivorship life product, NEF re-priced it and renamed it Zenith Survivorship Life Plus (previously Zenith Survivorship Life). This product insures two individuals and pays the death benefit upon the death of the second person. It offers the flexibility of a universal life product with the investment opportunities of a variable product.

Zenith Survivorship Life Plus includes a new expanded death benefit rider which is similar to an extended maturity rider. In addition, the product provides a survivorship level term rider that allows the producer to make adjustments to the premium for a given death benefit.

In the service area, NEF's new asset allocation system is now available on variable universal life and variable survivorship life products. The asset allocation model uses questionnaires and model portfolios developed by Ibbotson Associates, a financial services consulting firm.

Insurance Times: Manulife Offers Variable UL And Survivorship Products

August 1, 2000, Vol. XIX No. 16

Manulife Financial has introduced new Venture Variable Universal Life and Venture Survivorship Variable Universal Life to its array of products. Both were designed to provide low cost death benefit protection with potential for cash accumulation for

future income needs. Both offer competitive premiums, a 20-year no-lapse guarantee, and broad investment options.
"The variable life insurance market is growing at a significant rate, making it critical to offer leading-edge products," said Robert A. Cook, senior vice president for U.S. Insurance for Manulife Financial. "With competitive target premiums and improved premium solves, our new variable life products are designed to provide policyholders with the benefits and flexibility to meet their estate planning and liquidity needs."

Insurance Times: Mainers Losing Individual Coverage As Insurers Exit

August 1, 2000, Vol. XIX No. 16

No easy solutions in sight for market difficulties

PORTLAND, Maine (AP) - Thousands of Mainers with individual health insurance policies soon will be left without coverage, just as individual policies are becoming scarce and more expensive.
Mutual of Omaha and Conseco Services' Conseco Medical Insurance Co., Pioneer Life Insurance Co. and Washington National Insurance Co. have notified the Maine Bureau of Insurance that they will not renew individual policies in Maine at the end of this year and the beginning of next year.
The companies cited rapidly rising claim costs. About 12,000 Maine residents are covered under the policies.

Costs Have Doubled
The termination notices are just the latest hurdle for those with or seeking individual health coverage policies. The cost of such policies has in some cases doubled in the last two years, and coverage is getting harder to find at any price, state Bureau of Insurance officials said.
There don't appear to be any easy solutions. A special state commission looking at ways to control health care costs is trying to find ways to ease the pending problem, said Robert Woodbury, a former University of Maine chancellor who is head of the commission.
"But it's a tough question,'' Woodbury said. ``This coverage is expensive, and even if an insurance company offers it, who can pay for it?''
Premiums for individual policies, which typically are bought by the self-employed and those who work for companies that don't offer group coverage, have climbed to as much as $400 a month in some instances in the last two years.
The companies terminating individual coverage have told state insurance officials that they would have to raise rates again to be cost-effective. They blamed rising costs of care and prescription drugs.
Insurance officials say high premiums have resulted in more uninsured Mainers. The state estimates about 180,000 Maine residents don't have health coverage

The commission Gov. Angus King appointed is looking at two ways to help buoy the individual market. One is setting up a purchasing alliance that organizes subscribers with the hope that the group could negotiate discounts. The second is to expand Medicaid eligibility to help low-wage workers who do not qualify for other subsidized insurance programs, Woodbury said.
In the meantime, insurance officials want Mainers losing coverage to know their rights. For instance, policies obtained to replace coverage cannot exclude pre-existing medical conditions that were covered by the original policies if replacement coverage is found within 90 days of their termination.
Companies that still provide individual coverage include AnthemBlue Cross & Blue Shield, Aetna U.S. Healthcare and Cigna Healthcare.

Insurance Times: Life Insurers Hail House Vote On Pension Reforms

August 1, 2000, Vol. XIX No. 16

WASHINGTON - The American Council of Life Insurers (ACLI) last week hailed the House of Representatives for passing the Comprehensive Retirement Security and Pension Reform Act by an overwhelming margin of 401 to 25.
"These broadly supported proposals are common sense changes to pension laws that will encourage individuals to save more, while making it easier for employers to create or enhance pension plans," said ACLI President & CEO Carroll A. Campbell, Jr. "And at a relatively modest cost of $16.1 billion over five years, they're not just bipartisan, they're a bargain."

Small Businesses
Campbell singled out for particular praise provisions that would make it easier for small businesses to offer pension plans, provisions that would raise the limit on retirement plan contributions to $15,000 per year and IRA contributions to $5,000 per year, and provisions that would allow individuals age 50 and older to make additional annual contributions of up to $5,000 per year -- to "catch up" for years when they weren't able to contribute. Those "catch up" contributions will be especially helpful for baby boomers who are trying to prepare financially for their rapidly approaching retirements, and for working women who are the most likely to be in and out of the workforce during their younger working lives.

Only Half Covered
"Government statistics indicate just half of male workers have pension or other retirement plan coverage today, while only 45 percent of female workers are covered. And more than 50 million American workers have no retirement coverage of any kind," Campbell said. "So it is imperative to promote a framework in which Americans can enjoy a dignified and financially secure retirement."
ACLI research, based on the Census Bureau's 1997 Current

Population Survey data, shows that pension or retirement plan income can determine whether a retiree lives in poverty or in relative comfort. The average Social Security benefit in 1998 was $9,200, only slightly above the official poverty level of about $7,700. Add the average pension benefit of $10,000, and a retiree's income rises to $19,200, comfortably above poverty.

In fact, most pension recipients are middle income. ACLI research shows that among married couples receiving a pension, 70 percent had incomes below $50,000; nearly 60 percent had incomes below $40,000, and one-third had incomes below $30,000. Among widow(er)s receiving a pension, 28 percent had incomes below $15,000, while 55 percent had incomes below $25,000. "Our research should help dispel the myth that only higher income Americans benefit from pension incentives," Campbell said.

Restore Previous Limits

Campbell also praised provisions in the bill that would partially restore previous limits on retirement contributions workers can make and on retirement benefits they can accrue -- limits that have been lowered over the past two decades by previous Congresses.

"These limits were curtailed not to further sound pension policy, but simply to raise revenue for unrelated measures during a time of deficit constraints," Campbell said. "We believe restoring the previous, higher limits will send a powerful message to the business community that Congress is committed to pension reform and expansion. And it will send an equally powerful message to employees about the need to save more for their retirements.

"The pressure of baby boom demographics adds urgency to the situation," Campbell said. "Every eight seconds, another baby boomer turns 50. Over the next 30 years, retiring baby boomers will double the number of Americans over age 65 to 70 million -- and because of increasing life spans, nearly half of them will live to age 90. The smartest step Congress and the administration can take right now is to reward individuals and employers willing to take responsibility today for ensuring greater retirement security for tomorrow."

Insurance Times: Pru, Metlife Deny Racial Bias Charge In Lawsuits

August 1, 2000, Vol. XIX No. 16

NEW YORK (AP) - Prudential Insurance Co. of America and MetLife Inc. on last week defended themselves against allegations of racial discrimination in the sale of insurance policies.

Responding to lawsuits, Prudential acknowledged it had used race-based underwriting in the distant past, and announced it is establishing a toll-free telephone number for policyholders who may have once paid race-based premiums.

Kevin Foley, a spokesman for the Manhattan-based Metropolitan Life Insurance Co., said a lawsuit filed in U.S. District Court in New York was a "very inaccurate and unjustified portrait of our company.''

Higher Premiums
The suit accused Met Life of charging black customers higher premiums for less insurance coverage than it charged whites. It also alleged that in 1920, the firm urged the construction of mortality tables that would factor in race.
Foley said Met Life, the nation's second-largest life insurer behind Prudential, doesn't engage in race-based underwriting.
"No group of policyholders, including African Americans, have suffered economic loss from doing business with our company,'' Foley said.
A similar lawsuit was filed against Prudential in U.S. District Court in Newark, N.J. Both lawsuits seek unspecified damages.
Prudential issued a statement acknowledging it used race-based underwriting in the past, but stopped in the 1950s.
"While the practice of race-based underwriting is clearly unacceptable by today's standards, Prudential acted in accordance with what were then industry standard and generally accepted actuarial and underwriting practices based on life expectancy,'' the statement said.
The lawsuits were brought by a group of law firms previously involved in suing seven insurers who sold ``burial insurance'' policies to blacks clients mainly in the South. One of those companies, Houston-based American General Corp., agreed last month to pay more than $206 million to settle allegations that black customers were charged higher premiums on millions of policies.

Insurance Times: NY's No-Fault In Confusion Over 'On-Again, Off-Again' Claims Rules

August 1, 2000, Vol. XIX No. 16

Insurers required to switch back to old claims rules and language after latest court ruling, pending resolution of trial lawyers' appeal

by Mark Hollmer
InsuranceTimes

The booklet-sized auto-policy renewal packet arrived in Bernard Bourdeau's mail along with a notice typeset in thick bold letters.
Review your policy, the notice urged, because it contains very important changes to New York's no-fault regulations.
But around the same time, a judge set aside those changes pending results of a court appeal. The notice and Bourdeau's policy turned out to be a waste of paper.
"Sometime in the next week or so I got to believe that this company is going to have to notify all of the people (it) renewed, that the ... old policy language is now in effect.
"This is going to be an expensive proposition," he said. "It's absolute chaos in the marketplace."

So goes the battle to reform New York's no-fault auto regulations.

Bourdeau, president of the New York Insurance Association - a property and casualty trade association - was among the first groups that began to push for no-fault reform four years ago. His comments came days after a New York Appellate Court lifted a stay that kept in force new no-fault auto regulations adopted earlier this year by the New York Insurance Department.

Before that, a lower court ruled the regulations should be removed and the department filed an appeal, which is continuing.

The department launched the new regulations in February to reduce fraud, after collecting testimony from insurance industry officials and personal injury lawyers.

There are two main changes. First, the amount of time an insured has to report an accident to an insurer was reduced from 90 days to 30. In addition, the amount of time medical providers had to file claims for auto insurance policy-related medical services was slashed from 180 days to 45.

Trial Lawyers

In April, a group including the New York State Trial Lawyers Association, the Medical Society of the State of New York and other medical and consumer organizations sued the insurance department, accusing it of exceeding its regulatory authority in updating the regulations, known as Regulation 68. They also argued the department violated administrative procedures by not considering possible harmful affects of the new rules.

In June, a New York State Supreme Court Judge in Manhattan ruled the department erred in the way that it instituted the new regulations, and ordered them thrown out.

This is where it gets complicated.

The insurance department appealed the lower court ruling, and mailed a circular letter to insurers stating that the appeal brought with it an automatic stay of the lower-court ruling. As a result, the letter said, the new regulations would still stay in effect until the court resolved the case, according to AIA public affairs director Michael Moran.

Appellate Ruling

But on July 17, the Appellate Division ruled that the stay would not remain in effect because of the type of lower court ruling -- a prohibitive injunction versus a mandatory injunction. The former doesn't guarantee a stay of the regulations, but the latter would have, Moran said.

The insurance department, meanwhile, sent out another circular letter advising companies to switch back to the old regulations.

The court's lifting of the stay was "very bad news," Moran said.

"The regulations were reasonable steps to control costs and fight fraud," he said, adding the AIA is preparing a "friend of the court" brief on behalf of the insurance department's appeal effort.

Many Ways

Suzanne Mattei, co-counsel representing the New York State Trial Lawyers Association, said her organization doesn't oppose attempts to reduce insurance fraud through new regulation.

"Our position is that there are many ways to reduce fraud," she

said. "But the ways that are chosen should not be harmful to honest claimants.
"These rules went way too far. They went way beyond the pale. There's plenty of room for compromise ... we really wanted to negotiate something but couldn't get a reasonable dialogue started with the insurance department ... we're still hopeful that can happen."
Joanna Rose, the insurance department's director of public affairs, says dialogue isn't even an issue because she says officials complied with regulations.
"The department did have a notice and comment period," she said.
What's more, Rose said, the trial lawyers initially spoke out against proposed legislation to update the no-fault law a few years ago, saying it was at the discretion of the insurance department to revise it.

'Better Safeguard'
She added that the revised Regulation 68 "provides a better safeguard for consumers, a better case management for the insurance industry and results in a fairer automobile insurance marketplace."
For example, she said, the 30-day limit contains a clause where an insured can have extra time to file a claim if it can be proven that it wasn't reasonable to file before then.
The old 90-day limit includes a much harsher impossibility standard, she said.
Bourdeau said he wasn't surprised by the trial lawyers' challenge of the new regulations because he expected the court would eventually decide the legality of the changes.
But Bourdeau takes issue with the judge's removal of the stay that initially kept the new regulations in place pending resolution of the appeal.

'Totally Avoidable'
"It was totally avoidable," Bourdeau said. "The court could have just said, 'this is likely to cause chaos in the marketplace..."
One association member told Bourdeau that new policy forms purchased in anticipation of the new regulations cost between $40,000 and $50,000. The company will have to put those forms aside and purchase old policy forms, he said.
The Hartford was one of the many companies doing business in New York affected by the whiplash changes of the law.
After the initial reform regulations launched in February, the company revised its no-fault and claims forms, programmed those changes into its computer system, and then communicated those changes to its field offices and customers.
After the challenge to the new regulations and the subsequent lifting of the stay, company employees were left plodding through the meticulous process all over again in reverse.
"This whole process was costly and required a lot of time, effort and resources," said Hartford spokeswoman Sue Honeyman.
Despite the hassle, she said, the company remains supportive of no-fault reform.
"We do support those original changes to the regulations and we hope the courts will ultimately support the no-fault reform ... we would like to do this one more time and get those changes in."

Head Scratching
Still, the latest court ruling has caused additional head scratching regarding what to do about paying claims for policies issued immediately after the new no-fault regulations took effect.
"I have companies out there right now settling claims on policies issued after Feb 1," Bourdeau said.
"And these companies are saying, 'well, OK, does that mean the (new) regulation (is) void as of the day it was enacted, or the day that the court (initially) ruled, or the day the stay was lifted?' It's really not clear.
"The court could have avoided this whole thing ... we told them and they went ahead and did it anyway."
Back at the insurance department, Rose acknowledged that the stay has "caused the disruption of a very important consumer protection."

Insurance Times: E-Learning: Pros and Cons of Online CE for Insurance Agents
August 1, 2000, Vol. XIX No. 16

by Cynthia Davidson, CIC eMind.com

Today, nearly every state has continuing education requirements in place for insurance agents - although the specifics vary wildly from state to state. One thing that rarely varies, however, is the practice of agents letting their continuing education requirements wait until license renewal time, and then rushing to comply in order to avoid fines and license interruption (not to mention commission interruption).

Online Choices
In the rush, an agent may choose a classroom-based course with an attendance requirement but no exam. Or, if a class is not immediately available, the agent may opt for a correspondence course with a final exam that may have to be proctored in some states, either by a disinterested third party, another licensed agent, or a state-registered proctor. Typically, a correspondence course involves textbook-based home study and lots of waiting - for the course, for the textbook, for the testing to be completed, and for the certificate of completion to arrive in the mail. What a perfect opportunity to use the Internet to speed things up!

In fact, Web-based continuing education is already available from several providers. In states that allow open book testing, Internet-based exam delivery is also permitted. Where a monitored, or proctored, final exam still is required, a paper-based "sealed" exam still is most common, but these days it is even possible to proctor an exam online. At least one online provider is currently trying it.

With online proctoring, the student and proctor "launch" the exam together, logging in simultaneously and agreeing to follow a set of instructions. Exam results are delivered in "live time." Because many states still require the submission of a real (wet) signature from the agent and proctor, a paper affidavit is completed and signed by both proctor and agent and submitted to the provider before the official state certificate is issued. The completion date will be the date the exam is completed.

Pluses and Minuses

Online education can dramatically accelerate an agent's compliance with state CE requirements. In fact, there are 14 state insurance departments that accept students' educational results electronically from education providers. California and Iowa both accept student rosters via E-mail; the rest require diskettes.

The most obvious advantage to Internet-based education is its immediacy. Like with all correspondence education, a course may be taken on the agent's own time -- and not necessarily during working hours. An agent can browse, select, buy and register for a course, and begin studying right away. He or she may study incrementally, an hour or two per night. On many sites, an agent can learn more about a state's specific requirements, in order to make sure their courses meet the necessary criteria. Where an exam may be presented online, an agent will receive test results immediately, and if he or she has failed to score at least 70 percent, the agent may be given another chance to take the exam - right away.

There are, of course, disadvantages to Web-based training. The flush of new "startup" providers has produced an incredible range of quality in courses- from really good to awful. Because the medium is so new, there are no established standards by which to differentiate courses. Also, it's usually impossible to "flip through" the course to check it out before enrolling, as you might with a textbook.

Rush To Be First

In the rush to be first-to-market, many online education providers have merely posted html scrolling text versions of existing textbooks. While these courses offer speedy delivery and turnaround of exam results, they feature little-to-nothing in the way of interactivity. However, some providers have spent time and programming dollars to develop highly engaging, interactive learning modules that deliver high-quality insurance education and incorporate graphics, links, and other enhancements made possible via the Internet.

Technology Problems

As with nearly all Internet applications, technology problems may surface (of the sort textbook learners will never encounter!). For example, if a provider's server crashes during an exam, or you lose your Internet connection, you may lose your answers to the exam. At the same time, there are significant regulatory issues. While a number of online courses have secured state approval, regulators still are wrestling with the compliance

aspects of online learning. Among the questions they are asking:
How does one know who is actually taking the test?
What steps have been taken to ensure test security?
In closed-book states, how are students kept from accessing study material during the exam?
What is the best way to evaluate the quality of an online course?

Finding Providers

One last hurdle for Internet-based education is the relative difficulty of finding the providers. Some established textbook providers have launched online versions of their existing approved courses, but there are quite a number of start-up Internet companies that have entered the continuing professional education market. By checking around, you may find that insurance companies or even state agent associations have done some of the homework for you, and offer online CE options (and discounts) through their Web sites. Another possible avenue is to contact your state insurance department and inquire which approved continuing education providers offer Web-based training.

Before Trying Online Learning

Before you tackle an online CE course, make sure you have reliable Internet access and current hardware and software, and that your system meets the minimum requirements of the online provider. Most online applications are supported by standard browsers (Netscape, Internet Explorer), but graphically dense pages may be slow to load and frustrating to navigate. Although several online education providers are experimenting with broadband streaming audio and video, most agents are unable to support those transmissions in a way that provides for a meaningful educational experience.

Also, try to distinguish between sites that offer true online education and those offering just e-commerce. A company may claim to offer online education, but when you get to their Web site, you could be greeted only with an invitation to charge textbooks to your credit card. Finally, try before you buy: if possible, demo an online course. That way, you'll get a sense of the site's ease-of-use, the course look-and-feel, and the quality of the material. p

Davidson, CIC, is director of insurance publishing for eMind.com where she is responsible for course content and provider approvals for eMind.com's insurance education program. eMind.com is a national business-to-business e-learning provider with offices in Los Angeles, San Francisco and Toronto. Visit www.eMind.com.

Agency Management Training Council
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Hartford, CT 06146-2379
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Fax: (860) 298-3934
E-Mail: amtc@limra.com
Web: www.limra.com
Contact: Bruce Hamstra,
Ph.D., LLIF
Insurance programs: Agency Management Training Course (AMTC), a field management skill-development program; meets weekly in many locations`; other options/opportunities available.
Field Management Seminar (FMS), a one-day continuing skills development program covering different management topics each year.
Financial Aid: Many home offices offer full or partial tuition assistance
Class locations: Call for information on class locations in the U.S. and internationally.

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Web: www.amercoll.edu
Contact: Student Services Office
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Class locations: Self-study; classes also conducted by local chapters of the American Society of CLU and ChFC. Testing centers nationwide
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Basking Ridge, NJ 07920
(800) 631-8183

Fax: (908) 766-9710
E-Mail: aei@aeiclaimslaw.com
Web: www.qeiclaimslaw.com
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Fax (610) 640-9576.
Contact: Customer Service Rep.
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Contact: David Franson, CPCU
Insurance programs: Connecticut CE classes (P+C and L+H) AAI-81-82-83, AU 65-66, API 28-29, ACSR- PL and CL, P+C and L+H Pre-Licensing
Insurance designations: AAI, AU, API & ACSR
Class locations: Various

Independent Insurance
Agents of New Hampshire
125 Airport Road,
Concord, NH 03301
(603) 224-3965; Fax: (603) 224-0550
Contact: Joan M. Pageau, AAI, CPIW
Insurance programs: Single, multi-day and Internet P&C courses

from licensing through advanced. Self-study for P&C, life and adjusters. Classroom courses for P&C
Insurance designations: ACSR, AAI
Class locations: Concord

Independent Insurance
Agents Assoc. of New Jersey
2211 Whitehorses/ Mercerville Road
Hamilton, NJ 08619
(609) 587-4333
Fax: (609) 587-4515
Contact: Jennifer Coriell
Insurance programs: Insurance licensing, continuing education classes, CRS school, ACSR Program
Next semester: Continuing Ed. year round. CSR school--Sept. 2000
Class locations: Cont. Ed.- various; CSR School- Jamesburg, NJ.
Independent Insurance Agents
Association of New York
109 Twin Oaks Drive,
Syracuse, NY 13206
(800) 962-7950 Fax: (888) 432-0510
Web site: www.iiaany.org
Contact: Education Department
Insurance programs: All levels of technical classes designed for agents and brokers, CSRs-homeowners, auto, general liability, rating, workers comp., life, health, etc.
Business programs: Agency management master certificate program. Masters level seminars for agency owners and principals. Topics: financial management, business planning, producer development, mergers and acquisitions
Insurance designations: ACSR, AAI
Next semester: Ongoing
Class locations: Buffalo, Rochester, Syracuse, Albany, White Plains, Smithtown, and others

Independent Insurance
Agents of Rhode Island
2400 Post Road, Warwick, RI 02886
(401) 732-2400 Fax: (401) 732-1708
Fax-on-demand: (800) 728-4203
E-Mail: iiari@aol.com
Contact: Robin Federici, CPCU, AAI, ARM, CPIW
Insurance programs: Technical courses for basic, intermediate and advanced insurance students. Most courses approved for continuing education credits. A full range of both P&C and life home study/self study systems for training and CE credit. Also, a self-study video rental program on all P&C contracts.
Insurance designations: AIS, AAI, CPCU, INS,
Class locations: Warwick
Online education: New employee, quality Customer Service Representative, basic commercial lines, basic personal lines

Institute for Financial Services
163 S. Willard St., Champlain College, Burlington, VT 05401
(802) 860-2726 Fax: (802) 860-2773
E-Mail: Floyd@champlain.edu
Contact: Bridget Floyd

Insurance programs: Seminars, workshops, and conferences for many facets of the financial services industry.
Other programs: Undergraduate business administration and management degrees.
Financial aid: Yes
Class locations: On site
Online education: Training offered to companies online via Champlain College Online. Champlain College degree programs offered entirely online.

Insurance Library
Association of Boston
Saval Insurance Education Center
156 State Street, Boston, MA 02109
(617) 227-2087; Fax: (617) 723-8524
Contact: Jean Lucey, Phyllis Smithers
Web: www.insurancelibrary.org
Insurance programs: The center offers classes in many national programs including associates in claims, marine insurance, risk management, automation, reinsurance, fidelity & surety, general insurance and underwriting, as well as the CPCU program and special seminars.
Business programs: How to Read and Use Financial Statements. Accredited degree programs available through partnership with New England College of Finance
Insurance designations: CPCU, APA, AIAF, INS, AIC, ARM, AU, AIM, AFSB, AAI, AMIM, AAM, ARe, RPLU.
Financial aid: Payment arrangements with many employers
Class locations: Beverly, Boston, Dedham, Peabody, Quincy, Salem, Taunton, Weston, Natick

International Foundation of
Employee Benefit Plans
18700 W. Bluemound Rd.
Box 1270, Brookfield, WI
53008-1270
(262) 786-6710, ext. 8563
Fax: (262) 786-8650
e-mail: cebs@ifebp.org
Contact: Linda Bielski, CEBS
Insurance designation: The Certified Employee Benefit Specialist (CEBS) designation.
Class locations: Call for various locations throughout New England and New York
LIMRA International
300 Day Hill Rd.
Windsor, CT 06905-4761
(860) 688-3358;
Fax: (860) 298-39342
E-Mail: strategies@limra.com
Contact: Registrar of Schools
Business programs: Seminars to educate and develop home office executives, trainers, field managers, sales reps. and agents in the areas of recruiting, training, sales, planning, team building, marketing, finance, leadership and management.
Insurance designations: LLIF
Class locations: US, International

Maine Chapter--National Association of Insurance and Financial Advisors
P.O. Box 2695
Bangor, ME 04402-2695
(207) 945-4766
Fax: (207) 941-0241
E-Mail: malu@mint.net
Contact: Sue McKay
Insurance programs: Fall Education and Products Fair Oct. 17, 2000: Critical Illness Coverage; Disability and LTC; Buyouts and Business Policy Ownership; Maine Insurance Laws Update
Class locations: Lewiston

Maine Insurance Agents Association
432 Western Ave.
Augusta, ME 04330
(207) 623-1875; Fax: (207) 626-0275
E-Mail: lleonard19@aol.com
Contact: Lisa L. Leonard
Insurance programs: Agents' Licensing Reviews; Basic Knowledge Classes; Continuing Education Seminars; Best Practices Management Seminars
Insurance designations: AAI, ACSR, CIC, CISR
Financial aid: Yes
Next semester: Continuous
Class locations: Portland; Augusta; Bangor; Presque Isle/Caribou.

Massachusetts Association
of Insurance Agents
137 Pennsylvania Ave.
Framingham, MA 01701
(508) 628-5452 or (800) 222-2699;
Fax: (508) 628-5443
E-Mail: massagent@massagent.com
Web: www.massagent.com
Contact: Heather Kramer
Insurance programs: Over 500 P&C and L&H classroom programs offered throughout the state. Licensing classes, both P&C and LAH, offered monthly.
Insurance designations: CIC, CISR, AAI, CPCU
Financial aid: Scholarships available to CISR, CIC designations
Class locations: Andover, Danvers, Framingham, Hyannis, Plymouth, Randolph, Sturbridge, Westport, W. Springfield, others
Online Education: New Employee Training-- agency orientation; quality customer service; personal and commercial lines

Mass. Chapter - National Association of Insurance Women
(508) 303 1000 ext. 2465
Contact: Lisa A. Rancourt
Insurance programs: Various courses
Insurance designations: Various
Class locations: Various

New England College of Finance
89 South St., One Lincoln Plaza
Boston, MA 02111

(617) 951-2350 Fax: (617) 951-2533
E-Mail: j.marley@finance.edu
Contact: Judith Marley
Insurance programs: College degrees, certificates, designations, and graduate certificates in financial services including banking, insurance and investments
Insurance designations: AS, BS, Graduate certificates, also prep. for PLMI and LOMA.
Financial aid: Yes, through member institutions
Next semester: Sept.
Class locations: Greater Boston, Metrowest, Central Mass., Southeastern Mass., Cape Cod; Rhode Island; Greater Hartford; New Hampshire

New hampshire Chapter- National Association of
Insurance & Financial Advisors
1500A Lafayette Rd PMB 316
Portsmouth, NH 03801
(603) 436-9009 Fax: (603) 430-2199
Contact: Angeljean Chiaramida
Insurance programs: Pre-licensing exam preparation program for persons seeking to be licensed to sell life and health; continuing education credit programs; Life Underwriter Training Council designation courses.
Insurance designations: LUTCF
Class locations: Various

New Hampshire, University of; Whittemore School of Business and Economics
McConnell Hall, 15 College Rd. Durham, NH 03824-3593
(603) 862-1367 Fax: (603) 862-4468
E-mail: wsbe.grad.program@unh.edu
Web: www.unh.edu/wsbe/grad
Contact: George Abraham, Director Graduate and Executive Programs
Business programs: General management, 19-month Executive MBA Program for experienced managers.
Friday/Saturday schedule.
Part-time evening MBA program now offered in Durham and Manchester, NH; 3 1/3 years to complete.
Business degree: MBA
Financial aid: Yes
Class locations: Durham, NH: Executive and Part-time MBA
Manchester, NH: Part-time MBA

New York Center
for Financial Studies
500 Fifth Ave.,
New York, NY 10110
(212) 221-3500;
Fax: (212) 764-8693
Email: bhilman@taifp.com
Contact: Beulah Hilman
Insurance programs: Quality Continuing Education seminars (in the convience of your own office); teleconferences; lectures; courses and workshops. Also, pre-licensing classes necessary to take NY State insurance licensing examination. Long-term Care, Disability, Ethics, Businesses Uses of Life Insurnace, Insurance

& Estate & Financial Planning.
  Insurance designations: CFP, CLU, ChFC, RHU, REBC, CFP
Other degree programs: Fully accredited Master of Science in Financial Services
Class locations: Manhattan, Brooklyn, Bronx, Staten Island, Westchester, Queens. Also, your own office.

ProEd Corp.
1055 Parsippany Blvd.
Parsippany, NJ 07054
(973) 334-6200
Fax: (973) 334-6662
Email: e-mail@e-mailmentor.com
Website: www.ProEdcorp.com
Contact: Russell H. Granger
Insurance Programs: Workshops for underwriters, claims adjusters, agents/producers, marketing reps, and loss control personnel.
Class Locations: On-site

Professional Insurance
Agents of Connecticut, Inc.
25 Chamberlain St.
Glenmont, NY 12077-0997
(800) 424-4244
Fax: (888) 225-6935
E-Mail: education@piaonline.org
Web: www.piact.org
Contact: Educ. & Conference Dept.
Insurance programs: Education programs for all agency personnel; courses range from basic seminars to advanced technical issues and coverages. P/C licensing school also offered.
Insurance designations: CISR, CIC
Financial aid: Yes, scholarships
Class locations: Throughout the state
Online education: E-training center offers online courses eligible for CE credits in nearly every state including Conn. Log onto www.piact.org, enter the e-training center and register for the program of your choice (life/health; property/casualty courses available).

Professional Insurance
Agents of New Hampshire, Inc.
25 Chamberlain St.
Glenmont, NY 12077-0990
(800) 424-4244
Fax: (888) 225-6935
Email: education@piaonline.org
Website: www.pianh.org
Contact: Educ. & Conference Dept.
Insurance programs: Education programs for all agency personnel; courses range from basic seminars to advanced technical issues and coverages.
Insurance designations: CIC, CISR
Financial aid: Scholarships available to CISR, CIC designations
Class locations: Throughout state
Online education: E-training center offers online courses

eligible for CE credits in nearly every state including NH. Log onto www.pianh.org, enter the e-training center and register for the program of your choice (life/health; property/casualty courses available).

Professional Insurance
Agents of New Jersey, Inc.
25 Chamberlain St.
Glenmont, NY 12077-0990
(800) 424-4244
Fax: (888) 225-6935
Email: education@piaonline.org
Website: www.pianj.org
Contact: Educ. & Conference Dept.
Insurance programs: Education programs for all agency personnel; courses range from basic seminars to advanced technical issues and coverages.
Insurance designations: CIC, CISR
Financial aid: Scholarships
Class locations: Throughout the state
Online education: E-training center offers online courses eligible for CE credits in nearly every state including NJ. Log onto www.piact.org, enter the e-training center and register for the program of your choice (life/health; property/casualty courses available).

Professional Insurance
Agents of New York State, Inc.
25 Chamberlain St.,
Glenmont, NY 12077-0997
(800) 424-4244
Fax: (888) 225-6935
E-Mail: education@piaonline.org
Website: wwww.piany.org
Contact: Educ. & Conference Dept.
Insurance programs: Professional education programs for all levels of agency expertise; from basic rating seminars to advanced technical issues and coverages.
Insurance designations: CISR, CIC
Financial aid: Yes, scholarships
Class locations: Throughout state
Online education: E-training center offers online courses eligible for CE credits in nearly every state including NY. Log onto www.piany.org, enter the e-training center and register for the program of your choice (life/health; property/casualty courses available).

Rhode Island - National Association of Insurance and Financial Advisors
PMB 119 2484 Warwick Ave.
Warwick, RI 02889
(401) 739-8490
Insurance programs: Various seminars and study courses for continuing education credits. LUTC and CLU/ChFC classes.
Insurance designations: CLU/ChFC study courses; MSFS study courses
Class locations: Headquarters office, 400 Reservoir Ave.,

Providence.

Rhode Island Chapter- National Association of Insurance Women
c/o Mastors & Servant
5700 Post Road
East Greenwich, RI 02818
(401) 885-5700 Fax: (401) 885-4335
Contact: Carol Glowacki
Insurance programs: Classroom programs open to all insurance professionals, approved for continuing education credits, leading to IIA's General Certificate in Insurance, Associate in Insurance Services, and Associate in Personal Insurance.
Insurance designations: INS, AIS, API
Class locations: Throughout state

Risk & Insurance Education, Inc.
4314 Joshua Court
Street, MD 21154
(410) 692-0645
Fax: (410) 692-2333
Contact: Dave Sanborn
Insurance programs: Variety of programs with emphasis on commercial casualty for experienced people. Most are specific and short
Class locations: Throughout the country

Risk & Insurance
Management Society (RIMS)
655 Third Ave.
New York, N.Y. 10017-5637
(212) 286-9292
Fax: (212) 986-9716
E-Mail: fjordan@rims.org
Contact: Fran Jordan
Insurance programs: Ten courses of professional development offered several times during the year.
Class locations: Various, including Boston, New York, Stamford
The Saenger Organization, Inc.
77 Main Street
Medway, MA 02053
(800) 451-7619
www.saengerorganization.com
Contact: Susan M. Melo
Insurance programs: Insurance licensing exam preparation courses (classroom and/or correspondence) approved in all New England states. One-day Life, Accident & Health classes approved in MA, CT, MD, PA, VA. Two-day Property/Casualty classes in MA., CT., VA., PA. Also, continuing ed programs approved for MA., MD., DE., PA, CT.
Class locations: Dedham, Woburn, and Springfield, MA; Wallingford, CT and various locations in MD, VA, PA & OH

Securities Training Corporation
390 Main Street
Worcester, MA 01608
800 782-2678
(508) 752-5088 Fax (508) 752-5145

E-Mail: emorgan@stcusa.com
Web: www.stcusa.com
Contact: Eileen Morgan, ext. 202
Business programs: NASD securities courses, Firm element training, Life and Health CE courses
Class locations: Boston; Windsor, CT and Smithfield, RI.
Online Education: Register at www.stcusa.com or call 800 782-2678.

Society of Insurance
Licensing Administrators
P O Box 68203
Indianapolis, IN 46268-0203
(800) 428-8329
Fax: (800) 849-SILA
Contact: Beth McGuire
Insurance designations: SILA Associate and SILA Fellow
Financial Aid: Annual scholarship
Class locations: Independent self-study courses with monitored exams.

Vermont Insurance Agents
Association
P.O. Box 1387
Montpelier, VT 05601
802 229-5884
Fax: 802 223-0868
Contact: Jennifer Velander
Insurance programs: Vermont Interactive TV and Computer Mediated Distance Learning offers students technical courses for basic, intermediate and advanced levels. Licensing training schools for P&C, L&H and HMO.
Insurance designations: ACSR, CIC, CISR
Financial aid: Membership discounts
Class locations: 3 primary VIT sites: Colchester, Waterbury, Rutland. Licensing schools in White River Jct. or Montpelier area.
Online Education: Online training for new employees

WebCE
1222 E. Arapaho Rd., Suite 320
Richardson, TX 75093
800 488-9308
Fax 972 669-9801
E-Mail: info@webce.com
Web: www.webce.com
Insurance programs: Paper-based and Internet-based continuing education. 50 insurance courses qualifying for continuing education credits in 45 states
Online education: 50 insurance courses qualifying for continuing education credits in 45 states

Worcester County
Insurance Institute
P.O. Box 7037
Worcester, MA 01605-0037
(508) 856-0217

Fax: (508) 856-0217
Contact: Joyce L. Karchmar CPCU, AIC, AIM
Insurance programs: Introductory, foundation, technical and professional designation courses for property/casualty insurance, including IIA and CPCU.
Insurance designations: CPCU, API, ARM, AIC, AIT, AIS, AU
Financial aid: Yes. D. Francis Murphy Scholarship
Class locations: Fitchburg, Hudson, Marlboro, Southbridge, Webster, Westboro, West Springfield, Worcester
Registration Deadline: For all INS API courses all other IIA courses- Aug. 4, 2000
For all CPCU courses - Sept. 8, 2000.

Insurance Times: Shaheen Announces Dental Plan For Poor Children

August 1, 2000, Vol. XIX No. 16

MANCHESTER, N.H. - More of New Hampshire's poor children will receive dental care under a plan announced by Gov. Jeanne Shaheen.
The state-cosponsored health insurance plan with Anthem Blue Cross and Blue Shield, Matthew Thornton Health Plan and Northeast Delta Dental, will provide dental care to 4,000 children under age 19 by Aug. 1. The maximum benefit will be $1,000 per child.
"With this new benefit, we are taking an important step toward ensuring that all of our children, no matter how they get their health insurance, get the dental care they need,'' the governor said.
The state plans an outreach program to let parents know about the new dental benefit.

Insurance Times: Hartford Life Web Sites For Producers, Customers

August 1, 2000, Vol. XIX No. 16

SIMSBURY, Conn. - Group life and disability insurance brokers, consultants and customers of Hartford Life, the nation's third largest seller of group disability insurance and group term life insurance, now have web-based information available specifically for them with Producer View and Employer View.
Both sites provide secure Internet access for fast and efficient benefit plan administration via a personal computer, without the need for additional software. And both utilize a unique user name and password to ensure security and confidentiality.
"These newest initiatives are part of our on-going strategy to web-enable our products and processes," said Lizabeth H. Zlatkus, executive vice president and director of Hartford Life's Group Benefit Division. "These sites help producers and administrators save time on administrative activities and gain time for activities that add value to their businesses."

A broad range of functions is available for group life and disability brokers and consultants with Producer View. These include commission information; book of business and case information; an online question and answer function that puts brokers and consultants in touch with their Hartford Life contacts via e-mail; reference library for product brochures and other marketing tools including state-specific applications; and an administrative kit containing forms to service the account that can be viewed and printed.

Group life and disability customers with access to Employer View can access a wide range of data including coverage, rates, status of billing and premium payment. They can also access information of the status of their medical underwriting or disability claims, and any forms and brochures.

"And we're not stopping there," adds Zlatkus. "Both sites have aggressive plans for enhancements to provide additional functionality and increased information to our valued producers and customers."

Insurance Times: Pinnacle Agents To Market Ceres Medical Plans

August 1, 2000, Vol. XIX No. 16

Ceres Group, Inc. has announced a new marketing relationship with The Pinnacle Benefits Group, LLC, which is expected to add approximately $50 million in new annualized premium during the first 12 months of the agreement.

Pinnacle is a Winston-Salem, North Carolina-based marketing company. Under the Ceres agreement, Pinnacle's 1,300 agents will market medical plans for individuals, small groups and self-employed people. A full range of products, including worksite marketing plans, critical illness coverage, family protection riders, dental plans and other supplemental health insurance products, will be underwritten by Continental General Insurance Co., a subsidiary of Ceres.

In 1999, Pinnacle's agents produced a total of $35 million in new annualized premium revenue throughout 22 states.

Ceres Group provides a broad spectrum of health and life insurance, medical cost management services and specialty products to more than 500,000 insureds. The company distributes its products on a national basis through more than 60,000 independent licensed sales agents and through various e-commerce platforms, including ChannelPoint Insurance Exchange, HealthAxis.com and Ceres' own subsidiary, QQLink.com B2B Agent Exchange, which is expected to be operational in the summer of 2000. Visit www.ceresgp.com.

Insurance Times: Empire Blues -Card Simplifies Member ID

August 1, 2000, Vol. XIX No. 16

NEW YORK - Empire Blue Cross and Blue Shield has unveiled a new ID card that allows members to use a single card for all of their health insurance needs.
The i-Card replaces the traditional ID card; the card displays icons that illustrate the member coverage. Now members will no longer need one card for the doctor and another for the pharmacist or other providers. Beginning next year, the i-Card will also allow members to perform interactive transactions regarding their health plans and access their own personal medical information over Empire's web site.

Insurance Times: Mass. Board Gets Tough With Doctors Threatening Insurers

August 1, 2000, Vol. XIX No. 16

In wake of recent killings, board issues suspensions

BOSTON (AP) - A Methuen, Mass. cardiologist became the latest in a string of Massachusetts doctors to be accused of violent behavior when he was suspended for making bizarre threats against an insurer.
The state Board of Registration in Medicine suspended the license of Albert Ghassemian because of profanity-laced messages he allegedly left with Blue Cross & Blue Shield of Massachusetts.

Emergency Meeting
The board, which convened an emergency meeting to discuss the matter, said it stopped Ghassemian from practicing in the state because he is ``unstable and potentially violent'' and allowing him to practice would be a threat to public safety.
Ghassemian's lawyer, Robert Armano, denied that Ghassemian was dangerous, and said the board was overreacting because of three recent murders, allegedly by doctors. Armano called Ghassemian a "hero'' for fighting on behalf of poor and elderly patients.
"He should be congratulated, rather than vilified,'' Armano said. ``He is a good man.''
According to board transcripts, Ghassemian left messages with Blue Cross employees threatening to "be right up with a bunch of doctors, a bunch of patients to beat you to death, okay?''
Earlier in the day, he left another message saying he and two bodyguards would be there to "tear you apart. I had it with you people,'' followed by an expletive, according to the transcripts.

Admits Messages
In an interview with The Boston Globe, Ghassemian admitted leaving the messages, but said he's just expressing the entire profession's anger at being squeezed by profit-driven medicine.
"I've seen enough,'' he said. "Enough is enough. Most doctors are so afraid of these plans, but I'm not afraid of them. These HMOs have wounded medicine and the wound is deep and irreparable.''
The suspension came the day after the board suspended the license of Dr. Richard Sharpe, who is accused of killing his wife in

Wenham last week.
Also last week, Dr. Dirk Greineder, an allergist from Wellesley, was in court for a hearing on his upcoming trial for allegedly stabbing and fatally beating his wife. The same day, plastic surgeon Dr. James Kartell of Andover was sentenced to five to eight years in prison for killing his estranged wife's lover.
Alarmed by the number violent incidents involving doctors, the Massachusetts Medical Society sent out letters to the state's doctors last week telling them how to find counseling.
The state licensed Ghassemian in 1975. The 62-year-old doctor had seven complaints lodged against him since 1987, all of which were dismissed. He is affiliated with two hospitals, Holy Family and Lawrence General Hospital. Both also suspended Ghassemian this week for his behavior.

Insurance Times: Foundation Buying Stake In RI HMO Serving State's Poor
August 1, 2000, Vol. XIX No. 16

PROVIDENCE, R.I. (AP) - The Rhode Island Foundation announced plans to buy an ownership stake in an HMO serving more than half of the subscribers to RIte Care, the state health insurance program for poor- and moderate-income families.
Neighborhood Health Plan is controlled by the Health Action Forum of Greater Boston, a nonprofit that could force a sale of the Rhode Island insurer at any time.

$2 Million in Stock
The foundation plans to pay $2 million for the stock in the HMO, to maintain local control.
The sale must be approved by state regulators.
About 57,000 people are enrolled in Neighborhood Health Plan, founded six years ago by 14 community health centers.
Much of the initial financing for the HMO came from the Boston-based Neighborhood Health Plan. The Massachusetts group's stake in the HMO was later transferred to the Health Action Forum, which recently said it needed to sell its shares to raise money.
``It was in our interest to go out and find a buyer who met both our needs and the Health Action Forum's needs and that's what we found in the foundation,'' said Christopher Koller, head of the Rhode Island HMO.

New Enrollees
Neighborhood Health Plan is the only HMO that accepts new RIte Care enrollees, making it particularly important to the state.
``In the increasingly tumultuous world of health care, we're hoping to preserve the commitment (the health plan) has made to families who deserve equal quality health care,'' foundation president Ronald Gallo said.
Koller said it will take about two months to prepare the documents that the agencies need to approve the sale. The HMO will be reorganized as a nonprofit with the health centers holding 9 of 15 seats on its board.

Insurance Times: Yale-Backed Healthchoice Exits Conn.
August 1, 2000, Vol. XIX No. 16

FARMINGTON, Conn. (AP) - HealthChoice of Connecticut said last week it is leaving the insurance business, forcing thousands of customers to find health coverage from another provider.

The Farmington-based company covers about 26,000 people through the state's Medicaid program and 14,000 through a commercial HMO. About two-thirds of the private customers are employees of either Yale University or Yale-New Haven Hospital.

``Nobody's going to be left hanging without coverage,'' said James L. Gore, chief operating officer at HealthChoice.

The financially troubled company will continue operating its commercial HMO for about six months, Gore said. He said that would give members enough time to choose another insurance carrier.

The company wants to get out of the Medicaid business sooner, by Oct. 11, but state officials say that is not enough time to ensure a proper transition. The state Department of Social Services wants to make sure that any doctors in the HealthChoice network are given time to sign on with the other HMOs who cover Medicaid clients.

HealthChoice, also commonly known as Yale Preferred, joins a number of other HMOs that have gotten out of the Medicaid business since the state introduced managed care in 1995. Only three carriers remain - PHS, Anthem Blue Cross and Blue Shield, and Community Health Network.

"We've been through this before, but we want to make sure we have sufficient time,'' said Claudette Beaulieu, a social services department spokeswoman. Medicaid patients "might have to switch plans, but they might not have to switch providers.''

A final termination date remains under discussion.

HealthChoice, owned by St. Francis Hospital and Medical Center in Hartford, Yale-New Haven Health System and Yale University, lost nearly $2 million in 1998 and $5.2 million through the first nine months of 1999.

Gore said the company's shareholders - which include two major hospitals - could not absorb continuing losses.

An undetermined number of employees will be laid off, Gore said. HealthChoice has about 80 workers at offices in Farmington and North Haven.

Insurance Times: Insurers Paid $262 Million To Victims In Everglades Crash
August 1, 2000, Vol. XIX No. 16

MIAMI (AP) - The families of 110 people killed in the 1996

ValuJet crash in the Everglades have received at least $262 million in insurance settlements, court records show.
The settlement amounts - normally shielded by confidentiality agreements - became public when prosecutors sought repayment from SabreTech, the jet repair company convicted of mishandling hazardous cargo it delivered to the plane.
The illegal shipment of explosive-tipped oxygen generators caused the cargo fire that brought down the Atlanta-bound DC-9 shortly after takeoff from Miami International Airport on May 11, 1996.
The National Transportation Safety Board split the blame among SabreTech, ValuJet and the Federal Aviation Administration for lax oversight of the fast-growing discount carrier now operating as American Trans Air Inc.
SabreTech, the first aviation company criminally convicted in a commercial crash, is to be sentenced Aug. 13. Along with restitution, prosecutors are seeking a $4.5 million fine and five years probation. The company is no longer in business.
The documents, filed earlier this month, show that Lloyd's of London, which insured SabreTech, has paid $151 million and United States Aviation Underwriters of New York, ValuJet's insurer, has paid $111 million to settle all but two of the claims from relatives of people killed in the DC-9 crash. Payments averaged $2.4 million.
U.S. Magistrate Judge Stephen Brown recommended that the trial judge discard insurance reimbursement and winnow other restitution to $9.1 million, primarily to cover lost income for three families.
"We're pleased that the magistrate adhered closely to the law in ruling out the bulk of all of these claims,'' Ken Quinn, corporate counsel for SabreTech, said.

Insurance Times: Japanese Insurance Company Announces Alliance With AIG

August 1, 2000, Vol. XIX No. 16

TOKYO (AP) - A Japanese insurance company announced a joint venture tie-up with a unit of American International Group Inc. in the first alliance between a major Japanese insurer and a foreign firm, a news report said.
Fuji Fire and Marine Insurance Co., a non-life insurer, said it would set up a company with AIU Insurance Co. in September to collaborate on insurance products, Kyodo News reported.
The two companies will buy shares worth about 2.1 billion yen ($20 million) from each other, the report said.
The alliance comes amid consolidation in Japan's insurance industry. In February, Mitsui Marine and Fire Insurance Co. and Sumitomo Marine and Fire Insurance Co., respectively Japan's third and fourth largest non-life insurers, announced plans to merge in October 2001.

Insurance Times: Student Health Insurers Merge
August 1, 2000, Vol. XIX No. 16

RADNOR, Pa. - Highway to Health, Inc. (HTH) and its wholly owned subsidiary, HTH Worldwide Insurance Services, have acquired Beacon Insurance Services, Inc., Braintree, Mass., formally known as OMA Limited, a provider of international student health insurance.

The acquisition strengthens HTH's role in international student health insurance. HTH Worldwide now serves over 190 U.S. universities and 35,000 students.

John Fleming, former president of Beacon Insurance Services, has been named director of student sales.

"This transaction consolidates HTH's position as the largest provider of international student health insurance," said Fleming, "and it enables HTH to capitalize on the federal government mandate requiring international students, scholars and government trainees visiting the United States to carry U.S. health insurance."

Insurance Times: McIntyre succeeds Davis at Wausau; CGU names Billings, Michaels; NAIW- Portland honors Hathorne, Belanger
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CGU

CGU has named Michael J. Billings as vice president of client services, reporting to David Firstenberg, senior vice president of commercial lines. In his new position, Billings is responsible for loss control, premium audit and contract inspection services.

Billings joined CGU from ACE USA (formerly Cigna P&C) where he was vice president of risk control services.

CGU also named Alan S. Michaels as its new vice president of strategic planning and e-business.

Michaels comes to CGU from IBM, where he was senior marketing manager in the financial services sector. Michaels, the author of the book, Structured Strategic Planning, has more than 20 years' experience in strategic planning.

Wausau

Wausau Insurance President and Chief Operating Officer Dwight Davis announced his intention to retire from Wausau and its parent, Liberty Mutual Group.

Jim McIntyre has been elected to succeed Davis as Wausau president. McIntyre is currently Wausau's executive vice president and manager of commercial insurance markets. McIntyre will report to Gary Gregg, who heads Liberty Mutual's commercial markets division.

Palisades Safety & Insurance

Palisades Safety & Insurance Association, one of New Jersey's fastest-growing auto insurers, has appointed Gerald I. Wilson as president and chief executive officer. Wilson will be responsible

for the management and direction of all company activities and will report to Hal R. Belodoff, who has been president and CEO since 1993 and who will continue to serve as chairman of the board.
Belodoff is also president and CEO of Plymouth Rock Assurance Corp. Palisades and Plymouth Rock Assurance Corp., the tenth largest Massachusetts auto insurer, are both subsidiaries of The Plymouth Rock Co. in Boston.

NAIW- Greater Portland
The National Association of Insurance Women of Greater Portland, Maine announced its 2000 Insurance Woman of the Year and 2000 Rookie of the Year award winners.
The Woman of the Year award went to Susan K. Hathorne, AAI, ACSR, CPIW, who is employed by the American Automobile Association. She has been a member of the association since April, 1996.
The association honored Michelle L. Belanger as its Rookie of the Year. This award is given to a new member who immediately becomes active in the local association. Belanger is employed by the American Automobile Association.

Fred C. Church
Michael Lucas of Baldwinville, Mass. has joined the staff of Fred C. Church Insurance, based in Lowell. Lucas joins the staff as a commercial lines producer.

NHAHU
Maureen Cahill of Cahill Insurance Services in Dover, N.H. has been named president of the New Hampshire Association of Health Underwriters. Cahill is a charter member of the organization which was started in 1994.

New York Department
Susan Skaling Donnellan has been named deputy general counsel for the New York State Insurance Department. Donnellan joins the department from the Life Insurance Council of New York where she served as associate general counsel.

Rogers & Gray
Mark E. Rezendes has been elected to assistant vice president at Rogers & Gray Insurance Agency, Inc. Rezendes works in the financial services division specializing in employee benefit plans.
Donald V. Ciaciolo as also been elected to assistant vice president at Rogers & Gray, where he works with commercial and recreational marine risks.