Insurance Times: Interview with RI DBR Director McConaghy
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McConaghy strives for balance in regulation

Supports state regulation with more uniformity; planning privacy, licensing rules

by Penny Williams
InsuranceTimes

PROVIDENCE, R.I. - Even if the required 29 states enact the provisions of Gramm-Leach Bliley Act, the result may be more uniformity in state regulation but not necessarily reciprocity, claims the new business regulator in Rhode Island. "Even if 29 states do enact this, we haven't seen the last of this. I think this will be an on-going discussion," commented Marilyn Shannon McConaghy, the new director of the Rhode Island Department of Business Regulation, in a recent interview with InsuranceTimes.
In an interview with InsuranceTimes late last month, McConaghy addressed the role of state regulation and her department, financial services deregulation, producer licensing, privacy and other issues.

Would you explain the overall role of the Department of Business Regulation and the role of the DBR in insurance?
McConaghy: The DBR is structured somewhat differently here in Rhode Island from other states. The DBR has been given different industries by the Legislature to regulate. We cover everything from banking, securities, insurance, a division called commercial licensing, covering various and sundry areas such as upholsterers, real-estate sales and brokers, mobile homes, auto body repair and wreaking and salvage, to racing and athletics. In all there are five divisions. In terms of the DBR's role in insurance, we are by statutory construction the entity that is the regulator for all of our domestics and licensed entities who come in and conduct business activities in the state. We do all of the licensing functions, the regulatory oversight, administrative actions where these are necessary and the complaint process as well as doing financial analysis and examinations. We also regulate HMOs here.

What role do you see the federal government vs. state government playing in insurance regulation? Does a dual system allowing insurance companies to choose whether they want federal or state regulation make sense?
McConaghy: We're living that scenario daily as this is playing out under the Gramm-Leach-Bliley Act. We are, as are all of the other states, attempting to see what the responsibilities of the state insurance division are, to determine what initiatives would be necessary to allow us to be one of the 29 states or more that initiate the Gramm-Leach-Bliley requirements so as to avoid NARAB.
I guess the federal government has decided under Gramm-Leach-Bliley if the states are not going to interject some uniformity and reciprocity in the process of licensing that it will do it for them. So we are in the process of attempting to develop legislative initiatives and regulatory initiatives that will hopefully allow us to be one of the 29 states that complies with Gramm-Leach-Bliley because we do think it's important to have state regulation of insurance. But, we on the other hand, also believe from a business perspective that it is a good idea for companies to be able to rely on uniformity state-to-state in both their company and producer licensing functions. So I guess our position is that

there are good points on both sides. One, the federal initiative to interject some uniformity is a good one from a business perspective. People can do business more efficiently and they can have more predictability in terms of what they need to do to not only get licensed but also to comply with regulatory requirements once they are licensed. But it's also a good idea for individual states to be able to regulate the entities that do business within their borders to take control of that aspect of it.

And I see that as the balance that the Gramm-Leach-Bliley Act is attempting to achieve.

As for the second part of the question concerning a dual system, that is really what Gramm-Leach-Bliley is getting at because to the extent that we have 29 or more states, but something less than 55 states, we are going to have a dual system. We're going to have more than a dual system.

We'll have the system the 29 or more states are operating under and then we'll have another whole set of systems that the individual companies and producers are going to have to comply with in each of those states that are not Gramm-Leach-Bliley compliant.

We did look at the issue of what would happen to those other states and right now it looks like under Gramm-Leach-Bliley they are going to be allowed to continue to operate as they have been. But whether or not the federal government will see that as the next area to address in my mind remains to be seen.

The question becomes, what if the other states don't at some point come on board? Is the federal government going to be satisfied having 26 states off doing their own thing, or will there be pressure put on the federal government to address that issue?

The other question is: Even if we have an avoidance of NARAB because 29 states have adopted this initiative, we may end up with uniformity in the sense of uniform producer licensing but not necessarily have reciprocity.

We're still working through some of the very fine nuances of Gramm-Leach-Bliley and how much deviation can there be state-to-state in order still to achieve reciprocity remains in question.

We may end up in a situation where we have 29 states that have uniform producers' laws but there may be some variations that are allowed under Gramm-Leach-Bliley that would lead us to not necessarily have reciprocity with some states. So in my mind that's an area that is still being fleshed out particularly at the NAIC.

To my mind, the question is how much can Rhode Island vary, if at all, and still be able to say we have the uniform act but because of certain tweaking we are not going to be reciprocal?

I think that will all be fleshed out as reasonable minds come together and agree where the different shades of gray should be. We have some requirements now in our licensing law that other states don't. We have an errors and omissions requirement, for instance. Can we still have that or do we need to repeal that in the first instance in order to have the uniform act and secondly be reciprocal?

Even if 29 states do enact this, we haven't seen the last of this. I think this will be an on-going discussion.

Where do you see the appeal to the OCC by banks regarding the RI banks/insurance law ending up?

As we sit here, our legal division is drafting a response. I don't see this as being terribly different from the challenge lodged in 1997 that was based on the Barnett Bank case. This challenge is obviously filed in light of Gramm-Leach-Bliley. I know our position is not going to change. Our regulation hasn't changed; our law hasn't changed. We don't see the basis of the challenge as being significantly different.

Where does the dispute with Massachusetts' officials over licensing of non-resident agents in that state stand?
McConaghy: The most current information on that particular issue is that those individuals or agencies in Rhode Island that were the subject matter of the inquiry in Massachusetts are in the process of resolving their differences via an agreement entered into between the Massachusetts Commissioner and the individual Rhode Island non-resident licensees and that they are working their way through coming into compliance.
Massachusetts was taking enforcement action against Rhode Island non-resident licensees but we were assured that Rhode Island was not being singled out. This was an issue of enforcement. They felt that there were certain violations of their state statutes that they needed to address.
We currently have pending here Massachusetts applications from residents for non-resident licensees and maybe a handful of renewals that have come in while this dispute has been pending. We're currently awaiting a resolution of it and clarification of exactly what the Massachusetts requirements are going to be. That's an on-going process that will be fleshed out with Massachusetts and the issues will become clearer as these consent agreements are resolved. Rhode Island is a reciprocal state so our goal is just to be reciprocal with all of the states we're dealing with.

Do you think a one-stop financial services is really the wave of the future?
McConaghy: I think what I see as the wave of the future is choice - giving the consumer the ability to do all of their transactions at one place. If consumers want to do their financial business and their insurance business and their securities business at one place that's now an option that is broader than it was prior to this time. But they still have the option of dealing with their bank separately, their broker separately, their insurance agent separately. So really, in my mind, it's a question of choice as opposed to consolidation or elimination of any particular option.
It always benefits the consumer to have choice.

What is the status of privacy legislation/regulation in Rhode Island and do you support the NAIC Model?
McConaghy: We are in the process, at this point, of promulgating an emergency regulation that will extend the effective date for privacy until July 1, 2001. I just reviewed it last night. But, absent that regulation it would have been effective November 13.
We felt it was prudent to make the date for the financial side and the health side the same. So there will be an emergency regulation, probably within the next week.
That emergency regulation has a short life so it will have to become a permanent regulation. So almost simultaneously with the emergency regulation, we will be drafting and promulgating and putting out for comment a permanent privacy regulation which we hope to have in place well before the July 1st effective date. We're aiming for January or February to have a public hearing.
We may have a substantive privacy regulation or two regulations. We don't know whether we're going to split them, but at this point, we think we are going to. So we would give an opportunity for entities that are going to be affected by this to come and comment on it and then have it in place in a significant amount of time prior to July 1st so people will be able to comply with it.

What is the status of Rhode Island's Single Producer Licensing Act?
McConaghy: As for the Single Producer Licensing Act, we received the final version of the NAIC Model last Thursday or Friday. I am currently reviewing it. We anticipate in our legislative package, which will be submitted to the Governor on November 6th for the Governor's review, that it will contain a

proposal for a Single Producer License bill.
This is something that the Recodification Committee has been working on and the Single Producer Licensing sub-committee is trying to mesh the NAIC's final version with what they're working on to send me as their recommendations. That's all supposed to happen between now and November 1.
We've heard there are some concerns in the market over the elimination of the section regarding CSR licensing. We've asked them for specific comments so that we can have some input from the agents on that issue.
In Rhode Island, CSRs are required to be licensed so the issue for us is whether the status quo should change or not in connection with the Single Producer Licensing Act. It's a policy decision that we're going to have to make.
We will make the best decision we can but there are going to be a lot of things that happen between now and the end of the legislative session, which is the end of next June.
It is going to be a work in progress as we go through the session and the Legislature considers it. Even if they pass it, it is always subject to amendment. So, we are going to continue to give everyone the ability to have input on this. The bill submitted will go to hearing - heard in both the House and Senate and then there will be those policy decisions that are made.
But, right now, we do have the licensing requirement for CSRs. This is a very gray area because it depends on really what the CSR is doing.
From the consumer's perspective, they're not sure whether someone is licensed or not licensed or whether they're engaging in a licensed activity and are supposed to be licensed. It's a very difficult area. It depends so much on what the CSR is doing.

What is your assessment of Rhode Island's overall health insurance and HMO market? Is it competitive? Are prices rising?
McConaghy: We've just been through the Harvard Pilgrim and Tufts situations. We have both ancillary receiverships that are still alive and kicking here in Rhode Island. After we get beyond those issues I would say that Rhode Island right now has a very competitive market for health insurance and HMOs.
Prices are rising, as you know. Health insurance is very cyclical in nature. We're in an upswing in terms of pricing at this point. I'm not sure if the products were under-priced to begin with because we haven't done an analysis on that. I can say that historically, the cycle has been up and down for various market reasons and right now we're in an upswing. But, the market is also very competitive, which is the countervailing force that will control prices and hopefully put them where they should be.
The individual market has several major players - four or five - and lots of quite small players. It is healthy and competitive with Blue Cross, Blue Chip and United having the major share of the market.

What is your perception of the role the independent insurance agents play in the insurance industry?
McConaghy: My perception is they have played a very important role in the insurance industry in Rhode Island and that there is nothing that I see that would change my perspective.

Insurance Times: NY Issues Rules On Health And Financial Privacy

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State takes lead in setting forth

information sharing standards

by Mark Hollmer
InsuranceTimes

NEW YORK - New York's Insurance Department issued emergency approval Nov. 9 for a regulation governing consumer privacy standards.

Under the new guideline, companies will be allowed to share personal financial information with third parties unless customers ask them not to, and they must send out an annual notice explaining the choice to "opt out."

But companies won't be allowed to share personal health information with third parties without consumer approval first to "opt in."

New York Insurance Superintendent Neil Levin announced the new regulation in a Nov. 9 press release. He insisted the measure is workable and balanced.

"Appropriate protections are in place as New York leads the way in implementing the law and in shaping insurance regulation in this new era of financial modernization," Levin said in a written statement.

"Consumers must be made aware of their rights so that they can make informed decisions regarding the use of their personal information Under the new regulation, all of New York's insurance consumers will be given the opportunity to prevent unwanted disclosure of their nonpublic personal information."

New York is one of the first states to complete the move in response to the federal Gramm-Leach-Bliley Act, which lets companies and banks expand into each other's businesses.

Privacy standards are a major component of the new law, and states needed to establish them before Nov. 13 or face having federal regulations imposed on them. Levin's emergency approval allowed New York to beat the deadline (many states have extended the date until July).

But deadline or not, some in the industry argue that the regulation goes farther than it needs to.

Bob Zeman, a lobbyist for the National Association of Independent Insurers, said Gramm-Leach-Bliley specifically covers regulation of financial privacy information but not health privacy.

"The Insurance Department in New York did not need to go into this area because it was really not covered by Gramm-Leach-Bliley," he said.

But, Zeman added, the NAII isn't necessarily opposed to health privacy regulations.

The NAII had urged the department to hold off on health privacy regulation until expected federal regulations on health privacy come out later this year, he said.

New York was going to try and make sure its health privacy regulation didn't conflict with the expected federal version, he said, adding: "that would be a good step."

New York's new regulation is in line with versions proposed by both federal financial services regulators and the National Association of Insurance Commissioners, the Insurance Department said.

Other industry associations reacted more favorably to the news.

The American Insurance Association "applauded" the new regulation in a press release.

Michael Murphy, AIA assistant vice president for the Northeast region, said the new regulation is a positive step toward uniformity that states must take to comply with Gramm-Leach-Bliley.

"We support it on the basis of uniformity," Murphy said, adding that "this new regulation (has) meaningful consumer protection" also built in.

About 33 states individually extended their deadline to create a privacy regulation until July, according to the NAIC, which has proposed model privacy regulations.

Connecticut, Massachusetts, Maine, New Hampshire, New Jersey, Rhode Island and Vermont are among the states with a delayed compliance date, according to the NAIC.
In New York, Levin's emergency approval seems to fall somewhere in the middle. The emergency approval is immediate but only good for 90 days, which leaves the new regulation technically still "proposed" rather than final. During this period, public comment will begin on Nov. 29 and last for 45 days.
Levin is expected to officially approve the new regulation after that period.

N.Y. Details
In reality, the new regulation won't become effective until July 1 for financial information and Dec. 31, 2001 for the health component.
Among the details of the new regulation:
• Insurers will have to give an initial notice to consumers describing in what situations they'll share a client's nonpublic personal financial and health information.
• Insurers must tell consumers annually that they can "opt out" of the sharing of nonpublic personal financial information, which would be shared unless consumers say otherwise.
• Customer health information will be strongly protected. Aside from "carefully drawn business exceptions," insurers can't share nonpublic personal health information unless customers give permission and "opt in."
But that permission must say how long the information can be shared. The maximum time is two years.
• Consumers can't be discriminated against if they ask their financial information to be withheld or don't share health information. Companies can be cited for unfair trade practices if they violate this.
The New York department drafted proposed privacy regulations in June and then a second draft in August following industry and consumer-group feedback.
Officials held a public hearing in September, where at least 17 people and organizations commented on the new rules.
Last week, IIAANY announced it was "generally pleased" with the state's new privacy regulations.
At the September hearings, the NAII had wanted a better balance between insurers' business needs and a consumer's privacy rights, an approach the NAII said was taken by the National Conference of Insurance Legislators.

Insurance Times: Lumber Mutual Felled By Tough Pricing Wars

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Insurer pulled out of Midwest last summer

by Mark Hollmer
InsuranceTimes

Chris Zimmer had heard rumors that Lumber Insurance was struggling to survive. But Zimmer works for the competition. As Wausau Insurance's coordinator of underwriting and pricing for lumber insurance, he had his own business to worry about.
Then came the cryptic phone call.
A lumber company owner had contacted Zimmer earlier this year to ask for a policy price quote.
The man, Zimmer said, initially turned the policy down because his existing

coverage with Lumber Insurance was cheaper.
A few weeks ago, the man called him back and asked him for a reauthorization of the more expensive price quote. Zimmer took special notice, he said, because the man had served on Lumber Insurance's board of directors.
"That kind of spurred in my mind that something else was going on," Zimmer said.
As InsuranceTimes reported last issue, the Supreme Judicial Court approved a receivership order for the company on Nov. 1. And now Lumber Insurance's future - after more than 100 years in business -- appears to be a short one now in the hands of the Division of Insurance.
All Lumber Insurance policies (including those at its divisions) must be canceled by Jan. 1, according to the receivership order.
Finnegan would not comment directly for this story, but some industry insiders speculate a number of factors brought the company down, including declining rates versus rising costs.
"Market price levels have been decreasing at a double digit level over the last several years," Zimmer said.
"You go to any business and tell them to decrease prices for the last seven years, and what's going to happen to your profit?"
Added Peter Robertson, Massachusetts counsel for the National Association of Independent Insurers: "It's a warning signal on rate inadequacy the canary in the coal mine, so when the canary dies you know you've got a problem and you have to get out"
Lumber Insurance formed in 1895 and today includes at least three divisions. Lumber industry insurance is sold through both Lumber Mutual and North American Lumber, and the company's SEACO Insurance division offers commercial insurance to New England businesses.
Chief Executive Officer Neil Finnegan, who joined the company only earlier this year, said he was unable to discuss the company's misfortunes with the press because of receivership restrictions.
Within a few days of the receivership, however, the company posted a statement from Finnegan on its Web site - addressed to "the clients, staff and friends of Lumber Insurance" - announcing a "business run-off."
Conditions had grown dire, Finnegan wrote, reaching a point where Lumber Insurance had been losing over $100,000 a day despite efforts to change its book of business.
Operating losses this year alone are projected to top $22 million, and the company's surplus dropped by more than half over less than two years. The company also lost its reinsurance as of the end of this year.
Under-priced lines proved "to be too much of a drag on our combined ratio," Finnegan wrote, adding that attempts to find a merger partner also failed.
"It is with regret that the management and board of directors must inform you that we have been unable to stop the adverse trends in earnings and subsequent surplus erosion...," Finnegan wrote.
"Management and the Board thank the staff for their heroic work over the past nine months, and we think our clients for their support and loyalty over the century that Lumber has served its markets..."
Finnegan points out that the company is in rehabilitation and not liquidation, and that obligations will "continue to be paid in the normal cost of business..."
The receivership, meanwhile will try and find a buyer for the company's charter, licenses, book of business and infrastructure.
Lumber Insurance wrote about $35 million in premium in Massachusetts alone.
What went wrong?
Finnegan indicated in his Web statement that some of the company's lines of insurance dragged down its combined ratio.
Christopher Goetcheus, the DOI spokesman, said Lumber Insurance has had "unfavorable operating results" for the last few years.

But those numbers "were masked by favorable investment results," he said until those investments were sold off.
Furthermore, financial statements from the last two fiscal years appear to suggest an increase in workers compensation-related loss expenses.
Zimmer, who is based in Georgia, said he's been in touch with some of his salesmen - some who used to work for Lumber Insurance -- and has heard rumors about why the company went down.
The reason, Zimmer said, appear to be many.
"It's a combination of everything," he said. "They were very balanced in premium across the board."
But, Zimmer said, he heard the company was locked in a price war in the Midwest regarding property insurance (and the company subsequently pulled out of the region).
In addition, Zimmer said, the company seems to have lost its focus on its core business.
"It tried to grow and expand during a time when the market was doing nothing but going down they were writing an auto dealers program, they had an agency set up (SEACO), they were working hospitality hotel/motel business...
"It's like hitting the accelerator when you're going downhill when you should be kind of pumping the breaks a little bit," he said. "It just makes you go downhill faster."
Robert Larsen is insurance and risk management adviser to the North American Wholesale Lumber Association, an Illinois-based group which represents about 500 lumber manufacturers, wholesales and brokers across the country and Canada.
Larsen said he suspects higher combined ratios put pressure on the company's surplus, as they have with other lumber-related insurance companies in much of the country.
In other words, Larsen said, the combination of dangerous labor like sawing and cutting, combined with higher health care costs and price reductions, has hurt.
"I would say that rates coming into 2000 were probably at least 10 to 15 percent inadequate," he said.
And what's more, Lumber Insurance's end has left a hole in the market, Larsen and Zimmer both say.
In the Midwest, Larsen said, the company notified its agents this past summer that it wasn't renewing business and was searching for companies to step in.
"But I don't think they had any takers," Larsen said.
Zimmer said he was surprised that Massachusetts Insurance Commissioner Linda Ruthardt only gave two months for agents to transfer Lumber Insurance's 16,000 remaining policies elsewhere.
"It's going to put severe stress and strain not only on those customers but (also) the insurance marketplace," he said. "If you haven't noticed the underwriting market is thin (and) a lot of businesses don't want to do this business anymore because of the severity nature of the business..."
Zimmer said he'd wait and see what happens. His company is already writing about $500,000 of old Lumber Mutual business, he said, and Zimmer expects more to come.
But he's still disappointed about an old competitor's downfall.
"It's disappointing that it's come to this. I don't want to see a carrier that's been in business 105 years go away..."

Insurance Times: Industry Warned Over Backlash Against Credit Scoring
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The fairness and validity of credit scoring, along with questions of disclosure, were discussed during a lively seminar held at the recent CPCU Society Annual Meeting in San Antonio, Texas.

Personal Lines Dilemma: The Controversy of Credit Scoring, included panelists from different sides of the issue, each with different opinions on the topic.

Lamont D. Boyd, CPCU, of Fair, Isaac & Co., Scottsdale, Arizona, gave a basic overview of credit scoring.

Better Underwriting

"Credit information is used to make better underwriting decisions," Boyd explained. "We look at the way a consumer manages credit over time to predict the likelihood of loss. Credit management is entirely up to the consumer and whether or not they choose to take the time to manage their credit. We measure whether someone is willing and able to meet his or her obligations," he said.

Boyd maintained that credit scoring is not unfairly discriminatory, although it has been called so in the past. "Discriminatory characteristics are not used in determining a credit score. The factors that are not considered are: income, net worth, gender, marital status, religion, nationality, age or location," Boyd maintained.

Factors that are considered in the credit score include: information identifying the consumer, trade line information such as types of accounts, amounts and dates opened, account activity, consumer inquiries for new credit lines, and public record items such as judgments, liens and collections, according to Boyd.

In regard to pricing fairness, Boyd cited a study that showed consumers with lower rankings had a higher incidence of loss. "People who generate more loss should pay more. People who generate less loss should pay less," he said.

Clint Gillespie, CPCU, AAA Mid-Atlantic Insurance Co., Towson, Maryland, pointed to the potential of a consumer backlash over credit scoring. "People don't like [the insurance industry] anyway. We're a necessary evil," Gillespie said. "If we tell them that we're using credit scoring, we're just adding fuel to the fire."

He stressed the importance of "...using credit scoring as a tool to enhance traditional underwriting methods, not as the total answer."

Randolph L. Rohrbaugh, acting deputy commissioner of the Pennsylvania Insurance Department's Property and Casualty Bureau, warned of the dangers of non-disclosure.

"Few companies disclose that they are using credit scoring," Rohrbaugh said. "My concern is- why is it not being disclosed? If you disclose, you have to explain. If you can't explain it, should you be using it? Customers understand that their driving record will affect their rates, but they don't understand what goes on behind the scenes."

Empirical Evidence

Rohrbaugh commented on the lack of empirical evidence to support the validity of credit scoring. "You can't defend it until you have the statistics," he stated. "Let's turn it over to the actuaries. I submit that to everyone in this room- let's look at the numbers as we go forward. Make the information available to consumer advocates, so customers will understand that irresponsible credit will have the same effect as irresponsible driving," he stated.

On the question of fairness, Rohrbaugh asked, "What about the woman who is going through a divorce and is saddled with her husband's bad credit? What if you want to refinance your house, but your daughter just got a credit card? It looks different when it's your family."

Rohrbaugh pointed out that 17 states have enacted laws that regulate the use of credit scoring, 15 (including Pennsylvania) have an internal policy on credit scoring, and six have propagated regulations for the use of credit scoring.

Moderator Jeffrey J. Ogard, CPCU, Safeco Insurance Cos., Seattle, pointed out

that credit scoring is of particular concern to agents. "Agents need to consider whether to use or represent a company that uses credit scoring since they are the ones that will have to sit face-to-face with someone and tell them why they were turned down," Ogard said. "There could be a public relations backlash if the companies don't explain themselves well," he added.

Insurance Times: CAR Reports Larger Deficit; Elects New Chair
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BOSTON - Commonwealth Auto Reinsurers (CAR), the residual market organization for Massachusetts auto insurers, reports a fiscal year 2000 operating loss of nearly $345 million, a 20 percent increase over fiscal year 1999.
CAR Treasurer Michael J. Trovato attributed the deficit "to continued depopulation and increasingly unfavorable loss experience with only a modest increase in rate level."
Of the total deficit, $309 million is in the private passenger market, an increase of $34 million or 12 percent over last fiscal year's loss. The commercial lines portion is estimated at $35.5 million. CAR hopes that a commercial lines rate filing, retroactive to Oct. 1, will ease the commercial lines shortfall.
In other news, CAR has a elected new chairman and vice chairman. Charles I. Boynton, president of Boynton Insurance Agency, Inc., has been elected chairman, replacing Richard Brewer of Arbella Mutual Insurance Co. Boynton had been vice chairman.
The new vice chairman is Arthur J. Remillard, Jr., president of Commerce Insurance Co.

Insurance Times: Conn. Report Explains Insurer Complaint Rankings
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Last year saw an increase in Connecticut health-insurance related complaints, but a new law may explain the reason for the higher numbers.
So says the Connecticut Insurance Department, which announced the release of its annual complaint rankings of accident, health and automobile insurance companies last week.
Companies with justified and/or questionable complaints were included in the ranking. The Insurance Department gave a "1" ranking to companies with the lowest complaint ratios.
Golden Rule Group received a "1" ranking for accident/health insurance companies, and Anthem Health Plans Inc. ranked number 2.
For automobile insurance companies with premiums above $1 million, Amica Mutual, Central Mutual, Chubb, Credit Suisse and Fitchburg Mutual were among the companies who earned the "1" ranking.
Insurance Commissioner Susan Cogswell said the rankings help both consumers make better decisions and insurers to become more competitive.
"The rankings should give consumers insight into Connecticut insurance companies, (and) the rankings also help Connecticut insurers by showing them where they stand in relation to other companies It keeps competition alive...," Cogswell said.
Last year's managed care accountability law requires companies to promptly pay

medical claims and lets patients and providers collect 15 percent annual interest for any claim not paid in a reasonable amount of time. This incentive has encouraged more consumers and providers to register complaints, the Insurance Department said.
For details, log onto the Connecticut Insurance Department Web site at www.state.ct.us/cid/.

Insurance Times: ING's Purchase Of Aetna Life Divisions Completed

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ING Group's $7.7 billion purchase of Aetna's life insurance and annuity divisions gained Connecticut Insurance Division approval on Nov. 6.
Commissioner Susan Cogswell's approval follows an Oct. 3 public hearing held to discuss the sale, and her approval followed the recommendation of hearing officer Mark Franklin.
According to the approval order, ING America must report any change of domestic business, employment or management within its Connecticut operations for three years.
The Dutch company's intent to purchase of Aetna's financial services arm was announced over the summer. Aetna says it will now shift its focus to its health insurance business.

Insurance Times: Mass. Court Nixes Cambridge Domestic Benefits

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BOSTON (AP) - A Massachusetts Superior Court judge has struck down the city of Cambridge ordinance that gave gay workers and their partners the same health insurance and benefits as straight counterparts.
Middlesex Superior Court Judge James F. McHugh ordered the city to stop paying for those benefits as of Jan. 31, 2001, saying that the ordinance went beyond what is allowed under state law.
The city's ordinance, which had been put into place in 1992, was challenged by the Virginia-based American Center for Law and Justice, a conservative public interest group. The group filed suit against the city, claiming Cambridge overstepped its legal authority. The same group won a similar lawsuit in 1999 before the state Supreme Judicial Court, where it challenged the city of Boston's domestic partnership policy.
Cambridge Mayor Anthony D. Galluccio said the city is disappointed by the decision and will review its legal options.
"The city council has unanimously supported this ordinance,'' Galluccio said. ``We feel very strongly that municipalities should have the right to provide insurance to employees in a manner they see appropriate. We feel all families should be treated equally.''
According to the ruling, 71 individuals were receiving benefits under the ordinance as of April 19 at an annual cost of about $2,790 per recipient.

Insurance Times: After Years Of Plans, NY Begins Issuing Auto Insurance Cards

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by Mark Hollmer
InsuranceTimes

Nov. 13 was to be the big launch date for bar-coded auto insurance identification cards in New York State.
The cards themselves won't be mandatory until July 1, 2001, but the Department of Motor Vehicles planned to start accepting the new cards last week after months of testing and years of planning.
New York insurers and members of the Independent Insurance Agents Association of New York will be among those allowed to issue the new cards.

Reduce Fraud
The IIAANY released a written statement supporting the new device, which supporters hope will reduce fraud and the number of uninsured drivers. The association worked with state regulators and the DMV to help develop the card and educate agents about how the new system will work.
Steven Spiro, the IIAANY president, said the new insurance cards represent years of planning finally coming to fruition.
"The new, bar-coded ID cards are the culmination of several years of preparation involving discussions between the state, insurance carriers and agents, who bear a special responsibility in seeing that insured motorists reap the full benefits of this anti-fraud program," he said.
DMV testing of the program was to begin in August with eight agents and two companies.
Software for the new system is to be distributed over the Internet, and companies should have until Spring 2002 to issue cards for their renewal book of business, the NAII has said.
New York is getting the high-tech insurance cards thanks to 1997 legislation signed by Gov. George Pataki (and amended in 1998) to revamp the DMV.
The new cards are the second phase of the Insurance Information and Enforcement System, which was launched two years ago and began with the downloading of insured-driver information from over 200 companies into a modern database system.

DMV Reports
Auto insurers licensed in New York will now be required to report registration details to the DMV including an insured's name and vehicle identification number.
An example of how the system could work: if a driver is pulled over, police officers could use the card and access a database system to determine quickly if the motorist is covered by insurance. The card would also contain information including a list of other drivers covered by the insurance.
The DMV says it is one of the first state agencies to accept bar-coded auto insurance ID cards, according to IIAANY.

Insurance Times: Man Who Faked Own Death To Collect Life Insurance Arrested Two Years Later At Work
November 21, 2000, Vol. XIX No. 24

BOSTON (AP) - A Connecticut man believed to have burned to death in a car crash

two years ago was arrested when he showed up for work at a Boston Web design firm.
Police say Madison Rutherford, 36, formerly of Bethel, Conn., faked his own death to collect $7 million in insurance.
Rutherford, who now lives in the North End section of Boston, appeared before a federal magistrate in U.S. District Court, and was held without bail until a detention hearing.
According to records, Rutherford bought $4 million in life insurance in 1998, in addition to the $3 million in insurance he already had from another company.
In July of 1998, he and a friend allegedly staged his death in a car crash in Mexico. Rutherford and Thomas Pietrini had driven to Texas purportedly to deliver a dog to a breeder.
After dropping off the dog, the two reportedly drove into Mexico, and on July 11, 1998, rented a 1997 Chevrolet Suburban. The following day, Mexican Federal Road Police received a call that a car was on fire on the Monterrey-Reynosa Freeway.
When authorities searched the rubble, they found Rutherford's Medic alert bracelet, four human teeth and bone fragments.
Based on the evidence found in the car and witness testimony, the Mexican medical examiner pronounced Rutherford dead.
But when Rutherford's widow tried to collect the insurance money soon after the accident, one of the companies ordered an investigation of his death.
A forensic anthropologist quickly discovered that the bones that had been found actually belonged to an American Indian at least 20 years older than Rutherford.
The anthropologist also said the fire had been set with an accelerant.
Authorities now say that after the fire, Rutherford could not be found until last month, when a man matching his description was seen driving a utility vehicle with Vermont plates.
The car was registered to Rhynie Jefferson, Rutherford's wife. Police followed the man to his Boston office, where they discovered him working under the name Thomas Hamilton.

Insurance Times: Maine WC Writers Seek Slight Hike To Cover Benefits

November 21, 2000, Vol. XIX No. 24

by Penny Williams
InsuranceTimes

GARDINER, Maine -Workers compensation writers in Maine are seeking state approval for a slight loss cost increase to offset mandatory changes in benefits.
This year's loss cost filing of an average overall 1.9 percent by the National Council on Compensation Insurance (NCCI) is much less than last year's, which sought an average 13.5 percent increase. The state approved a 10.3 percent increase, the first hike in six years.
According to the Maine Bureau of Insurance, "most of the proposed increase is due to automatic increases in the maximum benefit duration as well as the maximum amount of weekly benefit paid to injured workers. These automatic increases are based on workers compensation law provisions enacted in 1993."
State officials were pleased the rate filing was so low.
Catherine Longley, commissioner, Department of Professional and Business Regulation said of this year's filing, "This is great news for Maine. Despite last year's increase, since 1993, workers compensation rates have decreased a

total of 37 percent."
"This loss cost filing is a reflection of the continued favorable experience, benefit expenses, and continuing safety trend in Maine. I am pleased that Maine's workers compensation market continues to reflect the stability of Maine workers compensation law," said Maine Superintendent of Insurance Alessandro Iuppa.
Last year, Iuppa expressed concern over the 13.5 percent filing, which was a combination of a 5.4 percent increase for advisory loss costs and a 7.7 percent increase filed by NCCI to adjust for law changes and updated claims data.
This year's more modest advisory loss cost filing of 1.9 percent reflects the countrywide trend of increasing medical and indemnity costs.
The filing also reflects the state's decision to increase the maximum weekly benefit for certain permanent partial disabilities. NCCI says this change raised the maximum duration limit by 52 weeks, from 364 weeks to 416 weeks in 2001, which will have an estimated 1.0 percent impact on costs and possibly more in the future.
"Under the current law," NCCI adds, "over time it is a virtual certainty that the duration limit for these claims will reach 520 weeks. The courts are now considering whether increases in this limit that become effective after an injury occurs will be applied retrospectively to that injury. If increases may be applied retrospectively, there needs to be a provision in the rates for the full 520 weeks. This would be expected to raise overall costs by 1.7 percent. If the courts rule against retroactive application, no provision is needed in the current rates for duration increases that become effective after 2002."

NCCI data and projections show that after a sharp decline from 1989 to 1995, indemnity loss ratios are starting to rise slowly while claim frequencies since 1995 have been relatively stable. The average indemnity cost per case has increased since 1994 with a slightly faster pace of increase expected going forward. Medical loss ratios have been steadily increasing since 1995, as have medical costs per case.
"Continued diligence is needed by Maine workers compensation stakeholders to ensure that the system remains strong and competitive," the NCCI says.

Insurance Times: Liquidation Of New England Fidelity Underway In Mass.

November 21, 2000, Vol. XIX No. 24

by Mark Hollmer
InsuranceTimes

New England Fidelity was to begin liquidation by November 15 - the second Massachusetts insurer to go bust this year.
A Supreme Judicial Court judge approved the petition on Nov. 9, a little over a month after Massachusetts Insurance Commissioner Linda Ruthardt submitted the documents.
New England Fidelity company officials did not object to the order, which officially declares the company insolvent.
Liquidation proceedings for Trust Insurance began a few months ago, in a move expected to cost more than $30 million to cover remaining exposure costs.
Trust's CAR deficit obligations will run an additional $34.7 million. For now, Lumber Mutual is under receivership but there's no sign yet that the Division of Insurance plans to seek liquidation.
In New England Fidelity's case, the West Springfield company's 40 employees "at

this point will continue to process claims and facilitate the move of policies to other carriers," said DOI Spokesman Christopher Goetcheus.
A severance program is also in place, Goetcheus said, and employees will be given 60 days notice before their jobs are ended.
Before the receivership, New England Fidelity's book of business included 32,000 personal auto policies and 3,000 homeowners policies. The company also handled a small amount of commercial liability and property insurance.

Guaranty Fund
Liquidation means that the state's guaranty fund is triggered to cover any outstanding claims up to $300,000, including claims on policies remaining on force through Jan. 15.
New England Fidelity's decline accelerated earlier this fall.
The DOI placed the insurer in receivership at the end of September and then filed a liquidation petition within two weeks.
Bob Florian, the company's president and chief executive officer, blamed the company's failure, in part on a heavy amount of ERP business.
But in the liquidation petition, the DOI also blames New England Fidelity's failure on the handling of a $2.75 million bank loan as well as the company's June 30 unaudited financial statement.
New England Fidelity filed an unaudited statement Aug. 14 that showed a surplus of $2.7 million as of June 30, versus $6.1 million the year before. A minimum of $5.75 million was needed to keep the company at acceptable levels.
But the company listed a $2.75 million loan as part of its June 30 assets, made to New England Fidelity's parent company, LADD Financial Group, from a Family Bank subsidiary.
The money was used to pump up New England Fidelity's cash reserves. Because of complicated financial reasons, the DOI adjusted for the loan and figured the company's surplus to be negative $2.6 million, according to the liquidation petition.
New England Fidelity did petition CAR for oversubscription relief in July, and that petition was granted hours before the company was placed in receivership.

Insurance Times: Clinton Issues OSHA Ergonomics Rule Opposed By Business Lobby

November 21, 2000, Vol. XIX No. 24

by Greg Toppo
Associated Press

WASHINGTON, D.C. - Business groups and GOP lawmakers said government rules proposed last week to protect workers from job-related injuries could cost industry billions of dollars each year.
The Occupational Safety and Health Administration rules take effect Jan. 16, days before a new administration takes office, but businesses will have until October to comply.
The rules are intended to protect against workplace injuries for more than 100 million workers who perform repetitive functions such as typing, working on an assembly line, sliding groceries past scanners or lifting heavy loads.
Industry groups said OSHA's standards are arbitrary.
"We don't think there is any scientific basis to say how many repetitions are too many, how much weight is too much,'' said Stephen Bokat, senior vice president and general counsel for the U.S. Chamber of Commerce, which last week

filed a petition for review of the standards.
Bokat and others said OSHA should have issued nonbinding ergonomics guidelines instead.
A lobbying coalition, including the chamber, the National Association of Manufacturers and hundreds of other business interests and corporations, also says OSHA grossly underestimated the cost of the regulations. According to one industry study, the new rules would cost U.S. businesses more than $90 billion a year.
OSHA said they would cost industry 5 percent of the groups' estimate - about $4.5 billion - and would actually end up saving businesses money due to reduced workers' compensation costs and improved productivity.

Business Benefits

Charles Jeffress, head of OSHA, said businesses would reap about $9 billion in benefits from the new rules. He also said many businesses, both in the United States and abroad, already use similar rules, based on sound science.
``We know from those experiences that we can protect those workers,'' Jeffress said. ``Things do improve for workers, and businesses have put programs in place in countries around the world to address ergonomics.''
He said 1.8 million U.S. workers have ergonomics-related injuries, with 600,000 missing work each year because of them.
Organized labor pushed for the regulations, saying they don't place an undue burden on employers because companies need not take preventive action against hazardous conditions.
Peg Seminario, director of the AFL-CIO's Safety and Health department, called the standards ``the most important safety and health protection that has ever been issued by OSHA.''
Some of the 6 million workplaces covered by the rule may have to do little more than provide workers with information about ergonomics-related injuries and their symptoms.

Musculoskeletal Disorder

But if a worker reports symptoms of a musculoskeletal disorder - such as carpal tunnel syndrome, back pain or tendinitis - the employer must determine whether that problem is connected to the job. If so, the worker is entitled to medical care and time off with pay. The employer must then find out if that job exposes workers to risks and take steps to reduce the hazards. That could include altering work stations, redesigning facilities or changing tools based on injuries.
The standards, which were 10 years in the making, were so contentious that they helped torpedo budget negotiations between the White House and Republican lawmakers.
The impasse helped stall final agreement on the $350 billion labor-health-education spending bill, one of the items still to be enacted by Congress for the fiscal year that began last October. Both the Republican-controlled House and Senate opposed OSHA's plans to issue the rules before the National Academy of Sciences completed its own ergonomics study.
The American Insurance Association is leading a lawsuit challenging those aspects of the rule that interfere with state workers compensation law and, AIA contends, effectively create a new federal program. This "work restriction protection" provision would mandate payment for medical treatment and lost wages for muscoskeletal disorders. The AIA suit, filed in the Fourth Circuit Court of Appeals in Richmond, Virginia, is on behalf of 12 top property and casualty insurance groups including ACE USA, CNA, Royal & SunAlliance, Chubb, CGU, The Hartford, Kemper, PMA, Travelers, Fireman's Fund, AIG and Liberty Mutual.

Insurance Times: Berkshire, Safeco, Hancock Win ACLI Awards
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Three life insurers -- Berkshire Life, Safeco Life & Investments and John Hancock Financial Services -- received top honors in the American Council of Life Insurer's inaugural Integrity First competition.
The new, annual awards program recognizes member companies that demonstrate outstanding achievement in promoting integrity in their business operations and product marketing.
"A core concept in our business is trust," said ACLI Chairman Drayton Nabers, Jr., who presented Integrity First awards at the ACLI's 2000 Annual Meeting. "When you consider the long-term nature of our business -- and our promise to pay obligations decades after a contract is purchased -- life insurers must do everything we can to demonstrate to a sometimes skeptical public that we are worthy of that trust."
Berkshire Life, headquartered in Pittsfield, Mass., was cited for its Quality Commitment Program in customer service. That program sets high standards of performance for employees on all of the company's business operations, from building maintenance to underwriting to policy owner services. Since the program went into effect, customer satisfaction surveys at Berkshire are up 13 percent.
Safeco Life & Investments, of Redmond, Washington, was honored for its Compliance Forum Program, which features a state of the art self audit component for independent agencies. It also features an agent training program.
John Hancock Financial Services, headquartered in Boston, was cited for its Online Initiative featuring customized Web sites that provide key information for consumers, agents, producers, and some group clients.
Nabers praised the three winners and the 30 others who entered this year's Integrity First competition. "As we enter this new century, we must reinforce the vital bonds of trust between our companies and our customers," Nabers said. "We must all commit to an industrywide goal of improving the industry's trust factor with the public. In the end, there's nothing more important that we can achieve."
Judging the award competition were Tom Donaldson, president and CEO of LOMA; David F. Woods, CLU, ChFC, president the Life & Health Insurance Foundation for Education; and Catherine Weatherford, executive vice president, National Association of Insurance Commissioners (NAIC).
ACLI has more than 400 member companies.

Insurance Times: NY Agents Close To OK On Branding Campaign
November 21, 2000, Vol. XIX No. 24

by Mark Hollmer
InsuranceTimes

Rival associations IIAANY and PIANY are close to settling on a new joint brand name and slogan to boost independent agents' business in New York.
A joint committee of both the Independent Insurance Agents Association of New York and the Professional Insurance Agents of New York has worked with a Long Island ad agency for months to develop a marketable identity.
In mid-October, the group tentatively agreed on a brand name and tag line: "Group I Advisors" and "Making insurance work for you."

The IIAANY Board of Directors was to meet November 15 in Syracuse and representatives from its separate branding committee were to discuss what's been accomplished so far. No vote is expected, however.

PIANY Meeting
Ken Bessette, executive director of PIANY, said his organization is expected to hold a board meeting soon, and would discuss the proposed brand and possibly vote.
Bessette said he wasn't sure when such a meeting would be held.
The PIANY/IIAANY joint committee must give final approval to a brand/tag line and then both association boards must vote in favor before it becomes official.
Patrick Moore, president elect of IIAANY, served on the joint committee, and said the branding effort wasn't easy.
"Branding is a hard concept to grasp," he said, adding that the process is a complicated but "thought-provoking process."
So why "Group I Advisors" and "Making insurance work for you?"
The words came out of extensive meetings (since March) and market research working with the Tobol Group.
"We tested a lot of different names," More said in a recent interview.
"We wanted to use other words like "alliance" but found out because of the "Survivor" series during the summer that had very negative connotations.
"Our take on the concept of what we need to be branding to our consumers is a feeling that the experience of buying insurance for the average customer can be overwhelming," Moore said.
"There are a number of choices in terms of insurance carriers and agents and a number of choices for coverage on both the personal lines and commercial side.
"One good thing an agent does who meets (a level of) standards is to reduce that anxiety in the buyer's mind."
The joint committee creating the New York branding effort still has a number of issues to work out, such as standards for agent participation and fees.
Nationally, the Independent Insurance Agents of America is also in the final stages of developing its own branding campaign.
IIAA spokesman Kevin Craiglow said a proposed brand name and tagline debuted before the association's national board of state directors, at the IIAA annual convention in Orlando, Fla. earlier this fall.
That information is still limited to board members and isn't public yet, he said.
Board members are seeking feedback and they're expected to vote on the proposed brand name in January, he said.

Insurance Times: Conning Acquires Charter Oak

November 21, 2000, Vol. XIX No. 24

HARTFORD - Conning Corp. has entered into an agreement to acquire the Charter Oak Capital Management operations, an investment manager.
The acquisition will increase Conning's unaffiliated assets under management by approximately $3 billion and investment accounting assets by approximately $1 billion. Charter Oak is currently majority-owned by David L. Babson & Co., Inc. The transaction is expected to close during the fourth quarter of this year. Conning is a wholly-owned subsidiary of MetLife, Inc.

Insurance Times: OpinionExchange
November 21, 2000, Vol. XIX No. 24

Fifty InVEST students from across the state of Florida and a silent auction gave a big boost to the high-school and community college education program during the Independent Insurance Agents of Americas (IIAA) 105th Annual Convention & InfoXchange in Orlando, Fla. last month.
The high school InVEST students participated in the opening general session featuring Jesse Jackson as keynote speaker and immediately following were paired with an independent agent chosen to serve as their mentor. The students and their mentors also attended a luncheon given in honor of the InVEST students, allowing each student to receive an up-close view of the insurance industry. Mentors were given an opportunity to discuss their career as an independent agent and provide advice that the students could use to achieve educational and career goals, said Jim Armitage, chairman of the InVEST Board. A guided tour of the record-sized InfoXchange exhibit hall provided students insight into the vast variety of products and services offered to independent agents.
More than $35,000 was raised through the 3rd Annual InVEST Silent Auction, held Sunday. The money will be used to enhance and expand the programs local efforts to establish more InVEST schools throughout the country.
The amount of money raised at the InVEST Silent Auction was greatly encouraging.. "It shows a true commitment by agents, vendors and insurance company representatives who participated in this event to supports the future of the Independent Agency System," noted Armitage.
Some of the items that were up for bid included a Seattle Mariners package for two from Safeco Insurance Companies, box seats at Camden Yards from St. Paul, eight tickets to the Jets vs.. Lions NFL game from Chubb Group of Insurance Companies, and dinner for six at a fine New York City restaurant and tickets to the world-famous New York Ballet from Travelers. Other exciting bid items were four one-day passes to the Disney theme parks from the Florida Association of Insurance Agents and a weekend getaway on Mackinaw Island the Michigan Association of Insurance Agents.
Sponsored and administered by IIAA, InVEST is a national program designed to teach insurance-related business skills to high school and college students around the country. Currently, InVEST graduates 5,000 students each year. It reaches diverse populations in more than 230 urban and rural communities and has 50% minority participation. Of these students, historical data shows more than 66% enter an insurance-related career. In addition, many students go into some form of higher education armed with a firm understanding and appreciation of the insurance industry. p

As the presidential election was still in doubt, the insurance industry was predicting the divided political makeup of the Senate and House will mean that the 107th Congress will see several key insurance issues resurface, with those gaining bipartisan support likely to dominate the discussion.
"This is going to strengthen the power of conservative Democrats and the moderate Republicans in both chambers," said David Farmer, Alliance senior vice president of Federal Affairs.
"Traditionally, these congressional factions have demonstrated a fiscally conservative bent and are seen as supporters of a healthy private sector. This is a positive development for business and insurers."
The Alliance expects issues such as privacy, which have generated support on both sides of the aisle, will receive continued emphasis in the new Congress. According to Farmer, "It will all come down to the details. The insurance industry is very much in favor of a number of general concepts with broad

support, such as consumer privacy, loss mitigation and consistent insurance regulations. We believe that because bipartisan legislative coalitions will hold the balance of power, the development of similar coalitions between business and community groups could be essential.

"Working together to accomplish common goals in a way that keeps businesses and our economy strong is in the interest of not only both political parties, but all concerned."

Despite the loss of at least one seat, the Republicans appear to have held their majority in the Senate with at least 50 of the 100 senators.

Republicans also managed to also hold onto a narrow majority in the House with at least 218 seats-the minimum number needed for a majority in the House.

The 106th Congress will reconvene this week in a "lame duck" session. Budget deadlock between Congress and the President is expected to continue, with Clinton threatening to veto key appropriation bills over a number of issues. One significant area of disagreement lies in the Labor/ HHS/ Education bill amendment blocking OSHA from issuing ergonomic regulations.

"Even though most people are looking ahead, the fight in this Congress still isn't over. For example, ergonomic rules funding and possible privacy-related issues are still very much on the table, so we're going to remain actively involved right up until the end," said Kenneth D. Schloman, Washington counsel for the Alliance.

"At this point, with the uncertain political environment, that could mean going almost straight from the 106th Congress to the January opening session of the 107th Congress."

Insurance Times: Cigna, The Quiet Giant, Stands Pat And Thrives

November 21, 2000, Vol. XIX No. 24

By avoiding the risky side of the health insurance business and keeping a low profile, Cigna has quietly outperformed others in the field

by Phil Galewitz
Associated Press

PHILADELPHIA - Many successful companies are known for taking risks. Cigna Corp. isn't one of them.

Yet this quiet giant - as Cigna is known in the health insurance industry - thrives by maintaining a low-key image and finding conservative ways to expand even as competitors seek aggressive growth at all costs.

"While other companies have more braggadocio, Cigna can stand by its results that are among the best in the industry,'' said Bill McKeever, an analyst with PaineWebber. Last year, Cigna earned $1.7 billion on $18.7 billion in revenues.

And while many managed care stocks have advanced modestly this year, shares of the nation's sixth-largest health insurance company have nearly doubled since hitting a 52-week low of $60.75 in March. They're currently trading at the $111 level.

Trends Avoided

Philadelphia-based Cigna, which bills itself as a full-service employee benefits company selling health, dental and disability insurance and pension management services, has avoided some industry trends that turned problematic for competitors. For example:

- While other large managed care plans made big acquisitions in the past few

years to increase their customer base, forcing them to integrate differing corporate cultures, Cigna decided to focus on internal growth.

- While other companies held down premiums in the 1990s to attract customers, sacrificing profits in order to get new members, Cigna kept its rates up and maintained its profits.
- When many HMOs took big steps into the unprofitable Medicare market, Cigna moved tentatively. This year, Cigna announced it would quit most of the Medicare business, leaving it just 50,000 Medicare HMO members in a handful of markets, down from nearly 200,000 two years ago.

The company is focused on low-risk business.

For about 80 percent of Cigna's 14 million health insurance customers, the company handles only administrative duties in providing insurance. Employers pay for the actual health costs, which means an employer - not Cigna - is the one ultimately responsible for keeping up with rising health costs and forced to pick up the extra expense when costs exceed projections.

Cigna's business comprises mostly very large companies that can afford to pay employee health costs. Big companies usually prefer this arrangement because it gives them the most flexibility in determining benefits.

Less of a Target

The lack of risky business, Wall Street analysts say, has helped Cigna avoid many problems associated with rising health costs, an issue plaguing competing health plans. And the company's low profile has made it less of a target for class action suits filed in recent years accusing HMOs of putting profits ahead of patient care. Cigna has been named in only two of six lawsuits, most of which are either pending or that have ended with rulings in the industry's favor.

But Cigna officials say their quiet stance means the company's accomplishments aren't well known.

``We need to be a bit more aggressive and get more extroverted because we are under-appreciated,'' Cigna CEO and president H. Edward Hanaway said in an interview at his Philadelphia office last month.

But since Hanaway became CEO in January, he has been as low-key as his predecessor, Wilson H. Taylor, who remains chairman.

Better Coordination

Hanaway said Cigna wants to be a resource for all employee benefits, and is trying to better coordinate sales of its health, disability and dental insurance along with pension plans. Cigna is also working with other companies to sell auto and homeowners' insurance in the workplace.

Cigna will only make an acquisition if it means immediate profits, Hanaway said. The company added 1 million members in the last year without buying a competitor.

``We do not have to be the biggest and we do not have to make a major acquisition to be successful,'' he said.

Aetna Experience

Perhaps the best way to gauge Cigna's success is to judge it against rival Aetna, which is today the nation's largest health insurer but is also mired in financial crisis. In the early 1990s, the two companies were mirror images of one another. Both sold many types of insurance and were looking to concentrate more heavily in health care.

Aetna in 1996 bought U.S. Healthcare, a fast growing HMO that aggressively tried to hold down health costs. Then it bought NYLCare and Prudential Healthcare.

Earlier this year, Aetna sold its financial services business, saying it couldn't find a connection to its health business.

Aetna's stock has weakened in the past five years as the company struggled to integrate its acquisitions.

Cigna sold its property and casualty insurance business in 1998, but has resisted using the proceeds to make a big acquisition. When it had cash, it bought back more of its own stock, raising the prices of Cigna shares; they have nearly tripled in the past five years.
In addition to avoiding risk, Cigna has benefited from maintaining mostly good relations with doctors and hospitals- a by-product of pricing the health insurance business high enough to pay health care providers a satisfactory fee, analysts say.
It has also won contracts with employers by offering a variety of health insurance plans, from tightly managed HMOs to more flexible preferred provider organizations that allow consumers to more easily choose their own doctor and get referrals to specialists.
``Cigna sells what the customers wants and they give options to everybody,''said Ira Zuckerman, an analyst with Nutmeg Securities in New York. ``And their outlook is positive particularly because they have less exposure to health care inflation.''

Insurance Times: Middleton Group's Hammes at Big Event

November 21, 2000, Vol. XIX No. 24

Agents urged to do what the most successful agencies do

by Mark Hollmer
InsuranceTimes

Carol Hammes insists independent agents shouldn't worry about the prediction that half of the agencies around today may be gone in a decade.
"There will probably be 50 percent fewer independent agencies and companies 10 years from now," says Hammes, an industry consultant. "But there will probably be as many or more people working in the independent agency system If I thought it was dying, I'd find another" job.
Hammes, president of The Middleton Group and editor of The Middleton Letter, was the keynote speaker at The Big Event/ Massachusetts Association of Insurance Agents convention luncheon, held Nov. 6 in Boston.
Hammes gave the crowd of hundreds of second-day convention-goers a hopeful evaluation of the industry, assuming agents modernize and change the way they do business.
"You also have to look at what your options are," she said. "You must change the way you do business."
As part of her consulting work, Hammes said she came up with several items "most successful agencies are doing," or can do to stay on top.Here are her ideas:

• Create a developed sales structure, because "you can't sell new business simply on referrals." Up to half of all agencies still pay producers on salary, Hammes said, adding that the system needs to change to something incentive-based like commissions. This structure can include sales centers, more customer service support and service.
• Expand from property and casualty business into employee benefits or life financial management. "Agencies that have focused on employee benefits are most successful," she said.
• Use automation effectively both within your company and in working with the outside world. "You've got to use the Internet, you've got to use e-mail, you've got to communicate with insurance companies using computers," she said.

• Organize the job to serve the account rather than the producer
• Strive for above-average productivity levels. "Take a look at what a (typical) agent is doing for productivity and strive to be 25 percent above average," she said.
• Maximize your company relationships and try to end redundancies with selected major carriers.
• Don't just merge because everyone else is. "The urge to merge is very strong right now," Hammes said. "Make sure you're not just merging to get bigger, but that you're merging to get better."
• Critically evaluate opportunities for joint ventures with banks, insurance companies and other financial institutions. "You don't want to be involved with a bank unless it's the right bank," she said.
• Stay financially stable.
• Keep positive. "A positive attitude," Hammes said, "is the most important thing.
"If you're an owner and you're having a bad day (the employees) will have a bad day. Even if you don't know their names, just say 'hi.'"

Insurance Times: Chubb Executive Risk Adds To Health Care D&O

November 21, 2000, Vol. XIX No. 24

SIMSBURY, Conn. - Chubb Executive Risk (CBER) unveiled new regulatory liability insurance for health care organizations that covers up to $1 million of civil and criminal defense expenses as well as settlement costs for alleged fraud and abuse violations.
The regulatory wrongful acts coverage is designed to respond to today's top financial exposure for most health care organizations: government anti- fraud and anti-abuse enforcement. The coverage can be endorsed onto CBER's directors and officers (D&O) liability insurance policy for health care organizations.
Coverage highlights of CBER's regulatory wrongful acts insurance include specific coverage under the Medicare, Medicaid, Federal Employee Health Benefit, and TriCare programs for any alleged act, error, omission, misstatement, fraud, reckless disregard, or negligence in procedure coding; and submission of bills, claims, and cost reports; as well as calculation of managed care benefits. CBER also insures alleged violations of anti-kickback and patient referral laws, as well as reasonable accounting and consulting expenses incurred by an insured in defense of a claim for regulatory wrongful acts. Furthermore, CBER insures monetary amounts an insured is legally obligated to pay as the result of a settlement when there is no actual finding of fraud. Generally, up to $1 million of insurance is offered, subject to underwriting.

Insurance Times: ABA To Develop Rules For Online Business Spats

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WASHINGTON, D.C. - According to Forrester Research estimates, e-commerce sales in the U.S. reached $5.3 billion during the first part of this year, and nearly half of all U.S. households with Internet access purchased products on-line.
With the phenomenal growth of Internet sales, both consumers and businesses dealing with other businesses now find themselves faced with another problem - where should they go to get help solving their online commercial disputes?

One way to avoid these issues would be through the use of alternative dispute resolution. The American Bar Association sections of Dispute Resolution, Business Law, Litigation, International Law and Practice and Intellectual Property have formed a new task force - the Task Force on E-Commerce and ADR - which is charged with drafting workable guidelines and standards that can be used by parties to online transactions and online dispute resolution providers. An Advisory Group with members from ADR providers, Internet providers, consumer representatives, government entities and other ABA sections with an interest in e-commerce issues will also be formed to provide advice and guidance.

Insurance Times: ISO Offers Price Change Information

November 21, 2000, Vol. XIX No. 24

NEW YORK - Insurance Services Office will begin reporting commercial insurance price-change information in a new information product called MarketWatch.
ISO MarketWatch reports will be issued quarterly, tracking and countrywide price changes on renewal business for general liability insurance. The reports are based on a large sample of actual policies reported to ISO by participating insurance companies.
The sample will be based on more than $1 billion in direct written premium from more than 50 insurance groups.
Early next year, ISO will begin to issue reports on commercial auto insurance.

Insurance Times: CPCU Society Selling Tapes From Annual Meeting

November 21, 2000, Vol. XIX No. 24

'The CPCU Society is offering tapes of conference proceedings for its 2000 Annual Meeting and Seminars held in San Antonio, Texas, from October 22-24, 2000.
Seminar topics include: the agent and broker as risk manager, credit scoring, kidnap and ransom coverage, co-mingling of financial services, technology management, improving communication between the sexes, reinsurance for the 21st century, making yourself at home on the Internet, foresight is 20/20, financial enhancement for the future, the European union's impact on the insurance industry, career repositioning, exposures and claims relating to fire, underwriting profitability analysis for the 21st century, architecture of enterprise risk management, training for the fast track, underwriting the .com, technology and tomorrow's insurance policy, purchasing insurance strategically, self development through the Internet, and EPL (mock trial format).
The President's Panel, featuring industry CEOs discussing future trends, and the Loman Lecture by Sheila Murray Bethel are also available on audiocassette or audio CD-ROM.
For more information or to place an order, contact The Sound of Knowledge, Inc. at (858) 483-4300.

Insurance Times: IIAA Annual Convention

November 21, 2000, Vol. XIX No. 24

Young agents urged to use technology and 'take control'

Today's stronger and diversified agency base, combined with aggressive marketing and use of technology means young agents have a world of opportunity in the insurance industry, insurance company executives agreed during a panel discussion at the Independent Insurance Agents of Americas 25th Annual Young Agents Leadership Conference.
The conference was recently held in conjunction with (IIAA) 105th Annual Convention & InfoXchange in Orlando.
Young agents were encouraged to take control of their business, have passion for their business, develop a strong value proposition, be flexible and use technology to become more efficient.
Panelists included Robert J. Gore, chief executive officer of WCC Online, Inc., the developer of WorkComp.Com; Michael S. McGavick, president and chief operating officer of CNA agency market operations; Richard Quagliaroli, executive vice president of sales and marketing for The Hartford; and Robert Williams, agent business leader for Progressive Insurance.
The Hartford's Quagliaroli said proprietary company technology has no long-term future and praised agents for developing excellent web sites that drive sales growth and efficiencies.
McGavick agreed, lauding agents for harnessing technology and coming to companies with ideas, and at the same time resisting company-sponsored proprietary technology. "We have seen more (business) model-busting ideas coming from agents," he observed.
The panelists also explored the importance of building and maintaining powerful brands for their products.
"We will take every element of our agency relationship online in order to have resources to further build the CNA brand around trust," McGavick said. "No one has more opportunity than the person who has been working at the core of the distribution channel on a complex product. It's an exciting time for independent agents."
McGavick praised IIAA for its independent agency brand-development project currently underway, and urged agents to become aggressive in driving their added value to the customer. "The value equation is having somebody local. You have to trumpet that as a preferred way to write business or all the people yapping about direct will beat us," he said.

Branded Companies
Quagliaroli added that consumers are anxious to do business with branded companies. Independent agents should marry technology with branded companies, he noted. And company-direct Internet sales shouldn't be viewed as a threat since the pie is very big.
While Progressive is a multiple-distribution company, Williams said most customers prefer a local agent, even those who come to the company's website. "Our big plan is to have a majority of our business through independent agents. Customers want service; they want price; they want brand."
But WorkComp.Coms Gore said agents strength and survival depend not on what they sell but how they sell it. "You are your brand. You own the customer experience, and the best thing you can do is tighten your control over the distribution."
While agents face consolidating companies and shrinking commissions, the upside is that they own the distribution, said Gore. "You will have a much greater return on equity in the future because (with technology) you can write more business," he told agents.
The panelists also discussed the importance of the training young agents need to be successful. Quagliaroli said his company trains 250 to 300 new agents

annually in The Hartford School of Insurance, while McGavick said CNA has taken time out to revamp its insurance training program for new agents, although it recently has seen renewed enthusiasm for company-sponsored training.
But Gore argued: "You can stick a fork in company-based training. What you will get is distance learning and what appears on your monitor."

Mergers Strengthen Agents
Williams noted that agency merger and acquisitions are creating more hybrid organizations and franchises, not just a corner shop. "So we companies will have to be more flexible. I think mergers and acquisitions will leave independent agents stronger, not weaker.," he added.
McGavick agreed: "The system is remodeling itself; it's a natural process. The technology so levels the playing field that we expect a wide variety of independent agents to survive. It's not just about big, big, big."

Advice for Agents
Panelists were asked to provide a singular piece of advice for young agents.
Quagliaroli offered: "Develop a very strong value proposition for what you do. And read incessantly."
Williams: "Use technology to become more efficient and the only way to do that is to affiliate with carriers that can provide superior technology and 24-7 access."
McGavick: "Have passion for what you do."
Gore: "Don't sit out there and do business the way your father or your brother does it. Take control of your own book. Being passive doesn't cut it any more."

Insurance Times: Strategies For Insurers Seeking To Increase Value Outlined At Conference
November 21, 2000, Vol. XIX No. 24

ATLANTIC CITY, N.J. - Leading insurance industry experts recently met at the annual Insurance Conference hosted by Marshall & Swift to discuss new tactics that property and casualty insurers can adopt to improve the overall worth of their business in the new millennium. These included strategies for greater cost containment in the claims management process, creation of new sources of revenue and opportunities for capital investment and improved property valuation solutions.

'Think Outside Box'
"Capital for sales growth in such venues as the Internet requires insurance executives to think outside the box to help their companies generate not just profits, but substantial profit margins," said Robert Crine, president of Marshall & Swift. "Generating greater worth now and over the long-term will assume enhanced importance as more and more providers struggle to meet the challenges of intense competition within ever-shrinking markets."
P&C firms continue to operate in the red because of limited market growth, sustained underwriting losses and growing competitive pressures, said David H. Warren, senior engagement manager, McKinsey & Co., and Anthony A. Latini Jr., director of financial services for Berwind Financial, L.P.
For example, according to Latini, the growth of written net premiums has decreased from 22% in 1985 to 1.8% in 1998. Also from an "historical financial perspective," he added, in the last five years, the P&C industry has averaged a 6% return on equity as compared to other industries such as investment services

and the S&P 500, which have realized higher returns of 24% and 22% respectively.
According to both Warren and Latini, these trends mandate that insurance carriers implement such alternative strategies and tactics for long-term survival, profitability and future investment ability.
They said that insurers must assign more accurate valuations to the properties they insure.
"Insurers are paying far more today to settle property claims than are offset by their premium base," said Warren of McKinsey & Co. "Obviously, determining more specific property valuations at the time risks are insured is important, but just as necessary is maintaining accurate information afterwards. This is very doable using today's modern valuation technologies."
One such method of generating proper insurance to value is through Tele-Estimating((TES), a direct-to-consumer system of gathering the data necessary to update existing books of property business.
"The process is heavily automated, so it integrates well with our extensive field inspection services and with the insurance company's own business management technologies," said Crine of Marshall & Swift.

Supply Chain
Participation in a supply management chain is also a cost-effective way to lower property claims settlement expenses, enhancing value from the claims side of the business, panelists noted.
"Insurers could save substantially on claims payouts by controlling repair costs through a supply chain management program, which includes a network of selected contractors," said Warren.
"With a supply chain management program comes savings in construction costs, reduced home repair/replacement time and fewer customer complaints," said Warren.
Demutualization has been employed by some mutual companies to increase operating capital to build capacity.
Insurers should also investigate acquisitions and joint ventures with larger firms to diversify risk and create value.
"Selling to or partnering with a larger company will create value for your shareholders by expanding your lines of products and services," said Latini. " Companies can also diversify risk by implementing an acquisition strategy based on geography, added Latini. One noted insurer "recently embarked on an acquisition strategy to diversify their exposure away from the East Coast," he said. "They bought out some companies in the Midwest, and their premiums rose dramatically."
Marshall & Swift publishes building cost data and provides allied services to the insurance, real estate and construction industries.

Insurance Times: Reinsurance Demand Seen Declining

November 21, 2000, Vol. XIX No. 24

Demand for traditional property-casualty reinsurance will continue to decline over the next five years as primary insurers grow in size, according to a new Conning & Co. study.
The added strength of many insurers is improving their ability to manage their own exposures while driving down their need for augmented capacity.
In order to grow in this environment, reinsurers must develop new markets and products, including the "alternative risk transfer" (ART) market, Conning reports.

Globalization

According to the recent Conning study, Property-Casualty Reinsurance: Developing the Next Frontier, globalization and consolidation trends have created larger insurers reducing the need for traditional reinsurance.

Globalization also has created an opportunity for reinsurers to develop more comprehensive risk solutions for exposures that have not been covered through traditional insurance and reinsurance products.

"The lack of demand for traditional reinsurance has caused reinsurers to engage in fierce price competition to protect market share," said Clint Harris, assistant vice president for research and publications at Conning and author of the study. "The combination of lower demand and increased supply of reinsurance capacity has hurt profits as reinsurance pricing began a downward spiral that is difficult to break."

No Single Strategy

However, no single strategy appears to be emerging among reinsurers to expand their markets. As yet, most agree that writing less business will increase rates. Only a few emphasized the need to expand their market and product offerings in order to grow.

One area where there is growth is in the ART markets. Premiums on ART products are already substantial - averaging 14% of the total written reinsurance premium for the industry, according to experts surveyed by Conning - and long-term growth potential for the ART market appears promising. Forty percent of reinsurance survey respondents anticipate growth of nontraditional products in 2000.

Insurance Times: John Hancock Expands Bank Distribution

November 21, 2000, Vol. XIX No. 24

BOSTON - John Hancock Financial Services announced three alliances that will expand distribution of the company's products through banks.

The John Hancock Financial Institutions Group (JHFIG) has signed selling agreements with Wachovia and Regions and been selected as one of six strategic partners for life and long-term care insurance by First Union Corp. JHFIG is the sales and marketing arm of John Hancock responsible for all mutual funds, annuities and insurance products in the bank channel.

Wachovia Insurance Services, the insurance subsidiary of Wachovia Bank, headquartered in Winston-Salem with $70.8 billion in assets, has selected John Hancock as a preferred long-term care insurance carrier.

Wachovia's investment representatives will sell SimpleCare, a new simplified long-term care offering. Currently, Wachovia's insurance advisors offer John Hancock's estate planning products to wealth management customers.

Birmingham, Alabama-based Regions Financial Corp., with assets of $42.9 billion, has chosen John Hancock as a strategic insurance partner for both life and long-term care insurance. Regions becomes the first bank to offer all of John Hancock's core products, fixed and variable annuities, mutual funds, life insurance and long-term care insurance, to its customers.

First Union, the sixth largest financial services company in the country, headquartered in Charlotte, with $258 billion in assets, has selected John Hancock as a strategic partner for both life and long-term care insurance. John Hancock will be working with the bank in its retail and affluent markets throughout First Union's 12 east coast states and the District of Columbia.

Insurance Times: New York Life Partners With Cpas

November 21, 2000, Vol. XIX No. 24

NEW YORK - New York Life Insurance Co. announced that through its newly launched Partnership for Professionals program, Certified Public Accountants (CPAs) can receive compensation when working with New York Life's agents. CPAs participating in this program can either receive referral fees or can obtain the licensing required to sell New York Life's high-quality portfolio of products and receive commission dollars.

"This program recognizes the evolving role of CPAs in the financial services industry and rewards them for the services they provide to their clients," said Mike Burson, vice president, New York Life. "By building an alliance with New York Life, accounting professionals can offer their clients high-quality insurance and financial products backed by a company with a solid reputation for excellence."

Currently, 41 jurisdictions allow CPAs to earn commissions on the sale of insurance and financial products. CPAs that join the Partnership for Professionals program can be sole practitioners or part of a CPA firm.

Insurance Times: TIAA-CREF Offers Low Cost Life To General Public

November 21, 2000, Vol. XIX No. 24

NEW YORK - TIAA- CREF Life Insurance Co. is now offering low-cost single-life and survivorship life universal life insurance products to the general public. The products offer a number of features not typically found in the universal life market. These include the absence of commissions or sales loads, and no surrender charges.

"The introduction of these new products is just the beginning of our entry into the broader retail life insurance market," said Vic Gainor, second vice president at TIAA-CREF Life. "We have long focused on delivering high quality, low-cost term insurance products to people in the education and research community. Now, these new offerings will allow us to better address the types of financial security needs that typically call for permanent insurance protection, such as estate and legacy planning, charitable giving and business succession planning."

Each policy offers two death benefit options -- either a level amount of coverage, which stays the same as long as the policy is in force, or increasing coverage, where cash values are added to the policy's face amount to provide total policy proceeds.

Currently, the TIAA-CREF Life Universal Life Insurance products are available in all states except: Arizona, Kentucky, Maine, Massachusetts, Minnesota, Mississippi, Montana, New Hampshire, New Jersey, New Mexico, North Dakota, Oregon, Pennsylvania, Tennessee, Utah, and Vermont.

Insurance Times: Survey Finds Tax Deductibility Would Boost LTC Sales

November 21, 2000, Vol. XIX No. 24

NEW YORK (AP) - Seventy-four percent of Americans said they would purchase long-term care insurance if Congress passed legislation providing full deductibility, a survey shows.
Twenty-three percent of those surveyed will worry about how to pay for their long-term care needs ``when the time comes,'' and 43 percent would have to tap personal resources and savings to pay for long-term care services should they need them.
``This information shows us that most Americans are not prepared for their long-term care needs and are putting off decisions about financing those needs, even though they have direct evidence from friends and family that the necessity for long-term care is a real possibility,'' said Joyce Ruddock, vice president of MetLife's long-term care division.

MetLife Survey
Zogby International surveyed 1,002 adults between ages 35-74 on the awareness and preparedness of long-term care. The survey was commissioned by the MetLife Mature Market Institute, a resource center for issues concerning the mature market.
Neal Cutler, a director of survey research at the National Council on the Aging, suggests people are concerned about long-term care services but do not know the costs. Particularly 30- to 50-year-olds ``don't know if they will need it or will have the insurance when the time comes,'' so they assume they will dip into savings, he says.
Thirty-one percent said long-term care insurance will pay the necessary expenses, yet industry statistics indicate that fewer than 10 percent have long term care insurance.
"We also see a direct message to the President and to Congress: Americans want passage of tax deductibility for long-term care insurance premiums,'' she said. "Long-term care insurance will help them pay for care when they are no longer able to care for themselves without depleting their assets.''

Insurance Times: Maine Hails Success Of Kids' Health Program

November 21, 2000, Vol. XIX No. 24

by Glenn Adams
Associated Press

AUGUSTA, Maine - The number of Maine children who live without health insurance dropped from 30,000 to 18,000 between 1998 and last year, Gov. Angus King said .
The drop from 10 percent to 6 percent uninsured gives Maine the fourth-lowest percentage of uninsured children in the nation, King said. Maine's overall rate of uninsured residents is also below the national average.
"That doesn't happen by accident,'' the governor said at a news conference at MaineGeneral Medical Center. He gave credit to his administration and the Legislature for expanding coverage, but added that the job is not finished.
Many Maine children are still going without health coverage even though they are eligible for state programs, said King. And he said the high cost of health coverage still constitutes a crisis, although he said that is a separate issue.
Focusing on coverage itself, King contrasted the 16 percent uninsured children in 1995 to last year's 6 percent. For Maine's adult and child population combined, the uninsured rate dropped from 15 percent in 1997 to 12 percent last year.

The 1999 percentage of uninsured children in Maine is the lowest since the late 1980s, according to figures provided by the administration.
Nationally, Census Bureau data released in September showed that 42.6 million Americans, or about 15.5 percent of the population, were uninsured last year.
In Maine, most residents with health coverage who are not enrolled in private or group policies are covered by Medicaid or the Cub Care program, which targets children. Medicaid and Cub Care combined cost about $1.4 billion a year, two-thirds of it from federal sources, said Human Services Commissioner Kevin Concannon.
During its past session, the Legislature expanded eligibility for Cub Care, using money from the tobacco lawsuit settlement. The state's cost of lowering the number of uninsured children is less than $10 million a year, administration officials said.
Maine has an aggressive program to enroll more children in Cub Care and Medicaid, using schools and hospitals as part of its outreach program, said Concannon
"Every public and private school child gets an application in the fall from us,'' said Concannon. Hospitals that treat children write to parents to inform them of eligibility standards.
Maine has also reduced application forms for health programs to a single page.

Insurance Times: Voters On Nov. 7 Had Health Care Issues On Their Minds
November 21, 2000, Vol. XIX No. 24

Health care was not the determining issue during the recent Nov. 7 election, but health care issues were on the minds of the voters, according to a bipartisan post-election survey released by the Health Insurance Association of America (HIAA).
"Despite the predominance of other issues, many voters consider health care and prescription drug costs to be a problem facing the country today," observed HIAA President Chip Kahn. "Clearly, costs matter - and will continue to matter - regardless of who wins the White House and who controls Congress."
According to HIAA's survey, health care and prescription drug costs combined to rank fourth, behind the following issues: a decline in moral values (11 percent), social security/aid to the elderly (nine percent), and quality of education (eight percent).
Taken together, health care and prescription drug costs were considered as the most important issue facing the country among seven percent of voters.
When asked which one or two issues were most important when voting for President (aside from character of other personal issues), 11 percent of voters chose health care. Issues ranking higher than health care were social security (24 percent), education (23 percent), abortion (16 percent), taxes (13 percent), and the economy (12 percent).
When asked to choose among five goals that could be followed for changing our health care system, voters chose as their leading goal providing basic health insurance coverage to all Americans (30 percent), followed by making health care more affordable (29 percent).
While the private sector's handling of the health care system meets with less than universal acclaim, it is perceived considerably better than the federal government. According to HIAA's poll, 32 percent of voters believe that the private sector is doing, or would do, an excellent or very good job of running the health care system, while 18 percent believe the same of the federal government.

Insurance Times: NY Life Building Declared NY City Historic Landmark

November 21, 2000, Vol. XIX No. 24

NEW YORK - The Landmarks Preservation Commission (LPC) has designated the home office building for New York Life Insurance Co. at 51 Madison Avenue as an individual historic landmark.

The building is a prominent part of New York City's skyline, distinguished by its illuminated gold pinnacle.

"New York Life has been closely tied to American history since our founding over 155 years ago, and we will continue to remain a permanent, lasting fixture for future generations," said Sy Sternberg, chairman, president and chief executive officer.

The building was erected on the site of the original Madison Square Garden and dedicated in 1928. Famed architect Cass Gilbert, inspired by the Salisbury Cathedral and other European towers, built three gothic skyscrapers in New York City, including the company's home office building, which were considered the models for tall commercial building design at that time.

The 34-story structure occupies an entire city block and is sheathed with buff Indiana limestone.

Insurance Times: CFP Adds Universities

November 21, 2000, Vol. XIX No. 24

Denver - The Certified Financial Planner Board of Standards' (CFP Board) subsidiary Board of Examiners has registered 10 new financial planning programs.

The universities whose programs were newly registered with the CFP Board are Albertus Magnus College (Connecticut), International College (Florida), Lakeland College (Wisconsin), Slippery Rock University (Pennsylvania), University of Baltimore (Maryland) and Villa Julie College (Maryland).

Students completing the curriculum at any CFP Board registered program are eligible to sit for the national CFP Certification Examination.

Visit www.CFP-Board.org.

Insurance Times: Tech Update

November 21, 2000, Vol. XIX No. 24

InsuranceTimes

by Mark Hollmer

The Tech Wizard speaks.

That is the moniker on business cards handed out by Leo Fredette, of the Massachusetts Association of Independent Agents, who presented a seminar on Nov. 6 on "Advancing Your Agency's Automation Capabilities into the 21st Century, as part of the MAIA's "The Big Event" convention held at the Marriott Hotel at Boston's Copley Place. Among Fredette's assertions:

• Expect agencies' future software needs to be met through direct Internet connections rather than the purchase of separate operating systems.
• Agency management systems continue to be weak regarding the use of technology, and some computer systems that can produce reports aren't well used by agents.
• The systems aren't effective, he said, if agents use less than 65 percent of their capacity to produce reports and grow the agency business.
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You've heard it before, that the insurance industry's future involves selling products through the Internet or other "direct channels." Hugh Ryan is saying it this time.
Ryan, a partner with Andersen Consulting, was the keynote speaker at the recent ISOTech property/casualty conference in Las Vegas. Ryan predicted that industry success will come from "simple products sold most successfully through direct channels like the Internet."
Ryan also said insurance carriers must develop plans to attract new customers but also "become networks that serve broad customer needs."

Take a bow, Safety and Chubb.
Both companies are among 10 winners of the Beyond Computing magazine's 2000 Partnership Awards.
The magazine gives the award to companies at the forefront of blending the latest technology with running their business.
Massachusetts-based Safety, which is up for sale, won the top honor, or Platinum award, for developing an information technology system that links with 3,000 agents, allowing them to tap into company comprehensive policy and claims information.
Safety was also recognized for developing a business-to-business Web exchange that lets insurance agents, vendors and carriers conduct business in a secure online environment.
"The company has generated double-digit annual revenue growth, along with a 31 percent increase in net premiums written in the last year," Beyond Computing officials said in a press release.
Chubb, of New Jersey, won an Award of Excellent for using the Web to help streamline its bureaucracy, moving away from using paper to conduct business as much. Chubb's growing Web presence lets it distribute information online around the world, open up new markets and cut back the time needed to "rate, quote, book and issue a policy when no human intervention is required," the magazine said. That time period, by the way, dropped from about 30 days to 24 hours.

Get your insurance Web domain names in London for a price. Colliers CRE is to hold an auction Nov. 22 in Great Britain's largest city of 303 domain names, including insurance-industry standard names like AccidentInsuring.com, LifeInsuring.com and MedicalInsuring.com.
The domain names will be divided into three identical subsets with dot.com, dot.net and dot co.uk addresses.
And the names may not exactly come at a bargain.
Among recent domain sales: Business.com for $7.5 million, Bingo.com for $1 million and Loans.com for $1 million.

A "virtual office" is on its way for dozens of long term care insurance agents.
GE Long Term Care recently announced it's launch of LTC Digital office, a program that will give the company's 1,500-plus agents the ability to access information it needs from any computer, 24-hours a day.
The service is free to all GE LTC career agents and gives them something the company has dubbed "a mobile sales force."
Participating agents can log onto a computer and check the status of

applications, follow underwriting progress, check commissions, order product information, and tap into online seminars, among other benefits.
Bill Bosmeny, senior vice president of LTC Sales, said the program will help increase agent productivity "exponentially."
GE Long Term care has about 60 regional offices throughout the country.

It take a 40-hour licensing course, versus the 90-hour version for the property casualty broker license. But work experience can be counted in place of the course.
The New York Insurance Superintendent can also waive all or part of the exam depending on the applicant's professional designations or academic degrees.

Insurance Times: Why January, August Are Great Seminar Months In New England

November 21, 2000, Vol. XIX No. 24

Seminar Secrets
by Marilee Driscoll

With the ever-present threat of snow, why would anyone consider scheduling a prospecting seminar in winter?
Conversely, most agents avoid seminars during the beautiful weather and traditional vacation months of July and August. At first glance, avoiding the summer and winter months seems to make sense. I contend that the only time of year that you should NEVER hold seminars is right now - between November 15 and January 1. The extensive preparations required for Thanksgiving and the holidays through New Year's day are too demanding to allow prospects to think about attending a seminar. If you do manage to attract an audience, it will be very difficult to schedule subsequent appointments. You will hear a chorus of "call me after the New Year."
One of the advantages of seminar marketing is the chance to educate your audience about a topic, motivate them to request an appointment, then meet with them while the topic is still fresh in their mind and their motivation is strong. A delay in your post-seminar meeting of three to four weeks can wipe out all the goodwill and momentum generated by a high-quality seminar. This is why you should never plan a seminar for right before a major holiday.
Most agents schedule seminars during the spring and the fall only. So, out of 12 potential seminar months, they are only using 5: April, May, June, Sept., October. Any marketing program which is turned on less than 50 percent of the time has the odds stacked against it. Intermittent seminars are much less effective than an ongoing year-long commitment.
The best reason to hold seminars in the summer and winter months is lack of competition. If your seminar is being held for the general public, the most expensive part of your seminar is the advertising. Whether you use radio spots, cable-TV ads and/or newspaper advertisements, newspaper inserts, or telemarketing and/or direct mail, your event will be judged against the competition. Imagine that you are holding a fall seminar on retirement planning. The same day there is a seminar on estate planning by one of your competitors, a church crafts fair and the weather is gorgeous. You've got a lot of competition.
Imagine holding that same seminar on retirement planning in January - there's no competition.
But what if it snows? There are two approach, and each one works beautifully.

Choose the one which is more comfortable for you.
1. On your original seminar invitation, list a "snow day." If snow is in the forecast for your seminar day, when you make your reminder phone calls the day before, make sure people who have signed up for your seminar know what do. For example, say "if the weather is bad, call my seminar reservation hotline and the recording will say if the seminar is on, or if it's been rescheduled." Or say, "Since snow is predicted, we are canceling tomorrow's seminar and going to the snow date, which is ."
2. Another approach for the more daring readers is what I call the "what the heck" approach. It involves a lot less contingency planning and a lot more fun. In your promotions and ads don't mention a snow date. Call everyone who has pre-registered and say, "We are holding the seminar rain, snow, sleet or shine." But what if there's a snow storm? As someone who has held more than one seminar during and after major storms, I can report from the trenches. You will have a smaller crowd than you expect, but you will have a crowd. And what a crowd it will be. They will not be afraid of slipping and breaking a bone. They will be hearty people who are so motivated to hear your seminar that they braved a storm. They will be fun. They will be more insurable than most audiences! Those people who do not brave the snow can simply be invited to your next seminar (which should never be more than three months away).
If you are going to plan a "rain-snow-sleet-or-shine-seminar" make sure that you book a seminar location that has a flat parking lot and is not located at the top (or bottom) of a winding, dirt road. Also, make sure you have a way of contacting the owner or manager of your seminar location in case there is a major storm (to make sure the location will be open).
By extending your seminar selling season to 10 months you dramatically increase the likelihood of marketing success. Limiting seminar marketing programs to only five months out of 12 is like stepping into the boxing ring with one hand tied behind our back. Now, go for it!
Did you miss the first article in this series on seminar selling (Cross-Selling Clients With Effective Seminars, June 20, 2000, InsuranceTimes), visit www.marileedriscoll.com. and click on New for December. p

Driscoll is a professional speaker on long term care and an expert on seminar marketing and long term care planning. For a copy of her 85-page manual Seminar Secrets: A Hands-on Guide to Marketing to Baby Boomers and Their Parents. send $69 to P.O. Box 956, Plymouth, MA, or order online at her web site. She can be contacted at (508)830-9975, or at www.marileedriscoll.com.

Insurance Times: Csrs Asked To Do More But Not Asked What They Think, Survey Finds

November 21, 2000, Vol. XIX No. 24

New industry survey profiling customer service representatives finds agencies value CSRs' productivity but not always their opinions

by Mark Hollmer
InsuranceTimes

More than 80 percent of customer service representatives who took part in a recent industry survey are actively involved in insurance agency sales calls, but their bosses don't always seek their feedback.
And William Toll -- senior vice president of the National Alliance for Insurance

Education and Research - said bosses should change their practice.
"CSRs are becoming busier and busier, more productive and more responsibilities are being assigned to them," Toll said.
But "not very often are these stable groups of people asked what they think if you want increases in productivity that's (who) you want to look at."
Toll spoke about insurance agency customer-service representatives on Nov. 5, during the two-day "The Big Event" conference sponsored by the Massachusetts Association of Independent Agents.
Thousands of people attended the conference, which was held at the Marriott Hotel Copley Place in Boston, and about 40 people packed a conference room to hear Toll's presentation.
Toll presented statistics from the latest CSR study by the National Alliance for Insurance Education and Research, which is based in Austin, Texas.
The group conducted its last study in 1995, and is releasing its latest CSR profile this month.
Toll said his group sent out 3,500 surveys to personal lines CSRs and the same number to their commercial-lines counterparts.
About 1,400 people completed their surveys - at a 20 percent return rate, Toll said. About 500 agencies across the country took part in the project.
About 99 percent of the participating CSRs are women, and they answered questions covering qualifications and experience, compensation, servicing volume, responsibilities, skills and knowledge and agency operations.

Insurance Times: CSR Survey Results

November 21, 2000, Vol. XIX No. 24

Among the results of a National Alliance for Insurance Education and Research survey of customer service representatives:

• More than half of the participating CSRs have an average 17 years experience in the business.

• A large number have stayed with their current employer for 10 years or more.

• A typical commercial lines CSR makes $34,348, 26 percent higher than 1995. But an average personal lines CSR makes $27,384, 16 percent higher than five years ago.

• 97 percent of customer service representatives are licensed.

• About 46 percent of CSRs have taken some kind of college courses and 13 percent have a college degree.

• Commercial lines CSRs handle an average of $310,842 in new premium volume, compared to $150,143 for a typical personal lines CSR's annual premium volume.

• Commercial lines CSRs handle an average 261 accounts each year, compared to 227 five years ago.

• Personal lines CSRs increased their productivity from an average 916 annual accounts in 1995 to 1,017 accounts this year.

• About 69 percent of CSRs process claims and do their own filing. Many also

handle accounting, bookkeeping, computer systems, office-management and receptionist tasks.

• Dealing with stress remains the most important skill to improve for CSRs, as it was five years ago.

Insurance Times: Smartdentalbenefits.com joins Brokers Portal

November 21, 2000, Vol. XIX No. 24

WRENTHAM, Mass. - Smartdentalbenefits.com is partnering with the online marketplace BrokersPortal to distribute its direct reimbursement dental plans. Direct reimbursement is a self-funded dental plan designed to simplify dental benefits for employers and employees. The concept is different from typical benefit plans in that it is based upon dollars spent, not on treatment received.
"It would have taken us months if not years to reach the number of brokers that we can now reach thanks to this partnership," said Jonathan Hogg, president of smartdentalbenefits.com.

Insurance Times: GE Debuts Supplemental Hospital Indemnity Policy

November 21, 2000, Vol. XIX No. 24

ENFIELD, Conn. - GE Financial Assurance's Worksite Services Group, which provides benefits to small and medium-sized benefits, is now offering a new hospitality indemnity insurance product. The supplemental insurance products pays benefits that can help offset employees' out-of-pocket hospital and medical expenses such as co-pays and deductibles.
GE's new Voluntary Choice Indemnity Insurance is not intended to replace major medical or HMO coverage but rather increase the quality of the current benefit package being offered by small businesses. Some of the benefits include an optional benefits for outpatient doctor and emergency room visits (not just hospital stays) and several new riders for specified injuries and the first hospital confinement.

Insurance Times: IFEBP Publishes Group Term Life Guide

November 21, 2000, Vol. XIX No. 24

The International Foundation of Employee Benefit Plans (IFEBP) has published "Employee Benefit Basics, Group Term Life Insurance," which guides employers newly responsible for group term life insurance plans.
This publication examines employer policy and market options, life insurance in the U.S. as an employee benefit, the dominance of term insurance and group term life insurance characteristics. It also reviews the various types of life insurance policies, comparative statistics on these policies and an overview of the taxation logistics surrounding life insurance. Copies are available from IFEBP at 888 33-IFEBP or e-mail books@ifebp.org.

Insurance Times: Pacific Life Launches New Group Disability Plan
November 21, 2000, Vol. XIX No. 24

Pacific Life Underwriting Services, a unit of Pacific Life & Annuity Co., has launched a new disability income plan for groups with 10 or more enrollees that can be sold through the worksite.
The plan pays 50 or 60 percent of the employees' regular monthly earnings up to $5,000, less than other income and benefits, for a maximum duration of 13 weeks to 60 months.
The plans are currently available in numerous states including Massachusetts, New Jersey, Pennsylvania and Rhode island. Call 800 900-9777.

Insurance Times: Guardian Introduces Disability Enhancements
November 21, 2000, Vol. XIX No. 24

NEW YORK - The Guardian Life Insurance Co. of America's newly redesigned AbilityGuard group disability insurance policy has been enhanced to offer employers the opportunity to customize their benefits program, providing both enhancements for employees and cost-saving options for employers. The new contract is designed to create a cohesive partnership between the plan holder, employee and Guardian.
"With AbilityGuard, we have developed a full spectrum of disability plans that can be as basic or as comprehensive as an employer chooses. The new AbilityGuard offers employers increased flexibility, while maintaining top-notch coverage for employees," says Thomas A. McInteer, second vice president for group life and disability.
Features that offer broader coverage for employees include Critical Care Medical Family Leave Act Benefits, which provide monthly benefits to employees who are not disabled but must take leave from work to care for a sick or injured dependent. Benefits can be extended for as long as 12 weeks.
Another Guardian feature is the Retirement Savings Benefit, an alternate method of providing retirement income for seriously disabled employees who do not have a pension or 401(k) plan.
The policy also includes electives such as Mandatory Rehabilitation, an option that allows Guardian to cease paying benefits if an employee refuses to participate in a prescribed rehabilitation program and Worksite Modification, compensation for expenses of modifying the workplace for a returning disabled employee.

Insurance Times: US Supreme Court Hears Dispute Over Beneficiary Law In Caught In Divorce
November 21, 2000, Vol. XIX No. 24

Ex-wife claims late ex-husband's benefits

WASHINGTON (AP) - Divorce can create sticky situations, especially if the

husband dies soon afterward without removing his ex-wife as his life-insurance beneficiary. The Supreme Court wrangled over what law governs who gets someone's employee benefits after they die.
"What about ordinary common sense?'' Justice Stephen G. Breyer asked during arguments in a dispute between a Washington state woman and her late ex-husband's children from a previous marriage.
Ordinarily, Breyer suggested, "people would prefer that their share would go to their children rather than to their just-divorced wife.''
Donna Rae Egelhoff contends she is entitled to the life insurance and pension benefits of her ex-husband, David, who died in an accident shortly after they were divorced in 1994. His children from an earlier marriage say they should receive the benefits.
Egelhoff died without a will, and his ex-wife still was designated as beneficiary of his employer-provided insurance and pension benefits. But his children sued under a Washington state law that says getting a divorce revokes a spouse's designation as beneficiary.

ERISA Preemption?

At issue is whether that state law is overridden by a federal law that governs employee benefit programs, the federal Employee Retirement Income Security Act.
Mrs. Egelhoff says the federal law protects plan participants and beneficiaries by overriding state laws that would divert benefits to someone else.
Justice Department lawyer Barbara McDowell, arguing in support of Mrs. Egelhoff, said Egelhoff's wishes were not known, but that the only way to change his beneficiary was if he had filed a form doing so.
"Don't you think there's a reasonable probability here that the plan participant thought the money would not go to his divorced wife?'' Justice John Paul Stevens asked.
But Justice Ruth Bader Ginsburg suggested a hypothetical case involving ``a man who has just divorced a woman, is tired of her he's off with a young thing, he's not married and he's feeling tremendous remorse'' and decides to let his ex-wife have his benefits.
Justice Antonin Scalia said that perhaps Mrs. Egelhoff had a good lawyer who knew the federal law and told her, ``Maybe he doesn't know that, but boy, we're walking away with a good settlement.''
Thomas Goldstein, attorney for Egelhoff's children, Samantha and David, said the couple had a detailed divorce decree.
"He got the tan area rug and she got the exercycle,'' Goldstein said. But he said that if she wins the case, ``She's going to come along and recover again. The children are going to be out of luck for no sensible purpose.''
Mrs. Egelhoff's lawyer, William Kilberg, said beneficiary designations are central to employee benefit programs and therefore are governed by the federal law.

"Slayer Statutes'

Breyer asked whether that meant the federal law also canceled state "slayer statutes'' that keep murderers from collecting benefits from the person they killed, or state laws that spell out inheritance rules involving people who die simultaneously.
Kilberg said those are traditional legal standards that could be read into the federal employee benefits law. Washington's divorce law is not such a traditional standard, he said.
The justices are expected to issue a ruling by July.
The case is Egelhoff v. Egelhoff, 99-1529.

Insurance Times: Rising Use, Not Prices, Drive Prescription Drug Costs
November 21, 2000, Vol. XIX No. 24

WASHINGTON, D.C. - The continuing double-digit growth of prescription drug expenditures appears to be caused primarily by increases in the volume of prescription drugs being purchased--rather than price increases--according to a new article published by the nonpartisan Employee Benefit Research Institute (EBRI).

The article, published in the September EBRI Notes, points out that national health expenditure growth has slowed for the other major sources of health care, specifically hospital and physician services expenditures. However, growth has continued in private expenditures for prescription drugs, which accelerated in the late 1990s, making it a central issue in the debate over health care in the United States.

Changing Benefits

In response to this growing expenditure, many employers are planning to revise, or have revised, their drug benefits by changing copayment levels and/or introducing formularies (lists of preferred or covered drugs in a drug benefit plan), or refining those already in use.

EBRI President and CEO Dallas Salisbury said the result will be higher out-of-pocket costs for workers, which could have an impact on some participants' willingness to take health insurance coverage when it is offered. "The consequences of this change in employers' drug benefit plans will depend on plan participants' ability and willingness to accept increased out-of-pocket expenses," Salisbury said. "This is particularly significant in view of prescription drugs' increasing importance in treating many illnesses as well as their potential to substitute for other health care services."

The article summarizes the latest national health data on prescription drug expenditures, focusing on contributors to the growth of these costs. In addition, it examines modifications that employers have made or plan to make to their drug benefit plans.

Some of the article's key findings:

* Prescription drugs accounted for 7.9 percent of all national expenditures in the United States in 1998, up from 5.4 percent in 1990. Total prescription drug expenditures increased 15.4 percent in 1998, compared with 14.6 percent in 1990. The growth rate for private health insurers was even faster, twice exceeding 20 percent since 1990, and amounting to 19.7 percent in 1998.
* Compared with expenditure growth--which includes both price and volume increases--prescription drug inflation has been significantly slower since 1993. Starting about 1993, the driving force behind the increasing costs appears to be a higher volume of prescription drugs purchased, rather than drug price increases. A study of physician visits found a significant increase in the number of new prescriptions written from 1993 to 1997.
* Nearly all employers (99 percent) that offered health care benefits also offered prescription drug benefits in 1999. However, 42 percent of employers said they had changed or would change their drug benefit plan in 1999 or 2000. Most of the changes involve increasing the cost sharing with plan participants through higher copayments.
* The exception to the accelerating trend in prescription drug expenditures is out-of-pocket payments, which accounted for 50 percent of prescription drug expenditures in 1990 and 25 percent in 1998. The difference in cost trends between out-of-pocket and private health insurance expenditures is directly linked to the more generous coverage of prescription drugs in managed care plans than was traditionally available in fee-for-service plans.

Insurance Times: Worksite Marketing Slowed By Inefficiencies

November 21, 2000, Vol. XIX No. 24

Worksite marketing, once a source of optimism for insurance carriers looking for improved distribution, has been slow to achieve its true potential for the insurance industry, according to a study by Conning & Co.
Ironically, the problem with the worksite market is not with lack of demand, but with meeting it. The study shows that employers and employees are eager to take advantage of the benefits of worksite marketing programs, but distribution bottlenecks and enrollment inefficiencies have made this market slow to perform well for the insurance industry.
The new study, "Worksite Marketing: Reality Versus Promise" is the result of a collaboration between Conning and Eastbridge Consulting Group, a consultant in worksite marketing.
Though the worksite market has been a source of moderate success, worksite insurance sales totaled $2 billion in new annualized premium as recently as 1998. It is clearly a market where the insurance industry is leaving a lot of money on the table. LIMRA estimates that up to 120,000 employers, representing upwards of 12 million employees, would consider adding voluntary benefits to their overall benefits package in the next five years. They have not already done so because they simply have not been approached.
"Traditional worksite marketing involves several levels of sales before the product ever gets to the employee, and most carriers have not adequately geared up to sell through this more complex chain," said Mark Trencher, vice president at Conning. He noted that "lack of adequate distribution and poor enrollment approaches are the two main structural weaknesses that most account for the uninspiring performance of the worksite market."
The study notes that the future of worksite marketing will improve as the industry moves from today's distributor-centric business model to a technology-enabled business model. This new model, when integrated with traditional marketing methods, should generate substantially higher sales and customer satisfaction, at the same time reducing the costs of doing business.

Insurance Times: IIAANY's Weinhemier Honored; Frack Heads Society Of Financial Services

November 21, 2000, Vol. XIX No. 24

Professionals; CPCU Society elects officers; IIAA honors National Grange Mutual

IIAANY
Kathleen A. Weinheimer, vice president of industry relations for the Independent Insurance Agents Association of New York Inc., is this year's recipient of the Insurance Person of Distinction Award.
Weinheimer, who was honored for her "enduring contribution" to the insurance industry, was presented the award at a ceremony during the Syracuse I-Day.
Syracuse I-Day is sponsored by a group of 50 agencies, carriers and other organizations, including the Independent Insurance Agents of Central New York Inc.
Weinheimer, who joined IIAANY in 1985 and has served in a variety of capacities

for the association including director of education, was recognized for her 24-year career in the insurance industry.

SFSP
Joseph E. Frack, CPA, has been named to the position of chief executive of the Society of Financial Services Professionals, replacing Donald E. Manger, CEO since 1968, who has left the organization. Frack assumes the position immediately. His responsibilities include managing the Society's daily operations and implementing board policy.

JAMS
Maria C. Walsh, former vice president of claims for Plymouth Rock Assurance Corp. has joined the resolution firm, JAMS in Boston. Prior to her career at Plymouth Rock, Walsh was chairman and commissioner of the Massachusetts Labor Relations Commission from 1983 to 1993.

Maine Mutual
Timothy Nelson has been promoted at Maine Mutual Fire Insurance Co. to regional supervisor from the company's Concord, N.H. office and property claims examiner for the tri-states of Maine, New Hampshire and Vermont.

CPCU Society
The CPCU Society has elected its 2000-2001 national officers. Serving as president is Bruce D. Williams, executive vice president of Glatfelter Insurance Group of York, Penn. He has been an active member of CPCU for more than 20 years.
John W. Reynolds Jr. will serve as president-elect. Reynolds is vice president for education and training for Safeco Insurance Cos. in Seattle.
James R. Nau, general manager for residual markets for the National Council on Compensation Insurance, is vice president. Gregory G. Deimling, a principal of Global Insurance Agency in Cincinnati, will serve as secretary-treasurer.

IIAA Excellence Award
National Grange Mutual, Keene, N.H., a member of Main Street America Group, was honored with the Award of Excellence by the Independent Insurance Agents of America during the group's recent annual convention.
National Grange Mutual was cited for its participation and investment as a "Gold" sponsor of IIAA's National Communications Program, which is conducting a major research and development effort to reenergize the independent insurance agent brand.

Insurance Times: Ben Lipson Joins Baystate Financial

November 21, 2000, Vol. XIX No. 24

BOSTON - Benjamin Lipson, veteran insurance consumer advocate, founder of Just for Seniors Insurance Agency and long-time columnist for The Boston Globe, has joined Baystate Financial Services in Boston.
Lipson will conduct seminars and advocate in the areas of patient rights, health care and long-term care. The staff and resources of Baystate will provide back-up and administrative support.
The arrangement was announced by David C. Porter, managing partner of Baystate.
Lipson has been a featured speaker at seminars, meetings and informational presentations on issues of concern to pre-retirees, seniors and their families.

His emphasis has been on the advantages and disadvantages of long-term care insurance.
In related news, the Lipson family has established a memorial fund at Massachusetts General Hospital to promote patient rights, in memory of their daughter, Margie. The fund will help doctors and patients access health insurance benefits when a need arises. "Many people don't understand what their rights are and don't know how to interpret their insurance coverage, check their medical bills, get referrals or understand their right to appeal," said Lipson.

Insurance Times: Caterpillar Insurance Company

November 21, 2000, Vol. XIX No. 24

November 7, 2000

Caterpillar Insurance Company
2120 West End Avenue
Nashville, Tennessee 37203

The above company has made application to the Division of Insurance for a license/ certificate of authority to transact 1- Fire, 2A Ocean and Inland Marine, 6F Liability other than Auto, and 6G Auto Liability insurance in the Commonwealth.
Any person having any information regarding the company which relates to its suitability for (a license or Certificate of Authority) is asked to notify the Division by personal letter to the Commissioner of Insurance, One South Station, Boston, Massachusetts 02210 Attn: Financial Surveillance and Company Licensing, within 14 days of the date of this notice.

Insurance Times: Merit Life Insurance Co.

November 21, 2000, Vol. XIX No. 24

November 7, 2000

Merit Life Insurance Co.
601 NW 2nd St.
Evansville, IN 47701

The above company has made application to the Division of Insurance for a license/ Certificate of Authority to transact Life & Health insurance in the Commonwealth.
Any person having any information regarding the company which relates to its suitability for a license of Certificate of Authority is asked to notify the Division by personal letter to the Commissioner of Insurance, One South Station, Boston, Massachusetts 02210 Attn: Financial Surveillance and Company Licensing, within 14 days of the date of this notice.

Insurance Times:

November 21, 2000, Vol. XIX No. 24

November 7, 2000

Gulf Insurance Company
125 Broad St. 8th Floor
New York, NY 10004

The above company has made application to the Division of Insurance for a license/ certificate of authority to transact 6A- Accident- all kinds in the Commonwealth
Any person having any information regarding the company which relates to its suitability for a license or Certificate of Authority is asked to notify the Division by personal letter to the Commissioner of Insurance, One South Station, Boston, Massachusetts 02210 Attn: Financial Surveillance and Company Licensing, within 14 days of the date of this notice.

Insurance Times: Patriot General
November 21, 2000, Vol. XIX No. 24

November 7, 2000

Patriot General
Insurance Company
1800 North Point Drive
Stevens Point, WI 54451

The above company has made application to the Division of Insurance for a license to transact a line of insurance entitled "6F Liability other than Auto" in the Commonwealth.
Any person having any information regarding the company which relates to its suitability for a license is asked to notify the Division by personal letter to the Commissioner of Insurance, One South Station, Boston, Massachusetts 02210 Attn: Financial Surveillance and Company Licensing, within 14 days of the date of this notice.