



Kentucky LOMA Society Newsletter

Vol. XVIII No. 2 Summer 2008

Formerly known as The Derby City FLMI Society

www.kyloma.org

New Downtown Location! Lunch and Learn on Sub Prime Mortgage Crisis - Wednesday, June 4, 2008 at B&W Tower

Do you want to get the scoop on sub prime loans and the credit crisis?

Please join us at the June 4, 2008 Lunch and Learn for the Kentucky LOMA Society. Our speaker, **Ross Demmerle, Vice President - Banks, Thrifts, and Specialty Finance Companies Analyst at Hilliard Lyons**, will give a presentation on "**The Sub Prime Mortgage Crisis – Its Impact and our Future.**"

This brown bag event will be held in Atria's corporate offices at the **Brown and Williamson Tower near Fourth Street Live**. Attendees can enjoy complimentary fountain soft drinks and cookies.

Certain professional designations may qualify for 1 hour free CPE. There is no cost for the program.

Please RSVP to **Polly Stone (502) 779-7480** or via email at polly.stone@atriaseniorliving.com.

Complimentary parking is available at the AEGON Center garage, which is located one block north of the B&W Tower on Jefferson Street. Subject to availability, you may park at your own expense at the Hyatt Hotel across the street from the B&W Tower. AEGON Center garage parking tickets will be validated on a first come, first served basis, as there is a limited supply of vouchers. Be sure to RSVP right away!

Hope to see you at the Lunch and Learn!

President's Message from Meredith Hettinger

There are several changes in store at our national LOMA organization. If you were not already aware, LOMA and LIMRA International, two of the world's largest insurance and financial services trade organizations, merged effective January 1, 2008. You can read details regarding this historic merger in the press release we republished for this newsletter.

In April, the National LOMA Society Committee chairperson reached out to LOMA Societies across the country and in Canada to learn more about the goals, objectives and challenges that we face. The first tool was a comprehensive online survey that I completed on behalf of the Kentucky LOMA Society. Of specific interest were membership recruitment and retention ideas. Other questions regarded membership stats, frequency of meetings and events, our Society's goals and objectives for 2008 and current issues. The final questions regarded the level of support from the National LOMA Society office.

A National LOMA Society Conference Call was held on April 29, 2008 to discuss the impact of the LOMA/LIMRA merger and also trends from the survey completed earlier in the month. According to LOMA representatives in Atlanta, LIMRA is excited about growing LOMA societies and we should expect more resources devoted to that initiative in the future. Benefits from the merger include the reduction in the dues for companies

that are members of both organizations and discounts for conferences, too. Integration will pose some challenges as well. The question is how can we remold our organization so that we can grow and support our membership? Stay tuned to the www.loma.org for a revamped website (near future) and new information regarding the merger. You can also expect more news in future Kentucky LOMA Society newsletters.

The results from the National LOMA Society survey were not surprising. Hot topics included membership growth – it was the single biggest theme. Suggestions included leveraging National LOMA marketing materials that are available to help promote Society membership and sponsoring education fairs. In addition, National LOMA wants to have more of an in-person presence with the Societies. We had a representative visit Louisville a few years back and attendance was impressive.

There will be another National LOMA Society conference call sometime this Fall. What are your suggestions on how we can cultivate our participant database into active members and retain the members that we have? What can we do to better serve you? The Kentucky LOMA Society will consider employing its own online survey to query Society stakeholders and refocus our efforts on what is most important to you!

Meredith Hettinger
KY LOMA Society Board President

2008 KDF Academic Challenge – by Mark Evans

The Kentucky LOMA Society provided nine volunteers for the Kentucky Derby Festival Foundation Academic Challenge April 24-26. Seventy teams took part in the event this year with hundreds of middle and high school students from around Kentucky participating. Winners must maneuver their way through questions reflecting school curriculum and general knowledge with five seconds to answer each toss up question and ten seconds to answer bonus questions.

Paul Laurence Dunbar High School won the High School Junior Varsity division while Noe Middle School won the Middle School division. Johnson Central High School and Edmonson County Middle School were the runners-up.

Carolyn Brown of Crosby Middle School and Brain Fei of Paul Lawrence Dunbar High School each won the Brumleve-Blue Award for the highest written test for their respective divisions. The award honors, in part, the late Catherine Brumleve for her volunteer efforts with the Academic Challenge. Catherine was on the Society board for years including terms as President. She also spearheaded the founding of the Society.

The nine volunteers were Jane Martin Buckley, Jim Byrne, Eddie Cook, Allison Craig, Mark Evans, Ann Governick, Meredith Hettinger, Polly Stone, and Jeremy Vessels.

Lunch and Learn on NAIC and Product Filing Trends, Thursday, March 13, 2008 – by Karen Christensen

Malinda A. Shepherd, MSFS, CLU, ChFc, Acting Director Life Division at the Kentucky Office of Insurance, recently gave an informative Lunch and Learn presentation on NAIC and Product Filing Trends. Several Kentucky Department of Insurance (KOI) initiatives were discussed.

Kentucky is updating its regulations focusing on suitability of annuity sales to become more in line with NAIC regulations. Kentucky has fallen behind on life insurance illustration regulations and is working on catching up. The department wants more readable annual reports including a projection of how long the policy is expected to last at current premium levels. Illustrations need to be certified annually by the Illustration Actuary. Additionally, agents are now required to present the Kentucky Life Insurance and Annuity Buyer's Guide during the sales process or upon delivery.

The KOI is also working on standards for Accelerated Benefit Riders. They cannot be contingent on nursing home confinement or other long-term care requirements. Also, they must provide a lump sum option; otherwise, they are considered Long-Term Care riders and are subject to the same rules and regulations as Long Term Care policies.

Another issue highlighted was the Commissioners Standard Ordinary Mortality Table (CSO). While the industry is in the process of moving to the 2001 (CSO), higher mortality on pre-need business is being addressed by leaving pre-need on the 1980 CSO. The CSO Mortality Table is used to calculate reserves and minimum cash values for state regulatory purposes.

Kentucky is one of 30 states that are members of the Interstate Insurance Product Regulation Compact (a.k.a. the "Compact"). The Compact has jurisdiction over four product lines: life insurance, annuities, disability income, and long-term care insurance. These member states currently represent about half of the premium activity on a national level. The Compact allows companies the option of filing once with the Compact via the SERF electronic forms filing system to get approval from each member state under just one set of rules. This uniformity results in better product review, increased time savings and increased cost savings, which, in turn, allows more time and funds to be used for market conduct review. Needless to say, the NAIC has been active in promoting the Compact.

Kentucky also has recently defined universal life in its insurance code, specifying mandatory policy provisions, reserving standards, and implementing the NAIC model Standard Nonforfeiture regulations. Similarly, the annuity Standard Nonforfeiture regulations have been brought up to the NAIC model regulation standard. Kentucky is also shifting to the NAIC model regulation for group insurance. This will remove the 75% employee participation requirement when employees contribute to the cost. Debtor groups will be defined clearly. Discretionary groups will be disallowed. The state's credit insurance regulation is also being updated to align itself with the NAIC model and will be defined to include loans of up to 10 years.

Congress is requiring states to develop regulations concerning military sales practices working in conjunction with the Department of Defense. This is in response to concerns about retired military officers and non-commissioned officers becoming agents and overselling to lower ranking military members who are perhaps overly-influenced by those with perceived authority.

The 2008 legislative session is expected to address life settlements, viaticals, and stranger owned life insurance (STOLI). STOLI will probably become illegal and regulations will specifically allow applications to include a question asking whether the policy is intended to be sold.

Principal Based Reserving should be adopted in 2009 and implemented in 2010; however, the stochastic techniques employed therein will only apply to products with greater tail risk. Thus, products like credit insurance and pre-need can still be valued using traditional deterministic methods.

To recap, a broad range of issues was discussed in the seminar. Issues such as: KOI regulations that became effective in November 2007; bills on group insurance, life settlements, credit insurance and military sales practices that were introduced this past legislative session; PBR for life insurance and annuity products; and the Life and Health Actuarial Task Force and the Interstate Insurance Product Regulation Commission (which oversees the Compact). Additionally, it was mentioned that most of the top officials at the KOI were replaced soon after Kentucky's Governor Beshear took office. It is too soon to tell what, if any, impact this will make in the short-term.

LIMRA and LOMA Members Approve Merger Plan (republished from www.loma.org)

WINDSOR, Conn. & ATLANTA, Dec. 13, 2007--Member companies of LIMRA International and LOMA have voted overwhelmingly in favor of the proposal to unite two of the world's largest insurance and financial services trade organizations. The merger will go into effect on Jan. 1, 2008.

The final tallies were unanimous on the LIMRA side and very nearly so for LOMA. The count from LIMRA members was 100 percent in favor, none opposed. For LOMA members, the count was 96 percent in favor.

“As they say in politics, it was a landslide, a real vote of confidence,” said Robert A. Kerzner, president and CEO of LIMRA. Kerzner will also serve as president and CEO of the new organization. “The next big milestone will come January 1 when our merger goes into effect and we are truly a united organization.”

“I am very pleased at the great strength of member support that this vote shows,” said Thomas P. Donaldson, president and CEO of LOMA. “Bringing LOMA and LIMRA together has been a long-term vision for many in the industry. This action will allow us to take the excellence of each organization to a new level, providing the full range of our combined activities for our global membership.”

LIMRA and LOMA will come together under the umbrella of LL Global, Inc., which will provide a unified management structure headed by Kerzner. LIMRA and LOMA will remain in the forefront as distinct entities with valuable global brands and operations. LOMA will continue to operate from its Atlanta office. LL Global will be incorporated in Connecticut and based in Windsor. Every member of LIMRA and LOMA will also become a member of LL Global.

Susan Waring, executive vice president and chief administrative officer at State Farm Life Insurance Co. and vice president, State Farm Health will serve as chair of the Board of Directors of LL Global. In addition, Donaldson has agreed to support Waring by serving as chair of the Executive Committee of the LL Global board until his retirement Dec. 31, 2008. Kerzner has also named a new senior management team from both organizations to work with him.

“Bringing LIMRA and LOMA together is a win for everyone – our members, our employees and the industry,” Kerzner said. “Building on our well-established strengths, we can create a new and exciting organization with limitless possibilities to meet the industry’s needs, whatever they may be, now and in the future.”

In the new structure, LIMRA will continue to conduct research and benchmarking to provide members with the information and insight they need to make informed decisions about products, marketing and distribution. LOMA will continue to offer a wealth of outstanding education programs to develop member companies’ human capital. Together, the organizations will be able to leverage the industry’s investment in LOMA’s e-learning platform to expand LIMRA’s and LOMA’s global training programs.

LIMRA and LOMA announced their intention to join forces in November 2006. The actual merger proposal was submitted for membership vote in October, 2007.

Both LIMRA and LOMA, and now LL Global, are not-for-profit member-owned trade associations. LIMRA and LOMA both assess dues to support member benefits such as research, publications, networking and other beneficial activities. They generate additional revenues from for-profit subsidiary operations, such as consulting, training and development programs, assessment and compliance services. The new arrangement will position both organizations for increased financial strength and growth opportunities, as well as improved operational efficiency.

About LIMRA International

LIMRA International is a worldwide research, consulting and professional development organization that helps more than 800 insurance and financial services companies in 70 countries increase their marketing and distribution effectiveness. Visit LIMRA at www.limra.com.

About LOMA

LOMA is committed to a business partnership with 1,200 worldwide members in the insurance and financial services industry to improve their management and operations through quality employee development, research, information sharing, and related products and services. Visit LOMA at www.loma.org.

Contacts

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Gentle Reminder – Dues are due

If you have paid your 2008 dues – thank you very much! We appreciate your support.

If you haven't already renewed your membership, we respectfully ask that you fill out the attached form and renew your membership with the Kentucky LOMA Society for 2008. Your contributions are often reimbursable by your employer and are so important to keeping this organization alive. We appreciate your support!

Dues are \$20 for renewal members, \$10 for associates (those taking exams), and \$10 for first time members. Please advise Mark if you've had a change of address, change of phone number or e-mail address. Please make your check out to Kentucky LOMA Society. You can send your check to:

Mark Evans
AEGON, 10th Floor
400 West Market Street
Louisville, KY 40202

OR pay in person at the upcoming Lunch and Learn on Wednesday, June 4, 2008.

2008 Society Committees

Committee	Member Appointed
Audit	Meredith Hettinger
Community Service Projects: KDF Academic Challenge Ronald McDonald House	Mark Evans Dianne Jensen, Allison Craig
Distinguished Service Award	Karen Christensen, Mark Evans
Education and Program	Eddie Cook, Meredith Hettinger
Membership	Mark Evans, Karen Christensen, Allison Craig
Newsletter and Publicity	Eddie Cook, Meredith Hettinger, Linda Sullivan
Nominations	Meredith Hettinger
Social Events	Eddie Cook
Technology	Jeremy Vessels

PERSONS of NOTE

2008 Officers

<u>President</u> Meredith Hettinger, FLMI, CPA ResCare, Inc. Mhettinger@rescare.com (502) 420-2502	<u>Vice President</u> Karen Christensen, AAPA, ACS, CERT, FLMI, FFSI Humana, Inc. Kchristensen@humana.com (502) 580-8840	<u>Treasurer</u> Eddie Cook, FLMI, CPA Capital Assurance Corp. Ecook55@yahoo.com (502) 228-2535	<u>Secretary</u> Polly Stone, FLMI, CPA Atria Senior Living Group, Inc. polly.stone@atriaseniorliving.com (502) 779-7480
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2007 Board Members

Allison Craig, AIRC AEGON Acraig@aegonusa.com (502) 560-3806	Mark Evans, FLMI/M, FSA, MAAA AEGON mevans@aegonusa.com (502) 560-2338	Dianne Jensen, FLMI DianneJ@insightbb.com (502) 290-8600
Linda Sullivan, FLMI AEGON Lsullivan@aegonusa.com (502) 560-4671	Jeremy Vessels, ASA, CFA, MAAA, AAPA, ACS, CERT, FLMI, UND, FFSI AEGON Jvessels@aegonusa.com (502) 560-2338	