



Amalgamated ADVISOR

Amalgamated Family of Companies Amalgamated Life • Amalgamated Agency • AliCare • AliCare Medical Management • AliComp • AliGraphics

Message from the President

By David J. Walsh, President and Chief Executive Officer

Our Family of Companies and You



At the Amalgamated Family of Companies, our business decisions are made with our valued clients and their employees/members in mind. When we recently rebranded the Company, our goal was to better leverage our group of companies and the synergies they share.

We recognize that through our family of companies, we are in a better position to meet more of your needs. For instance, clients of AliCare, our third party administrator, often can benefit from the services of AliCare Medical Management, our medical case management firm. Similarly, large organizations relying on the insurance and risk management products provided by Amalgamated Life or through our brokerage agency, Amalgamated Agency, can also benefit from our Information Technology (IT) outsourcing and data center company, AliComp, whose focus is on IT risk management. All of our clients can also take advantage of our in-house graphics and print production company,

AliGraphics for their employee benefits communications, marketing materials and other print needs.

We take great pride in being able to service our clients in many critical areas, thereby functioning as a more comprehensive resource. We like to think of our client relationships as much more than vendor-customer. Instead, our goal is to serve you as a true business partner. That means being proactive and knowledgeable about your organization; its operational requirements and changing needs. It also means being a problem-solver and solution provider.

Through our family of companies, Amalgamated can help your organization achieve operational efficiencies, economies of scale, enhanced employee/member relations, and an increased ability to focus on your organization's core competencies.

If you are interested in learning more about the Amalgamated Family of Companies, we would welcome the opportunity to send you our new informational package. Contact Kay Spalding at kspalding@amalgamatedlife.com to request a package.

Amalgamated Life

Why You Need Medical Stop Loss Insurance

By John Thornton, Executive Vice President, Sales & Marketing



According to A.M. Best Company's data, the medical stop loss market is estimated at more than \$5 billion in premiums. Most of that premium is being paid by organizations with self-insured medical plans. Self-insured groups purchase medical stop-loss insurance to guard against the risk of one employee,

or a large number of employees, becoming catastrophically ill with their medical bills eradicating the organization's medical reserve fund and/or requiring additional funding that the organization may not be able to afford. Medical stop loss insurance pays employees' medical bills after the business has paid a predetermined amount.

Today, organizations have even more reason to consider medical stop loss insurance. In two words,

healthcare reform. Ushered in by The Patient Protection and Affordable Care Act, among the reform measures introduced are new prohibitions on lifetime limits on benefits. This, along with our aging population, increase incidence of chronic illness, and continually rising healthcare costs, make medical stop loss insurance an absolute necessity.

When purchasing medical stop loss insurance, organizations are wise to seek out direct writers of this coverage rather than managing general underwriters to avoid a middleman and the related costs and administrative disadvantages. It is also wise to review the insurance company's rating with A.M. Best. You want to seek out a carrier that has consistently achieved the "A" (Excellent) rating attesting to its strong fiscal condition and excellent claims-paying ability.

Other criteria to weigh when selecting a provider of medical stop loss insurance includes its provision of:

- Discounts for high-performance PPOs, TPAs and medical management

AliCare

Criteria for Third Party Administrator Selection

By Ann Joo Kim, Vice President



It's unfortunate that, in preparing their RFPs for third party administrator (TPA) services, many organizations place far too much emphasis on cost. While price for services is always a consideration, it should not be a major selection criterion. It may be easy to compare the price of one TPA with another TPA, but price alone

does not qualify a provider of TPA services. When considering a TPA, organizations should focus on the following:

1. Flexibility and customization - The TPA should demonstrate a willingness and ability to design a plan that best meets the needs of an organization's specific employee/member demographics. This would entail the TPA having a comprehensive portfolio of a la carte offerings including access to related products and services such as medical stop loss and medical case management.
2. Experience working with a broad network of HMOs, PPOs and other managed care providers including The Blues (i.e., Blue Cross and Blue Shield) which provide healthcare coverage to an estimated 100 million (1 in 3) Americans nationwide.

- Access to high quality transplant networks
- Timely disclosure decisions
- Multiple options for both specific stop loss and aggregate stop loss coverage, such as:
 - o Flexible claims basis, high limit of liability (e.g., up to \$5 million), aggregate specific deductible, specific extension and terminal liability option for specific stop loss; and
 - o Corridor set at 125% with other corridors by exception, high limit of liability (e.g., up to \$1 million and higher upon approval), monthly aggregate accommodation, and aggregate extension for aggregate stop loss coverage.

The most important factor when selecting medical stop loss insurance is to make sure the policy meets your organization's specific needs as well as your budget. Performing the essential due diligence to find organizations with this specialized insurance product that will work with you to meet your requirements is worth the time and effort.

3. Robust Claims System – The TPA's claim system should reflect leading-edge Information Technologies, online access features and customized reporting capabilities.
4. Subrogation Capabilities – TPAs who actively drive cost savings through streamlined claims adjudication processes and subrogation capabilities can achieve significant economies for their clients.
5. Expertise and experience of the TPA's team members including claims personnel and adjusters – The TPA should be committed to the continuing education and professional development of their personnel, particularly in view of the dynamic regulatory environment.
6. Quality Controls System – The TPA should have a QC program in place through which its compliance processes (i.e., for, HIPAA, Patient Protection and Affordable Care Act, COBRA, etc.) and staff performance is regularly reviewed, deficiencies, if any, promptly identified and remedied, and customer satisfaction continually monitored.
7. Proven Track Record Serving Specific Sectors – The TPA should have a high performance record serving organizations similar to yours. This is particularly important for self-funded and Taft-Hartley plans for which specific expertise and insight is essential.

8. American-based Operations (as opposed to offshore outsourcing) – The TPA should have domestically-based claims management and call center operations for the optimum customer service experience.
9. Full pension and annuity administration capabilities – The TPA should have dedicated team members knowledgeable and experienced in all facets of pension and annuity administration, from compliance, quality controls, and financial reporting and filings to billing and collections, eligibility, distributions and liaison with other professionals including accountants and attorneys.

The best TPAs are those who serve their clients as true business partners; partners who recognize their clients' needs, are committed to meeting them, and providing value-added services that enhance the relationship between Management and its employees/members. For more information on TPA selection, contact: Robert Pankow at 914-367-5965 or 917-617-7883.

AliComp

Benchmarking and Your IT Outsourcing Partner

By Arthur Kurek, President, AliComp



Right now, across the United States, there are an estimated 981 colocation data centers. For the thousands of organizations either doing production work or backing up their data center operations with a third-party data center being assured of its performance is critical. But, how does one measure the performance of an IT outsourcing partner? What metrics should be used? There are somewhat general guidelines that can be used to benchmark an IT outsourcing partner and third-party data center.

1. Uptime – Is the data center meeting its own uptime guarantee? This will depend upon the Tier standard (1-4) for the data center you are using. The highest rated tier, Tier 4 data centers offer 99.9% uptime guarantee. However, many companies find Tier 2 and Tier 3 data centers more than adequate for their needs.
2. Maintenance – Is the data center performing preventive maintenance (PMs) on critical components (e.g., power, cooling system, servers, etc.) in accordance with its preventive maintenance schedule? Additionally, what are the outcomes of regular PMs? Is equipment being upgraded or replaced as necessary?
3. Security – Has the data center experienced any security breaches? If so, what was the nature of those breaches? Were any security measures implemented to further protect IT systems?
4. SSAE-16 Type II - Does the data center conduct an SSAE-16 Type II examination each year? Does the data center share its outcomes? Does it perform corrective action?
5. Staffing – Has the data center's staff undergone any changes? If so, how many staff members were involved and what were the reasons for their departures (resignations or firings)? How quickly were staff vacancies filled and what are the credentials of the new staff members?
6. Staff Training and Continued Education – Has the data center provided any training or continued education programs for its staff since the last benchmarking period? If so, what were the topics covered in those programs, what level staff members attended and how many attended?
7. Lost customers – Has the data center lost any customers since the last benchmarking survey? If so, what were the reason(s) for the loss of a customer(s)?
8. Customer complaints – How many customer complaints did the data center experience since the last benchmarking survey? What was the nature of those complaints? What steps has the data center taken to address these complaints?

As you can tell from the nature of these questions, how an IT outsourcing partner/third-party data center responds is as revealing as the actual answer. How forthright an IT partner is in responding to these questions is, in and of itself, an important benchmarking criterion. The IT outsourcing partner that responds directly and, as applicable, indicates measures taken, demonstrates a commitment to high standards of customer service and at the reliable performance of its facilities. For more information, contact Arthur Kurek at 201-840-4901.

AliGraphics

The Benefits of Variable Data Printing

By John Dubil, President, AliGraphics



If your organization is looking to boost the response rates from its various direct mail campaigns, consider using Variable Data Printing (VDP). VDP is a form of on-demand printing in which the content (e.g., text, graphics and images) can be changed from one print piece to another so that it is more targeted, personalized

and relevant to the recipient. Market research from numerous sources indicates the power of VDP. Here are some examples:

- One of Dow Jones' most successful direct mail campaigns used VDP to convey relevance and a compelling reason to open the envelope. The customized mailing generated a 50% response rate from C-level executives. (Source: Target Marketing Magazine)
- Marketers using VDP were surveyed and asked, "By what percentage have you improved key metrics?" Their responses were as follows:
 - Response rates up 36%
 - Average order size up 25%
 - Repeat order size up 47%
 - Overall revenue profit up 31%
 - Response time up 33.9%
 (Source: Adobe)

A study found that 80% of B-to-B decision makers polled said they preferred content market to ads. (Source: Roper Public Affairs)

You can receive a .5 to 1.5% return with name only on a printed mail piece, but using VDP and personalized messages and graphics, the return can increase by 135%. (Source: Advertising & Marketing Review).

VDP can be used in multiple formats: letters, brochures, booklets, postcards and even digital materials like CDs or DVDs. It can be applied to advance customer relationship management (CRM) goals, loyalty programs, new product launches or to drive traffic to a website. Unlike mass production of a single piece, VDP enables marketers to print any amount of a document with customized messages for each customer. From a personalized salutation to customized content, photos and graphics that are meaningful to the recipient, VDP is like having a direct, one-on-one dialogue with an existing customer or prospect. Think about how much more effective that can be than the general, mass market approach. For more information about VDP, contact: John Dubil at: 914-367-4136.

Amalgamated Life Hosts Zenrosai

On Monday, March 25, 2012, Amalgamated Life hosted Zenrosai, a cooperative member-owned insurer of the National Federation of Workers and Consumers Insurance Cooperatives, the largest insurance cooperative in Japan.

As a board member of the Cooperative Development Foundation in Washington, DC, Ira Schwartz was asked to host Zenrosai. The goal of the meeting was to enable Zenrosai representatives to meet with an insurance company in New York in order to learn more about regulatory issues as well as strategies for insurers in highly competitive markets. Given the similarities between our two companies, Zenrosai, a life insurer also serving the labor community, it was thought that Amalgamated was an ideal company for the Japanese group to visit.

The Japanese delegation included: Mr. Tadayuki Murakami, Senior Counselor; Mr. Tadashi Onooka, Strategic Advisor to the President; Mr. Daisuke Yokomizo, Manager, International Affairs; and their interpreter, Ms. Nemot. They met with Amalgamated's President and CEO Dave Walsh; Senior Vice President

and Chief Counsel Mark Schwartz; Executive Vice President of Amalgamated Agency Ira Schwartz and Vice President of Strategic Planning Ann Joo Kim.



Pictured here are: Front row- left to right, Interpreter Ms. Nemot, and Zenrosai Senior Counselor Tadayuki Murakami, Zenrosai Strategic Advisor to the President Tadashi Onooka, and Zenrosai Manager International Affairs Daisuke Yokomizo



Amalgamated Life and Its Family of Companies Takes Home the Gold in International Marketing Awards Competition

White Plains, NY... November 8, 2011

Amalgamated Life Insurance Company, a leading provider of life and health insurance, and its Family of Companies, was recently recognized as a Gold Award winner in the prestigious MarCom Awards program, one of the oldest, largest and most respected international competitions in the creative industry. The organization's "Amalgamated Family of Companies" corporate brochure package took home the gold in the "Brochure/Business to Business" category. The award was won in a field of 6,000 competitors which included media conglomerates and Fortune 50 companies.

Amalgamated Life Now Licensed in All 50 States and the District of Columbia

White Plains, NY... February 15, 2012

Amalgamated Life Insurance Company, a leading provider of life and health insurance, announced today that it recently became licensed in Florida and therefore, is now licensed in all 50 states and the District of Columbia to market its comprehensive suite of insurance products. For the well-respected provider of choice, this means the ability to meet the needs of more multi-state organizations, as well as those businesses, unions and funds in Florida where Amalgamated Life previously was not licensed.

AliGraphics Expands Facilities – Expands Capabilities

AliGraphics (White Plains, NY), a full-service printing and graphics company and part of the Amalgamated Family of Companies, recently underwent a facilities expansion at its current White Plains location. The Company added 8,000 square feet to its existing space bringing its total square footage to 13,000 square feet. The expansion was designed to accommodate more production equipment and provide additional office space for AliGraphics' design/graphics operations, broader production capabilities, estimators and customer service operations.

Community Involvement

The Charity Committee and the staff of Amalgamated Family of Companies hold fundraising events to benefit those less fortunate. Among the recently held philanthropic events was a fundraising event for Project Hope in which we raised \$4,000 in support of the disaster in Japan. This money went to aid in the efforts to save lives and improve health care for families and communities affected by the overwhelming humanitarian emergency that occurred in Japan.

Another philanthropic event was for Doctors Without Borders in which Amalgamated raised \$1549 to assist in the Horn of Africa where 12 million people are facing

a hunger crisis and half a million children are at risk of dying from malnutrition and disease. Doctors Without Borders operates nine medical-nutritional programs in south-central Somalia. Teams of doctors are treating more than 10,000 severely malnourished children.

During the December holiday season Amalgamated and the Charity Committee held its 8th Annual Toys for Tots toy drive to benefit disadvantaged children. This drive is conducted every year in memory of Foo Mang, a former Amalgamated employee. This year \$240 and 200 toys and clothing were contributed to the U.S. Marines Toys for Tots drive.

New Customer Service Hours

Monday – Thursday 8:00 a.m. to 8:00 p.m.

Friday – 8:00 a.m. to 6:00 p.m.

Saturday – 9:00 a.m. to 2:00 p.m.

Check Claim Status and Explanation of Benefits Online

<http://members.aligroups.com>

<http://providers.aligroups.com>

Visit Our Websites

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www.alicare.com

www.alicaremed.com

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