

Name, Rank, and Serial Number

Stanley Greenfield, RHU

As a kid I am sure that you heard that line many times in the old war movies. I am not trying to bring back those old memories with the title, but I am trying to make sure that when it comes to insurance companies, that you check them out thoroughly. These are strange times that we are living in and there are a lot of insurance companies that are no longer around that were here and active just a few short years ago. I hope that one of them wasn't one that you had your insurance with. There are some simple rules to follow that will help to protect you from future failures in this industry, and believe me, there will be future failures. Back in the 1960s there were some 1,400 insurance companies. By the turn of the century, its predicted that there will be less than 1,000. The cost of doing business, competition, AIDS, and natural disasters have driven the rest out of business. I am sure you have read about a few of them such as Executive Life and Mutual Benefit Life. Both were quite large and very productive at one time; now they are both out of business. Their policyholders still sit and wait to see what the ultimate outcome will be. Do you want your beneficiaries to be in that situation? I'm not trying to scare you, but a little homework on your part and maybe a trip to your local library can save you and your family a lot of trouble.

You need to check out your company's rankings. All insurance companies are ranked by companies like A.M. Best, Weiss Research, Moody's, Standard and Poor's, and Duff and Phelps. They measure the financial soundness of insurance companies. The ratings that I rely on are A.M. Best, Standard and Poor's, and Weiss. A.M. Best rates companies with ratings from A++ on down. I personally would not be happy with a company rated lower than "A." Remember that A++ is their top rating, so a B may sound good, but it is really fifth place. Now it doesn't sound so good. Keep that in mind. You should be able to obtain this rating from your insurance agent, and it might even appear on sales material from the company, that's if they got a good rating from A.M. Best. If it's not on there maybe it's time to ask why. Standard and Poor's has a top rating of AAA. Anything below an "A" might be telling you something. This rating should be available for the asking too, if not, try the library.

Weiss is a new rating company that has only been around for a few years but really shook up the ratings world by being the company that rated both Executive Life and Mutual Benefit below "D" before they went under. By the way, A.M. Best and Standard and Poor's still had both of the companies rated in their highest categories! A lot of companies don't like the Weiss ratings. Maybe that's because only three companies have an A+ with Weiss, the highest rating they have. Moody's and Duff and Phelps charge the companies as much as \$30,000 to have their companies rated. A.M. Best is now being very careful with its top ratings and has even cut back a few of the companies to lower ratings. They now have only 70 companies that are rated A++. That's because of all the "flack" they caught when a few of their "top-rated" companies went under. The Weiss rating can also be obtained from your insurance agent if his company has a good rating, otherwise they will tell you that it's not a valid rating. They will have a Weiss rating but might not want to share that information with you.

To get the Weiss rating on a company, you will have to call Weiss Research Inc., in West Palm Beach,

Florida. The toll free number is 1-800-289-9222. They will charge you for a report on a company. \$15.00 for a verbal report, \$25.00 for a written report, \$45.00 for an in depth report, and \$55.00 for a written report of the top 100 companies. It could be the best money you ever spent. Keep that in mind. All of this information should be available to you from your agent or from the representative who is trying to sell you on their company. That's why I said it's important to check out their name, rank, and serial number.

By the way, I have included a lot of this basic information in my "must have" list of insurance companies, and coverages that you need and don't need. These numbers on a company's ratings are very important these days. Don't let someone dazzle you with some fancy footwork and a slick sales presentation. Hold out until you can make an educated decision based on the hard and fast numbers generated by the professional raters. These are strange times and you need to make educated decisions based on facts, not decisions that are based on someone tugging on your emotions. Stand tough.

Stanley Greenfield, RHU
Rockville, Maryland

MAY 1994