



Amalgamated ADVISOR

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Message from the President

By David J. Walsh, President and Chief Executive Officer



At Amalgamated Life, our mission is to continue meeting your needs, today and tomorrow. We do so by staying abreast of changing market conditions, and the latest research on the requirements of businesses and their employees, and unions and their members. We also ask

our valued clients, "What's important to you?" and expand our resources accordingly.

Most recently, we added several new products to our line-up specifically in response to your needs. We've introduced a disability product that protects worker income in the event of an accident, illness or pregnancy. Also new is a dental insurance product, which gives workers flexible and economical coverage for basic and

preventive dental care, as well as popular cosmetic procedures such as dental implants.

Finally, reflecting our focus on risk management, we are now providing comprehensive, "paid in full" legal services for our clients' employees and members. These services cover basic legal needs from the preparation of wills, trusts and powers of attorney, to real estate requirements such as refinancing and closings, as well as representation for driving violations. There is also a cost-effective option for additional services including debt consolidation, mediation, identity theft and elder law matters.

At the Amalgamated Family of Companies, providing peace of mind to businesses and their employees... unions and their members... is an ongoing mission. Introducing new, high quality and market-responsive offerings, and maintaining our "Best in Class" service, is our way of fulfilling this mission.

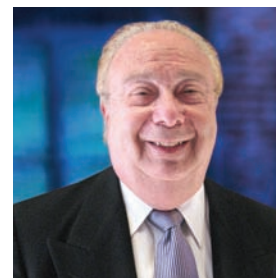
Risks and Rewards

Protect Against Increasing Fiduciary Liabilities

By Ira Schwartz, Executive Vice President, Amalgamated Agency

As companies continue to address risk exposures in this uncertain economic climate, one area receiving increased attention is Fiduciary Liability. The combination of eroding 401(k) values, coupled with the ease of claim filing (in contrast to SEC claims where filing thresholds have increased), has led to a material increase in litigation. Although this increase is most prominent in the public sector, many private companies are also facing claims as employees seek restitution for underfunded defined benefit plans. It is therefore, important, that fiduciaries understand their responsibilities and implement measures to protect against potential risks.

In general terms, ERISA (Employee Retirement Income Security Act) imposes a fiduciary duty on an individual who is charged with making decisions for the company's 401(k) plan or other qualified employee benefit plan. Under ERISA, fiduciaries can be held personally liable for losses in a plan incurred as a result of their alleged breach of duty. As many plans will see a decrease in value and/or reduction in benefits, claims under ERISA will increase.



The more common claim types include: improper advice or disclosure; inappropriate selection of advisor or service provider; imprudent investments; lack of investment diversity and; negligent administration of a plan.

The stakes just got higher with the U.S. Department of Labor's (DOL) recent passage of a new regulation (408(b)(2)) to address the problem of hidden fees in 401(k) plans. Effective July 16, 2011, all 401(k) service providers that expect to receive \$1,000 or more in direct or indirect compensation for services they provide in relation to an employer-sponsored defined contribution and defined benefit plan must disclose those fees in advance of the start, extension or renewal date of the contract. Fee disclosure for contracts already in existence on the effective date of the new regulations must be disclosed by the effective date. The new DOL rules also require service providers to present a written description of their services and disclose any adjustments to their fee structure within 60 days from the date in which the service provider is informed of the changes.

Under the new DOL regulations, service providers are not the only ones with heightened responsibilities. Plan fiduciaries must now step up their due diligence in uncovering and identifying every fee a service provider is charging against their 401(k) plans and determine what is reasonable. Most service providers have done a very good job of hiding fees and most fiduciaries are unaware that there can be as many as 17 different fees from administrative and transactional to revenue

sharing, surrender and wrap fees consuming their plan participants' retirement funds at rates of between 2-12% per fee. The new DOL regulations, however, require you to benchmark your 401(k) plan to determine if the fees being charged are reasonable. Failure to do so poses significant liabilities from costly fines to potential employee lawsuits.

Coverage for fiduciary-related claims is excluded in most Directors and Officers Liability or Employment Liability insurance policies. For publicly traded companies, this coverage is typically available only on a standalone basis through a dedicated Fiduciary Liability Insurance policy. For private companies, however, the coverage can be purchased as part of a "blended" insurance policy along with Directors and Officers Liability, Employment Practices Liability and Commercial Crime Insurance. Fiduciary Liability policies are written to protect fiduciaries and the employer company from claims brought under the broad reach of ERISA. Currently, pricing for this coverage still favors the insured; however, many industry analysts anticipate higher pricing in the months to come as the incidence of claims under this line of insurance increases.

If your company does not currently purchase a Fiduciary Liability insurance policy, or you would like to talk about insurance solutions that may exist for other areas of concern, please contact me, Ira Schwartz, at ischwartz@amalgamatedagency.com or call me at 914-367-4120.

TPA Decisions - Alicare

What You Need from Your TPA in 2011

By John Thornton, Executive Vice President, Sales & Marketing



Healthcare reform legislation, heightened emphasis on protecting individuals' sensitive data and preventing data breaches, as well as the ongoing expectation of information access on a 365/24/7 basis via the Internet have all increased business' requirements for their third-party

administrators (TPA). Knowing what you should expect from your TPA today in terms of service flexibility, leading-edge information technologies (IT) including web-based applications, robust reporting capabilities and branding support is the first step toward receiving "Best in Class" TPA services.

A TPA should be able to serve its clients as a one-stop resource. They should be capable of addressing all of their clients' administrative needs, and assist them in

accessing other valuable products and services such as medical stop loss insurance, medical case management, disease management, wellness programs, etc.

Flexibility and accommodating services are also essential qualities which should be expected from a TPA today. Again, there are many influences affecting businesses today – some unpredictable and uncontrollable like economic conditions or changing industry dynamics. Businesses need a partner that will be able to work with them and accommodate their specific and potentially fluctuating requirements (e.g., number of employees, influx of ethnic workers, aging workforce, etc). As part of that ability, the TPA should be able to work with a wide range of funds and employers and not expect their clients to fit neatly into set categories. While many TPAs serve specific niches, beyond that factor where it may apply, it is still important that a TPA be able to meet each client's unique requirements.

Today, having advanced Information Technology (IT) systems, reflecting the highest level of system security, is critical. The incidences of data breaches continue to rise along with the related penalties. While the TPA is liable, for example, for violations of HIPAA in accordance with the broader requirements of the HITECH Act, such violations do not serve an organization well in terms of the trust its employees or plan members have placed with it. You should expect a TPA to have integrated technologies, from data encryption and authentication technologies to firewalls, antivirus and antispyware software. Additionally, there should be effective data breach policies, such as authorized-only access to sensitive data, password-activated screens, and regular enforcement of changing passwords.

Also relating to technology, it should go without saying that a TPA should be providing its clients with web-based self-service, providing employers and their employees, as well as fund administrators and their union members, access to their account information on a 365/24/7 basis.

Robust reporting capabilities are also key TPA service

criteria. TPAs should be able to provide comprehensive reports in formats that are relevant to their clients. Reports should encompass advanced data metrics that clearly project an organization's benefits and insurance program applications and utilization.

Last but not least, a TPA that is truly serving as a business partner will also recognize the importance of offering their clients a private label and/or co-branded service. As more organizations struggle to maintain positive employee/member relations, particularly during a challenging economic period where layoffs, reductions in compensation and benefits are unfortunate realities, reinforcing benefits through a branded offering can be very valuable. The brand should be reflected in everything from the self-service portion of the website to brochures and correspondence to plan members.

While a prudent and thorough evaluation of any TPA is essential, organizations following these initial guidelines are more likely to experience a positive, productive and long-term relationship with their TPA.

Data Central

How Secure is the Data Center You Use

By Arthur Kurek, President, Alicomp

Outsourcing your data center operation to a third-party is a major decision. In doing so, there should be assurances that the operation has taken all precautions to promote optimum security. Following is a checklist of some of the key measures which indicate that a third-party data center/collocation facility is serious about security:

Policies & Procedures

- Authorized-only entrance to the facility as assured by automated access control and security technologies (e.g., handprint systems).
- Authorized-only access to equipment.
- Enforcement of prohibited activities such as bringing unauthorized equipment or materials into the data center, including electromagnetic devices which interfere with the IT and telecommunications systems; eating or drinking in the data center and photographing equipment.
- Regularly scheduled preventive maintenance, as well as a repair/troubleshooting escalation policy to address problems arising with mission critical applications.
- Regularly scheduled client backup and replication, as well as telecommunications backup.
- Comprehensive disaster recovery plan and related network testing

- Offsite storage of critical data
- Prohibition of certain transmission and online activities (e.g., sending unsolicited communications, conducting any unlawful activities and/or misrepresenting information such as an Internet protocol address).



Facilities and Technologies:

- 24-Hour security service
- Closed-circuit television (CCTV) surveillance
- Uninterrupted power supply (UPS)
- Generator back-up facility
- Separate environmentally-controlled tape library
- Advanced network security planning and administration inclusive of firewalls, access controls, intruder detection, crypto, etc.
- Data security controls (e.g., RACF, ACF2, Top Secret)

Amalgamated Life Qualifies as a Member of the Insurance Marketplace Standards Association – Demonstrates Adherence to IMSA's Principles and Code of Ethical Conduct

White Plains, NY...January 11, 2011

Amalgamated Life Insurance Company, a leading provider of life and health insurance, has gained membership into the Insurance Marketplace Standards Association (IMSA), an organization created by the insurance industry to promote high standards of ethical conduct in the way insurance companies conduct business with consumers.

NEW OFFERINGS FROM THE AMALGAMATED FAMILY OF COMPANIES

Meeting the needs of working people with market-responsive offerings is a top priority of the Amalgamated Family of Companies. Since 1943, we have made providing high performance insurance offerings our mission. Recently, in continuation of that legacy, we have added new value-added benefits to our line-up.

From Amalgamated Life:

Disability – A short-term disability coverage whereby members receive income protection for non-work related events such as an accident, illness or pregnancy. These benefits and their duration can vary up to five years.

Dental Insurance – A dental program provided through Amalgamated Life's strategic partnership with The Guardian Life Insurance Company and insured by Guardian. This is a highly-flexible, cost-effective dental insurance program which can be tailored to best meet members' needs. Among its innovative offerings are coverage for dental implants, early cancer

detection exams, periodontal treatments, adult fluoride treatments, and allowing members to roll over a portion of their unused benefit for future use.

Legal Guard through LegalEase – A comprehensive prepaid legal plan covering a wide range of legal needs, from wills, living wills and trusts; powers of attorney; and uncontested adoptions and guardianships; to the sale, purchase or refinancing of primary residences. Legal services are provided by a large network of experienced attorneys and legal professionals nationwide on a phone call, consultation and in-office basis depending upon member needs.

Visit Our Redesigned Websites

Check out the two newest websites of the Amalgamated Family of Companies
 Alicare – www.alicare.com
 Amalgamated Agency – www.amalgamatedagency.com
 Don't forget to visit –
 Amalgamated Life – www.amalgamatedlife.com
 Alicare Medical Management – www.alicaremed.com
 AliGraphics – www.aligraphics.com.

New Provider Portal

Providers can view claims and eligibility status at <http://providers.aligroups.com>.

To register for our new Provider Portal,
 Call: 1-866-995-9011
 Email: providerwebinquiry@aligroups.com.

To join our Provider Network,
 Call Provider Relations at 914-367-5365 for information.

New Member Portal

Members can view their claims and explanation of benefits at <http://members.aligroups.com>.

Members must be registered to view their claims on the portal.

Call: 1-866-995-9011
 Email: Memberwebinquiry@aligroups.com.

Amalgamated Life Insurance
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