Trustmark
INSURANCE COMPANY
400 Field Drive
Lake Forest, Illinois 60045
www.trustmarkinsurance.com

PRE-SORTED
FIRST CLASS
US POSTAGE
PAID
L & L

Inside this Issue of Group Producer Outlook...

The St. Louis Claim Office is closing on November 1, 1999. Claims previously serviced by the St. Louis office have been transferred to either the Boardman, Ohio; South Bend, Ind.; or Lake Forest, Ill., claims paying locations.

Milwaukee Dials Up New Area Code

REGIONAL OFFICES

Lake Forest
(Home Office)
1-800-621-4784

John Rowlette,
Regional Sales Director
jrowlett@trustmarkins.com

Bruce Tirakian,
Regional Manager
(Central Illinois)
btirakia@trustmarkins.com

Dennis Walsh,
Regional Manager
(Northern Illinois)
dwalsh@trustmarkins.com

Atlanta
Ruth Szabo,
Regional Manager
1-800-745-3162
rszabo@trustmarkins.com

Columbus
Jeff Wintersteller,
Regional Manager
1-800-601-0808
jwinters@trustmarkins.com

Dallas
Gary Behrhorst,
Regional Manager
1-800-887-5567
gbehrhor@trustmarkins.com

Grand Rapids
Laurie Jared
1-800-886-9642
ljared@trustmarkins.com

Indianapolis
Tom Luddy,
Regional Manager
1-800-345-0555
tluddy@trustmarkins.com

Kansas City
Jim Walter,
Regional Manager
1-800-407-2345
jwalter@trustmarkins.com

Milwaukee
Dean Hoffman,
Regional Manager
1-800-967-8766
deantmk@execpc.com

New Orleans
Allen Saba,
Sr. Regional Manager
1-800-397-5336
asaba@trustmarkins.com

Philadelphia
Jim O'Connor,
Regional Manager
1-800-492-2234
joconnor@trustmarkins.com

Phoenix
Dave Houser,
Regional Manager
1-800-227-9642
dhouser@trustmarkins.com

St. Louis
Jon Niblock,
Regional Manager
1-800-482-2234
jniblock@trustmarkins.com

South Bend
Bill Rosencrantz,
Regional Manager
1-800-501-2235
brosencr@trustmarkins.com

Group Producer

OUTLOOK

A Publication for the Brokers and Producers of Trustmark Insurance Company's Group Division.

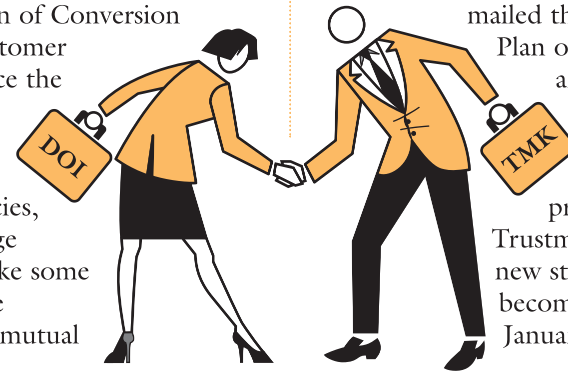
October 1999

Trustmark to Convert to Mutual Holding Company

In an effort to enhance Trustmark's long-term competitiveness in the rapidly changing insurance industry, Trustmark has filed with the Illinois Department of Insurance (DOI) to convert to a mutual holding company. The planned conversion is a result of the recent passage of the Mutual Holding Company bill by the Illinois legislature.

Under a mutual holding company structure, an insurance company forms an umbrella, or parent holding company organization, with one or more subsidiaries. Policyholders retain membership interest in the parent organization and have the right to vote for its board of directors. By becoming a mutual holding company, Trustmark can take advantage of greater organizational flexibility to acquire or merge with other companies and increase its access to capital markets, while keeping its business focused on providing the best possible products and services to policyholders.

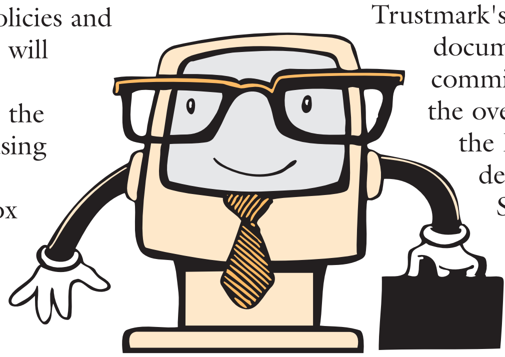
Trustmark's Plan of Conversion won't effect customer policies or reduce the benefits, values, guarantees or other terms of customers' policies, nor will it change premiums. Unlike some insurers who are converting to a mutual holding company or fully demutualizing, Trustmark hasn't any plans to offer stock under the new structure.



Trustmark's Board of Directors has approved the Plan of Conversion and the DOI held a public hearing on the plan August 25. If approved by the DOI, policyholders will be mailed the complete Plan of Conversion and have an opportunity to vote on it in person or by proxy. Currently, Trustmark expects the new structure to become effective January 1, 2000.

Group Division to Phase out GlobalView in Favor of Calligo Suite

The Group Division recently purchased Calligo Suite, InSystems Technologies, Inc.'s integrated document creation, management and distribution software application that will be used to produce group's policies and certificates. Calligo will replace the aging GlobalView system the division has been using since 1991. GlobalView, a Xerox Company product, is being phased out because it no longer competes with products currently on the market. Additionally, Xerox won't offer support for the system after April, 2000.



The new software will enhance Trustmark's ability to meet document turnaround commitments and increase the overall productivity of the Division's contract department. Calligo Suite's capabilities will give Trustmark the ability to automate the creation of documents such as certificates, statements, proposals and other correspondence.

Beginning this month, Group will begin using Calligo with the issuance of the TXX Policy as part of the first phase of implementation of the system. While the Division initially will use Calligo only for issuing the TXX Policy, once fully implemented, Calligo will allow Group to design and control the entire document life cycle in every department, and provide the ability to tailor solutions for its unique business processes and practices.

Legislative Corner

Final COBRA Regulations Go into Effect on January 1

The Internal Revenue Service earlier this year issued final regulations to the 13-year-old Consolidated Omnibus Budget Reconciliation Act (COBRA) that was signed into law in April 1986. The IRS also adopted a set of proposed regulations dealing with additional subjects.

Under COBRA, an employee or qualified dependent who loses health care coverage due to a qualifying event under an employer's health care plan has the right to continue healthcare coverage at his or her own expense for a period between 18 and 36 months.

Since the enactment of COBRA, and subsequent legislative amendments and interpretations by various court cases, the IRS had offered only proposed guidance on how to interpret and administer this law.

The final regulations are effective for qualifying events occurring in plan years beginning on or after January 1, 2000. Until then, employers are expected to operate in good faith compliance and with a reasonable interpretation of the law.

As a result of the adoption of the final regulations, employers and COBRA administrators must make many changes to current COBRA compliance programs to meet the new requirements. Below are some highlights of COBRA's 1999 final regulations:

Plans That Must Comply

- The 1999 rules regarding which group health plans are subject to COBRA are generally similar to those in the 1987 proposed regulations. In general, COBRA continuation rules apply to group health plans of all employers except churches, small employers and the federal government. Plans that provide only qualified long term care services are not considered group health plans subject to the COBRA continuation laws.

- Small employers, those who normally employed fewer than 20 employees during the preceding calendar year, are not subject to COBRA . For multi-employer plans (made up entirely of small employers), COBRA does not apply unless one of the small employers increases its number of employees to 20 or more. IRS controlled group rules also apply. A U.S. subsidiary with fewer than 20 employees would still be subject to COBRA if the controlled group has 20 or more employees worldwide.

Qualified Beneficiaries

- An employee covered under an employer's group health plan is a qualified beneficiary only in situations where the qualifying event is a termination (other than for gross misconduct), a reduction in working hours or the employer's bankruptcy. An individual is a qualified beneficiary if, on the day before a qualifying event, that person is covered under the employer's plan and is a spouse of the covered employee, a dependent child, or a child born, adopted by or placed for adoption with the covered employee during the period of COBRA coverage.

Qualifying Events

- Qualifying events are certain types of events that would cause the beneficiary to lose health coverage. It can include: voluntary or involuntary termination of employment, excluding gross misconduct; reduction in the number of hours of employment; death of the covered employee; divorce or legal separation; eligibility for Medicare; loss of dependent status and bankruptcy proceedings.

Loss of Coverage

- Any of the above events is a qualifying event only if it results in a loss of coverage to the qualified beneficiary. Final regulations make it clear that an increase in an employee paid premium or contribution for coverage that results from a qualifying event is considered a loss of coverage.

COBRA Continuation Coverage

- In general, a COBRA qualified beneficiary is entitled to the coverage that was in effect on the day before the qualifying event. The final regulations specify that a qualified beneficiary is entitled to the coverage made available to similarly situated beneficiaries for whom a qualifying event has not occurred. The 1999 final rules call these individuals "similarly situated non-COBRA beneficiaries."

Electing COBRA Continuation Coverage

- The beneficiary, or a representative, must elect COBRA coverage within 60 days of the later of the date coverage is lost, or the date the notice to the qualified beneficiary is sent. An election by a qualified beneficiary is considered made on the date that the notice was sent to the employer or plan administrator. Continuation coverage must be identical to the coverage provided under the plan to similarly situated non-COBRA beneficiaries, which is usually the same coverage the qualified beneficiary had on the day before the qualifying event.

continued next page

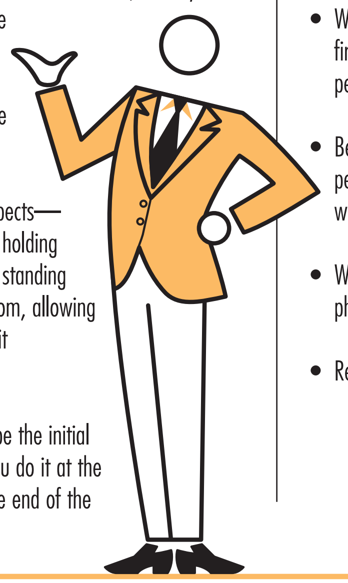
Sales Tips

A thought to sell by:

"Those who enjoy responsibility usually get it; those who merely like exercising authority usually lose it."
— Malcom Forbes

Business Etiquette

- When making introductions, say first the name of the person who has the higher rank, e.g., "Ms. CEO, this is Ms. Mailroom. Ms. Mailroom, this is Ms. CEO."
- If you forget someone's name, be honest, apologize, then continue with the introduction.
- When introducing yourself to someone, share your name, company name and other information of interest, such as where you might have met before.
- Show respect to prospects—women or men—by holding doors open for them, standing when they enter a room, allowing them to enter and exit elevators first.
- A handshake should be the initial point of contact. If you do it at the beginning, do it at the end of the encounter, too.



- In this age of high-tech communication, personal notes can do much to foster goodwill and promote yourself. Send handwritten notes to thank someone for a business referral, to acknowledge a birthday or anniversary, promotion, new job or marriage, to offer condolences, or to give thanks for exceptional help. If you choose to send a card, add a personal note to it.
- When making phone calls, always identify yourself by first and last names to both the receptionist and person you are calling.
- Before putting people on speaker phone, ask for their permission and let them know who is in the room with you.
- When meeting with someone who has to take a phone call, offer to step out of the room.
- Return calls and e-mails within 24 hours.

—*adapted from Jill Bremer,* Bremer Communications,
as seen in the *Chicago Tribune*

Have you ever heard the saying, "Never go shopping when you're hungry?"

That advice applies to negotiation, too.
Reason: If you're too eager, you'll negotiate from a weak position. You may make too many concessions to save the deal. Increase your success by focusing on your current success—and on the success you anticipate.

—adapted in *Competitive Advantage*

COBRA Regulations (cont.)

Duration of Coverage

- COBRA generally provides for 18 months of coverage. In certain circumstances in which a qualified beneficiary becomes disabled within the first 60 days of COBRA coverage, the period can be extended to 29 months. Also, if certain qualifying events occur during the original 18 months of COBRA coverage, qualified beneficiaries become entitled to receive 36 months of continuation coverage.

Paying for COBRA

- Employers may require qualified beneficiaries to pay the entire premium for coverage plus a 2 percent administrative charge. For disabled qualified beneficiaries receiving either 29 months or 36 months of coverage due to a secondary qualifying event that occurs during the disability extension period, premiums may be increased after 18 months to 150 percent of the plan's total cost of coverage. If the disabled individual is part of the same coverage group as family members who aren't disabled, the family members may also be charged 150 percent after 18 months.

The 1999 proposed regulations include information on how to count employees to determine eligibility for the small employer exception; when health flexible spending accounts are exempt from COBRA continuation requirements; who has COBRA responsibilities in cases of business reorganizations; maximum coverage periods; and the interaction of COBRA and the Family and Medical Leave Act.

The IRS action is intended to clarify and provide guidance to employers and administrators for the many complex and ambiguous areas contained in the COBRA law.