

Consulting for Success 2000

ACTUARIAL CONSULTING SPECIAL SECTION

Welcome to *Contingencies'* second annual advertising section devoted exclusively to actuarial consulting.

Some of the nation's leading consulting companies are detailed in this special issue to help readers who purchase actuarial consulting distinguish the strengths of each company as they begin the selection process. The consulting firms tell their own stories in detail. Discover their areas of specialization and expertise, services offered, and their strategic outlook for the new millennium.

The companies featured in this issue include:

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We hope this section is a valuable resource in the search for a consultant who will meet your unique needs. But in case any of your questions go unanswered, please feel free to contact any of the individual providers. Complete contact information is featured at the top of each profile.

Ernst & Young LLP

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Overview

Ernst & Young LLP provides assurance and advisory business services, actuarial services, and tax services for domestic and global clients. Our worldwide organization has 77,000 people in 130 countries, including offices in 100 North American cities. E&Y was among the first of the professional services firms to develop its own full-time actuarial staff. With more than 250 professionals in North America, E&Y is a major provider of actuarial services, specializing in all segments of the property/casualty, life/health, and managed care industries. E&Y helps clients to quickly and confidently make financial decisions designed to enhance value.

An Integrated Approach

The business environment is becoming increasingly complex. Business solutions in the insurance industry rely, now more than ever, on a multidisciplinary approach to tackling emerging performance, competitive, and operational issues. E&Y integrates actuarial capabilities with accounting, audit and tax skills. Our approach allows us to bring significant value to our clients in areas such as financial modeling, product development and pricing, ALM, performance measurement and management, and M&A strategy and implementation.

Timely Thought Leadership

E&Y's ability to assist insurance companies with the challenges they face in a changing environment is bolstered by our professionals' knowledge of the trends and issues affecting the insurance industry. We offer insightful and timely commentary and thought leadership through our highly regarded industry publications. E&Y's *Actuarial Alert* and financial services publication, *Cross Currents*, provide an ongoing source of information and commentary on crucial industry developments. A collection of E&Y's latest ideas on the new economy can be found at www.ey.com/thoughtcenter.

MoSes-Related Services

In a joint collaboration with Classic Solutions Pty Limited, an independent Australian-based software vendor, and its US operation, Classic Solutions Risk Management, Inc., E&Y is assisting with the strategic development of MoSes—the next-generation of financial modeling technology. E&Y works with Classic Solutions to co-develop applications to support the North American financial services and insurance industries, by providing both industry knowledge and hands on development support.



Implementation Services: E&Y can help you get up and running with MoSes. We will help you install the software, configure it to meet your needs, and train your staff.

Customization Services: Once installed, our team will recommend opportunities to maximize the benefits of the system and will help you tailor MoSes to meet your company-specific needs.

Conversion Services: E&Y can ease your transition to the MoSes platform. Working with your staff, our professionals will help you convert existing models to MoSes applications.

Actuarial Services

E&Y actuaries bring value to our clients through their current knowledge of the issues that face the insurance industry. The services provided cover a diverse range of topics:

- ▶ Assurance
- ▶ Risk identification, measurement, management, and mitigation
- ▶ Financial management and reporting
- ▶ Product development and pricing
- ▶ Regulatory services
- ▶ Risk financing programs
- ▶ Claims, premium, and eligibility handling effectiveness
- ▶ Litigation support
- ▶ Mergers and acquisitions
- ▶ Healthcare provider reimbursement analysis
- ▶ Healthcare performance improvement
- ▶ Rating (including capitation) and underwriting
- ▶ Financial process improvement
- ▶ Financial modeling
- ▶ Valuation
- ▶ Technology and systems support

Outlook

The intensification and acceleration of market forces are spurring financial services competitors to recognize the ramifications of the powerful trends at work in the marketplace: consolidation, convergence, globalization, demutualization of the life sector, and the growing importance of the retail customer. These trends are redefining the competitive landscape for life, health, and P/C insurers and will continue to shape the outlook for the insurance sector in the early years of the 21st century.

ASA

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What it takes.

AON *Aon Consulting*

Corporate Overview

ASA, now a part of Aon Consulting, is the nation's fifth largest actuarial, employee benefits and compensation consulting firm, providing our clients with innovative strategies and solutions to compete effectively in a dynamically changing business environment.

ASA: The Actuarial Resource for Life Insurance Companies and Plan Sponsors

ASA is a unique and valuable actuarial resource for life insurance companies and for corporate sponsors of employee benefit programs. As the preeminent consultant to corporations on life insurance matters, ASA understands the challenges involved in designing and funding efficient benefit programs to support your business strategy. We leverage our actuarial and benefits consulting expertise to help insurance companies develop, re-design and market life insurance and annuity products to make these products as attractive as possible to plan sponsors.

What It Takes: ASA Life Insurance Actuarial Consulting Services

ASA's multidisciplinary team of actuaries and attorneys brings innovation to the design and development of insurance and annuity products. ASA's risk advisors can add value in every area of your business, providing these services:

Developing Life Insurance and Annuity Products

ASA is expert at designing and pricing life insurance and annuities, as well as developing crediting and investment strategies. We handle drafting and filing of policy forms; actuarial memoranda and prospectuses; product tax compliance issues; tax, legal and reinsurance considerations; underwriting and policy issue requirements; and profitability measurement and monitoring. We also evaluate existing products and undertake experience studies.

Marketing and Sales Support

Leveraging its experience in conducting competitive analyses of insurance products, ASA helps insurance companies design and deliver products the market wants. We can help you develop your marketing strategy and assist in reviewing your marketing materials. ASA also can provide training to your field and home office personnel.

Developing and Implementing Product Systems

ASA has significant experience in project management consulting, especially in the field of designing and implementing product administration and illustration systems. We have expertise in system specifications, testing and conversion.

Strategic Planning and Risk Management

ASA offers a wide range of corporate planning and risk assessment services, such as reinsurance treaty negotiations, financial reporting requirements (statutory, tax, GAAP), cash flow testing and asset/liability management.

What It Takes: ASA Life Insurance Consulting Services for Plan Sponsors

ASA actuaries and attorneys work closely with plan sponsors to design executive benefits and compensation programs and to develop the most cost-effective and tax efficient strategies to fund such programs.

Executive Benefits and Compensation Plan Design and Administration

ASA designs and administers nonqualified benefit and compensation programs such as:

- ▶ Supplemental Executive Retirement Plans (SERPs)
- ▶ Deferred Compensation Plans, including stock option deferral arrangements
- ▶ 401(k) Mirror Plans
- ▶ Split Dollar Life Insurance
- ▶ Design, Selection and Installation of Funding Programs

ASA carefully analyzes all funding options available to our clients to ensure the selection of a funding program that balances investment return, liquidity and risk minimization. Specific services include:

- ▶ Consulting on the design of a funding program
- ▶ Drafting trust documents
- ▶ Preparing insurer bid specifications
- ▶ Analyzing bid responses
- ▶ Product selection, including negotiations with the insurer
- ▶ Providing technical advice regarding plan installation (including employee communications)
- ▶ Life Insurance Administration
- ▶ For in-force corporate life insurance programs, ASA provides a full range of ongoing administrative and consultative support.

Buck Consultants

*The secret is officially out of the bag.
After 84 years, it's about time.*

When you're in the consulting business, you focus on the needs of others. That's what makes you successful. And when you've been a leader in your field for more than four generations, it's easy to let your reputation do the talking. But, there's no room for modesty in today's business environment. It's time to spread the word about Buck Consultants so you can take advantage of one of the industry's best-kept secrets.

Buck Consultants, a subsidiary of Mellon Financial Corporation, is a recognized world leader in human resources and one of the nation's oldest actuarial consulting firms. Its founder, George Buck, pioneered the concept of pension fund financing in the early twentieth century. Inspired by his vision and philosophies, Buck Consultants today helps ensure the health and welfare of an estimated 10 million active and retired employees worldwide. More than 3,000 Buck professionals in 60 offices around the globe customize the finest quality consulting services to meet the unique challenges of clients in every industry. Our practices include:

Compensation • Retirement Programs • Employee Benefits • Benefits Administration Outsourcing • Actuarial Services • HR Management Policies and Issues • Communications Consulting

What separates Buck Consultants from the crowd?

Service. The unique, entrepreneurial environment at Buck Consultants gives our professionals the freedom to provide an extraordinary level of service. Supported by centralized systems and a dedicated staff, they strive to build solid, lasting client relationships. This involves not just solving problems but helping clients implement plans and constantly evaluate their efficiency. At Buck, the only valid measure of success is the client's satisfaction. And there's plenty of evidence that we're doing a first-rate job: Our employee retention rate is extremely high, and our clients not only stay with us but continually expand our role as consultants to their businesses.

Innovation. Buck Consultants has been a pioneer in the industry from its very beginnings. Eighty-four years later we're still a leader in developing new tools that provide creative, economic solutions to our clients' problems. Our acquisition by Mellon Bank in 1997 has broadened our capabilities. Today, there's no challenge Buck Consultants can't meet.

Commitment. Our business is all about the commitment to give our clients the competitive edge. At Buck, we demand original thinking, fiscal responsibility and the inventive application of new technologies. The high standards we set for servicing our

clients are the standards we set for ourselves. It is our business to know more, care more and deliver more than our competition. That's what keeps us on top.

Sound like a secret worth learning more about? We would be delighted to provide more information on what makes Buck unique. Just call: 212 330-1000.

Company's area of expertise

Buck Consultants is a leading human resources firm specializing in actuarial services, employee benefits, compensation, benefits administration outsourcing, employee communications, and HR management policies and issues. Our clients include local companies and global corporations, not-for-profit and educational institutions, and numerous state and local governments.

Mission Statement

The goal at Buck is to identify and develop strong, enduring relationships with clients who can benefit from our broad-based expertise. To this end, we offer an unparalleled blend of experience, professionalism, proven technologies and innovations that allow clients to take advantage of the opportunities that exist today and those being explored for the future.

Buck Consultants

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Parent company: Mellon Financial Corporation
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*Practicing the art and finance
of human resources*
**BUCK
CONSULTANTS®**
A Mellon Consulting Company

Deloitte & Touche LLP

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 Year founded: 1895
 Practice founded: 1978

Mission

To be the professional services firm that consistently exceeds the expectations of our clients and our people.

Practice Overview

The Actuarial & Insurance Consulting Group of Deloitte & Touche is a leading provider of actuarial and insurance consulting services to corporations and insurance providers and regulators in the life, health, and property/casualty areas.

From traditional insurance pricing, reserving, and regulatory compliance matters to advanced quantitative services—incorporating neural networks and dynamic financial analysis—the group helps organizations assess, manage, and ultimately control financial risk.

The practice has an appointed Chief Actuary specifically tasked with maintaining the quality and standards of actuarial work performed and with the professional development and training of its more than 300 actuarial consultants worldwide.

Redefining the Role of the Actuary

Traditionally, actuaries have been associated with “behind the scenes” calculations of future financial risk in the insurance sector, helping to price products and set reserve levels. Our Actuarial & Insurance Consulting Group is taking the actuarial skill set out of the “back room” and into the boardroom, out of the insurance sector and into non-insurance companies. Actuarial science can help identify, quantify, and manage future risks and costs in not only financial transactions but also marketing, operations, and human resource activities. Our actuarial consultants are leading the revolution through such innovative product and service offerings as dynamic financial analysis and data mining.

Services

- ▶ Advanced Quantitative Services
- ▶ Data Mining
- ▶ Dynamic Financial Analysis
- ▶ Insurance Company Services
- ▶ Actuarial Analysis and Opinions
- ▶ Compliance Testing
- ▶ Claims Performance Assessment and Reviews
- ▶ Product Development and Pricing
- ▶ Acquisition Due Diligence and Actuarial Valuations
- ▶ Actuarial Department Re-engineering
- ▶ Operational Reviews
- ▶ Regulatory Services
- ▶ Actuarial Examinations
- ▶ Statements of Actuarial Opinions
- ▶ Reinsurance Analysis
- ▶ Asset Valuations
- ▶ Pricing Reviews
- ▶ Statistical Data System Procedures Reviews
- ▶ Rate Filing Reviews
- ▶ Actuarial, Audit, and Claims Services (for insurance companies in liquidation or rehabilitation)
- ▶ Self-Insured Entities Reviews
- ▶ Trustee Services
- ▶ Risk Management Services
- ▶ Strategy
- ▶ Casualty Actuarial & Financial Services
- ▶ Risk Technology Services
- ▶ Operational Reviews

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Corporate Overview

Founded in 1968, Lewis & Ellis, Inc., Actuaries & Consultants, provides independent actuarial and management consulting services to a wide band of clients. Our offices are in Kansas City and Dallas. Quality people who possess insight and technical expertise have built our success. The principals of L&E are all either qualified actuaries or other insurance professionals with many years of insurance company and consulting experience.

Mission

We strive to provide appropriate and innovative answers. We use our technical training and specialized knowledge to help identify a company's needs and analyze immediate or potential problems. Using imagination and available resources, we develop creative and workable solutions. Along the way, we communicate with clients, giving them a basis for effective decision making.

Expertise

The Insurance Services Division of L&E serves clients from coast-to-coast in all facets of life, health and property and casualty insurance operations and regulatory compliance.

The Employee Benefits Division provides the technical expertise and professional qualifications demanded by today's complex employee benefits programs and, as a result, now deliver actuarial and administrative services for hundreds of employee benefit plans.

The Software Division develops PC-based software to generate illustrations for new and in-force insurance products. This illustration software is written to present an insurer's products to policyowners and prospective buyers in a clear and professional fashion. Our software illustration programs are being used by thousands of insurance agents to assist them in selling and servicing their business. They are fully compliant with insurance laws and regulations.

Consulting Services

L&E provides consulting services for:

- ▶ Life, health, and casualty actuarial needs
- ▶ Merger, acquisition and formation consulting
- ▶ Financial reporting
- ▶ Company or product analysis and valuation
- ▶ Product development
- ▶ Value of company, product line, or business
- ▶ Illustration software
- ▶ LEAPPS®, a comprehensive actuarial pricing and projection system
- ▶ Defined benefit pension plan design, consulting, compliance, and administration
- ▶ Defined contribution plan design, consulting, compliance, and administration
- ▶ Health, welfare, and other group benefits
- ▶ Flexible benefits
- ▶ Retiree medical and life benefits
- ▶ Employee communications
- ▶ Regulatory compliance issues
- ▶ Development of innovative software packages and problem solutions
- ▶ Expert testimony and consultation with lawyers and other legal authorities
- ▶ Examination support for regulators and governing agencies

Our clients include insurance companies, health care providers, governmental entities, attorneys, investment bankers, and employers who provide health, life, or retirement benefits. Our client base is international in scope.

Our Future Plans

We will continue to serve our clients with strict adherence to ethical and professional standards while maintaining the clients' interests and needs in highest priority. We will always stay on the leading edge of technology and product knowledge as needed to advise and serve our clients. We will seek new professional staff who stand at the top of their profession and who have the people skills to effectively communicate with our clients. We will assure that our consultants and other employees maintain continuing education to stay on top of their profession.

MHL

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You expect us to be good actuaries.

You expect our mission statement to include words like innovation and service. You expect us to provide sound advice based on years of experience crunching data, and observing operational methods of other clients in similar circumstances. Of course. That's what all good actuarial consulting firms do.

So, what makes MHL stand out from the others?

We believe there are two differences: vision and courage. We have the vision to see the need to go in a new direction, and the courage to break with traditional ways of thinking.

Multi-Variate Analysis/Generalized Linear Modeling

Everyone is aware that MHL knows personal lines. Our actuaries helped create some of the industry's traditional underwriting and pricing practices. What may not be known is that the methods we are now using are very different than those we learned and practiced in the past. We have identified specific changes that need to be made in order to help our clients respond profitably to the changing market.

Using EMBLEM software, we can now help clients simultaneously evaluate all interacting demographic, underwriting, marketing and rating factors, and the impact each factor has on the others. This is a tremendous improvement over traditional loss ratio methods. Developed by our partner firm in the U.K., English Matthews Brockman, EMBLEM allows us to create generalized linear models to analyze multi-dimensional problems with multi-variate regression techniques. It works on every line of insurance, and is especially powerful because it can extract valuable information from relatively small databases, enabling our clients to take advantage of opportunities traditional actuarial methods might dismiss. In short, this new computer technology is allowing us to challenge everything about insurance operations that heretofore we accepted as true.

Dynamic Financial Analysis

In addition to pricing and underwriting, MHL is now pushing the envelope in actuarial science with dynamic financial analysis. Through our subsidiary, Paratus Consulting Limited, MHL is developing sophisticated risk analysis techniques that lead to more informed decisions relating to capital management, and ultimately to a significant competitive advantage. We do not believe that one "black-box" model works for everyone. So, we are building a tool kit of modules which can be "bolted together" in a variety of ways to create a unique analysis model for each client. Our models allow management to consider the results of various risk management strategies on company financials over a five-year time horizon. They are *dynamic* in that each allows for recognition of the variable nature of insurance assets, liabilities, operations and their interactions; they are *financial* in that the impacts of varying decisions or events are summarized as an expected income and balance sheet.

Alternative Markets/Risk Management

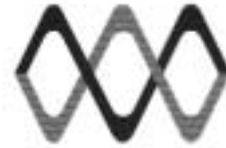
You probably don't know that MHL provides a wide range of services for self-insureds, too. We have developed a broad network of service providers, including fronting carriers, brokers, captive management companies, TPA's, auditors, safety/loss control firms and attorneys, to help our self-insured clients establish their programs and determine how much to set aside for claims. We provide loss cost projections, loss ratio analysis, reserve analysis, funding studies, cost allocation studies, feasibility studies, domicile reviews, analysis of retention levels, dividend plans and benchmarking for captives, risk retention groups, pools, syndicates, large deductible programs and other self-insured plans.

Thinking Outside the Box

In order to find new solutions to age-old problems, it takes people with vision, knowledge and the courage to challenge traditional ways of doing things. We are that kind of consulting firm, looking for that kind of client. If that's you, call us. We can help.

Milliman & Robertson, Inc.

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MILLIMAN & ROBERTSON, INC.
 Actuaries & Consultants

Goal

To provide our clients with objective, independent, unbiased advice and a superior work product—based on the best tools and data available.

Corporate Overview

As M&R grew from a one-man start-up in Seattle in 1947 to a 3,000-person international consulting organization, our principal business has been helping clients evaluate risk and the opportunities that go hand in hand with risk-taking. One of the largest actuarial consulting firms in the United States, we are at the core of change in the markets we serve. Seeking answers to complex, future-oriented questions, we play a critical strategic advisory role as our clients develop responses to the economic, regulatory and competitive forces reshaping the insurance, employee benefits and health care industries. Milliman & Robertson is the U.S. and Japanese member firm of Woodrow Milliman, an international network of actuaries and consultants with over 100 offices in 34 countries.

Areas of Expertise

Employee Benefits. Our employee benefits group advises defined benefit and defined contribution plans, as well as multi-employer and public pension plans. M&R provides consulting, recordkeeping, and compliance services to 401(k), profit sharing, money purchase, ESOP, and target benefit plans. We advise more than 140 jointly managed pension and welfare plans covering two million participants. Currently, we have assignments in 40 states for more than 200 state and local public retirement systems. We also provide global benefit consulting to international companies and companies considering cross-border mergers and acquisitions. M&R clients benefit from the on-the-spot expertise of the member firms in Woodrow Milliman, our international consulting network.

Health. M&R is broadly acknowledged as the leading consulting firm to health care providers, managed care organizations, indemnity insurers, and BlueCross/BlueShield plans. Multi-disciplinary consulting teams of clinicians, actuaries, and information technology consultants offer a unique blend of experienced strategic advisers able to anticipate changes in the framework of the industry. Committed to front-line industry research, M&R's consulting tools and databases have shaped the way health care costs and efficiency are measured. M&R's Health Cost Guide-

lines™ are an industry standard, used by leading insurers in estimating claims costs. Our Healthcare Management Guidelines™ were described by the New York Times as the gold standard among guidelines. The Healthcare Companion™ is a new guide designed for consumers. The M&R LOS (length-of-stay) Efficiency Index is a key measurement for determining hospitals' relative efficiency within a market.

Life Insurance and Financial Services. M&R is a leader in life insurance mergers, acquisitions and demutualizations. Our consultants are recognized for their groundbreaking work in life insurance product design and extensive expertise in determining exposure to litigation and regulatory action. The firm was instrumental in developing such innovative financial vehicles as equity-indexed products, accelerated death benefits, variable life and annuity contracts, and immediate annuities. M&R uses a state-of-the-art financial modeling program called ALFA (Asset Liability Financial Analysis). In addition to asset-liability analysis, ALFA helps clients evaluate the business risks inherent in bringing new products to market, such as indexed products and market value-adjusted products.

Property and Casualty. Our property and casualty group is one of the largest in the world with an increasingly strong international component in the assignments it undertakes. M&R is widely respected for its work in product design and pricing, loss-reserve analysis, workers' compensation, strategic financial planning, and mergers and acquisitions. We use proprietary Dynamic Financial Analysis (DFA) software to measure and manage risk. Our DFA program can be customized to fit any company's unique business mix.

Significant contributor to the actuarial profession

- ▶ Society of Actuaries past presidents—Wendell Milliman (the first consulting actuary to serve as SOA president), Bill Halvorson, Allan Affleck and Walt Rugland
- ▶ American Academy of Actuaries past presidents—Wendell Milliman and Bill Halvorson
- ▶ Conference of Consulting Actuaries past presidents—Bob Dobson and Larry Baber
- ▶ International Forum of Actuarial Associations founding members—Bob Collett and Walt Rugland