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VAULT GUIDE TO THE TOP
INSURANCE EMPLOYERS

TYYA N. TURNER
AND THE STAFF OF VAULT

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Table of Contents

Introduction

Insurance

Risky business

The insurance industry combines to form a multi-trillion-dollar market dealing in risk. In exchange for a premium, insurers promise to compensate, monetarily or otherwise, individuals and businesses for future losses, thus taking on the risk of personal injury, death, damage to property, unexpected financial disaster, and just about any other misfortune you can name.

The industry often is divided into categories such as life/health and property/casualty. Life insurance dominates the mix, making up about 60 percent of all premiums. The bigger categories can be subdivided into smaller groups; property insurance, for instance, may cover homeowner s, renter s, auto, and boat policies, while health insurance is made up of subsets including disability and long-term care.

But these days, you can find insurance for just about anything even policies for pets (a market that grew 342 percent from 1998 to 2002, with sales of up to $88 million, according to research firm Packaged Facts), weddings and bar mitzvahs, and the chance of weather ruining a vacation. Even insurance companies themselves can be insured against extraordinary losses by companies specializing in reinsurance. Celebrity policies always get a lot of press while rumors that Jennifer Lopez had insured her famous asset (sorry) for $1 billion proved to be unfounded, other such policies do indeed exist. In fact, the phrase million dollar legs comes from Betty Grable s policy for that amount (a similar policy is held by TV s Mary Hart); other notable contemporary policies include Bruce Springsteen s voice, reportedly covered at around $6 million.

The world s top five

Though the U.S. is well ahead of the rest of the world in terms of insurance coverage, with nearly 40 percent of the world s premiums in 2002, insurance is a truly global industry. Ranked by sales, the top five insurance companies are Germany s Allianz, the Netherlands ING, New York-based American International Group, Inc. (AIG), France s AXA, and Nippon Life Insurance Company, of Japan. Other leading U.S. insurers include State Farm, MetLife, Allstate, Prudential, Aetna and Travelers.

Consolidation is the name of the game Hoovers reports that the top ten property/casualty insurers account for nearly half of all premiums written. Perhaps the most notable example of the mergers and acquisitions mania in the industry was the $82 billion merger in 1998 between Citicorp and the Travelers Group, which created Citigroup. Some insurance companies have also begun to reconfigure themselves from mutual insurers, or those owned by policyholders (e.g., State Farm), to stock insurers, or those held by shareholders (e.g., Allstate). This process, known as demutualization, promises to raise even more capital for insurance companies to indulge in more acquisitions.

The last 25 years have seen a shift in the industry away from life insurance toward annuity products, focusing on managing investment risk rather than the (inevitable) risk of mortality. With increasing deregulation in the U.S. and Japan, these insurers are moving ever closer to competition with financial services firms. Indeed,

the business of the insurance industry doesn t end with insurance. The world s top insurance companies have broadened their array of financial services to include investment management, annuities, securities, mutual funds, health care management, employee benefits and administration, real estate brokerage, and even consumer banking. The move towards financial services follows the 1999 repeal of the Glass-Steagall Act, which barred insurance companies, banks and brokerages from entering each other s industries, and the Gramm Leach-Bliley Act of 1999, which further defined permissible acts for financial holding companies. Now insurance companies are free to partner with commercial banks, securities firms, and other financial entities.

At the speed of the Internet

Like many other industries, the insurance market has been transformed in recent years by the Internet. Traditionally, insurance products have been distributed by independent agents (businesspeople paid on commission) or by exclusive agents (paid employees). But insurers who sell over the Web reap the benefits of lower sales costs and customer service expenses, along with a more expedient way of getting information to consumers. is transforming those traditional methods by cutting costs and increasing the amount of information available to consumers. By 2005, Celent Communications estimates that the online insurance market will top $200 billion, or 37 percent of personal insurance premiums, up from 19 percent in 2003. Of course, an automated approach to doing business means fewer salespeople are needed Celent reports that insurance giant Cigna, for instance, eliminated 2,000 jobs in 2002 because of increased efficiencies.

With more IT comes a greater need for IT security Celent estimates that U.S. insurers will spend around $618 million on security alone in 2004, and more than $770 million by 2006. Aside from the threat of viruses, hackers, and the like, regulations have made security a top priority the Health Information Portability and Accountability Act (HIPAA), for instance, which went into effect in 2003, sets strict standards for the privacy and security of the patient information transferred between health insurers and providers.

Recovering from September 11

The September 11 terrorist attacks sent shockwaves through the industry. Not only did they constitute perhaps the largest insured loss in U.S. history with estimates ranging between $40 billion and $50 billion in claims for loss of life and property, injuries and workers compensation they also caused insurers and re-insurers to take a hard look at how they would handle the risks associated with possible future terrorist acts. The Terrorism Risk Insurance Act, signed into law by President Bush in November 2002, aimed to deal with the nearly incalculable risk posed by this threat. Among other things, the law defines a terrorism-related event as one with a minimum of $5 million in damages. It provides for the sharing of risk between private insurers and the federal government over a three-year period, with each participating company responsible for paying a deductible before federal assistance is available. If losses are incurred above the insurer s deductible, the government is obliged to pay 90 percent. While the measure met with a considerable amount of grumbling from all parties involved, for the most part the industry acknowledged that the plan at least allows for the potential risk to insurers from terrorism-related disasters to be quantified.

Fraud: The $100 billion challenge

Another trend in the industry is the problem of fraud, which costs an estimated $85 billion to $120 billion per year, according to the Insurance Information Institute. Fraud comes in two flavors, hard and soft, with hard fraud being a deliberate invention or staging of an accident, fire, or other type of insured loss to reap the coverage. Soft fraud covers policyholders and claimants exaggeration of legitimate claims, such as when victims of burglaries overstate the value and amount of lost property, or when car accident claimants pad damage claims to cover their deductibles.

Unhealthy healthcare

Medical malpractice is another hot topic. Health insurers generally get a bad rap from the public, with a 2003 Harris Poll indicating that just 40 percent of health insurance companies do a good job of taking care of their customers (in fact, only the tobacco industry ranked lower in the poll). The media and politicians give plenty of air time to horror stories about managed care companies slighting critically ill patients, and insurers refusing to cover necessary treatments or technologies. Is this reputation deserved? Depends on who you ask, but the industry has its own battles in health care   for example, it sees medical malpractice claims, which have skyrocketed in recent years, as a true crisis. Indeed, according to the Insurance Information Institute, some insurers have quit writing malpractice policies entirely rather than shoulder the risk (the median malpractice award in 2001, the latest year for which this figure is available, was $1 million). Insurance company Farmers, which racked up more than $100 million in malpractice-related losses in 2003, announced it would get out of malpractice overage in September of that year.

Working in insurance

According to the U.S. Bureau of Labor Statistics, the industry employed 2.2 million people in 2002. Of these jobs, three out of five were with insurance carriers, while the remainder were with insurance agencies, brokerages, and providers of other insurance-related services 2 out of 5 jobs. Another 141,000 workers in the industry were self-employed in 2002, mostly as insurance sales agents. Most insurance agents specialize in life and health insurance, or property and casualty insurance. But a growing number of multi-line agents sell all lines of insurance. An increasing number of agents also work for banking institutions, non-depository institutions, or security and commodity brokers.

Insurance Agent

Most people would rather not think about insurance at all. But when the time comes to buy into a plan, an insurance agent can be a big help. Insurance agents sell one or more types of insurance, such as life, property, casualty, health, disability and long-term care. Insurance policies provide protection to individuals and businesses against loss or catastrophe.

We ll help you plan

Insurance agents don t just hawk the same insurance plans to everyone they meet. They consider the financial status and life situation of their clients and assist them in selecting their optimal insurance policy. Some policies can be designed to provide retirement income, funds for the education of children, or other benefits. Increasingly, insurance agents and brokers offer comprehensive financial planning services to their clients, such as retirement planning counseling. Because of this, many insurance agents and brokers are licensed to sell mutual funds and other securities.

Insurance professionals prepare reports, maintain records, and help policyholders settle insurance claims. Specialists in group policies may help employers provide their employees the opportunity to buy insurance through payroll deductions. Agents may work for one company or independently for several companies. Brokers do not sell for a particular company, but direct their clients to companies that offers the best rate and coverage.

The insurance industry is broadly split into two main categories: property and casualty and health and life. Property and casualty insurance agents and brokers sell policies that protect individuals and businesses from financial loss as a result of automobile accidents, fire or theft, tornadoes and storms, and other events that can damage property. Health and life agents sell insurance that covers medical bills and provides compensation to a family in the event of a death.

People, people, people

An insurance agent s success is contingent upon his or her ability to seek out and retain clients and on the agent s reputation among colleagues. Difficulty in developing a client base drives many insurance agents from the field early. However, those who are able to withstand such adversity can look forward to high salaries and career autonomy.

Actuary

Actuaries are vicarious risk-takers. They calculate risk by analyzing statistics and, based on their analysis, make decisions regarding pricing and investment strategies. Some actuaries work in the financial services industry, but seven out of 10 are employed in the insurance industry. Whatever the industry, actuaries decide whether a venture is financially sound.

Actuaries in the insurance industry calculate the probability that there will be a return on their investment; to do this, they consider probabilities of death, dismemberment, disability, or property loss. Actuaries are the reason teenagers driving sports cars pay such prohibitively high premiums. Actuaries ensure that insurance prices will enable the company to pay all claims and expenses and that the price yields a profit. Their keen mathematical skills and analytical abilities are a boon in investing, classifying risk, planning pensions, managing credit, and pricing corporate offerings. Once they reach upper-level management positions, actuaries are often called upon to determine and implement complex company policies. Actuaries also often testify in court to verify the loss incurred by a policyholder who has been disabled or killed and in divorce cases as to the current value of pension benefits. Actuaries may also appear before public agencies to contest legislation that affects their businesses. These professionals also work as independent consultants who are hired by insurance companies, corporations, hospitals, labor unions, and health care providers for their advice. Due to the breadth of topics they may work on, it is important for the actuary to keep current with many different industries and fields.

Actuaries earn competitive salaries from the time they start and are paid for every hour of credit that they earn from actuarial exams. Actuaries spend up to eight months a year studying for these exams, which test everything from specific knowledge (casualty insurance, life insurance, pension services) to linear algebra, probability, calculus, statistics, risk theory and actuarial mathematics. Actuaries are pressured to complete the entire series of examinations as soon as possible in order to advance in the field. The first set of exams brings the actuary to the associate level and takes four to six years to complete. Preparation for the exam requires hours of study outside of work, dramatically impacting the personal and social lives of potential actuaries. Actuaries can spend up to 10 years or more taking exams and studying to reach the title of Fellowship, particularly if they stop along the way to get married and have families. The long hours required to gain titles and prestige in the actuarial field do not go unrewarded starting salaries are very high and continue to climb for more experienced actuaries.

EMPLOYER PROFILES

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Aetna operates throughout the U.S.

DEPARTMENTS

Actuarial • Aetna Project Services • Audit • Claims • Communications • Customer Service • Education • Financial Services • Healthcare • Hospitality • Human Resources • Information Technology • Investments • Learning and Performance • Legal, Managing • Marketing • Office Support • Operations Support • Planning • Procurement • Production and Stock • Quality Management • Risk Management • Sales and Services • Special Situations • TRICARE • Underwriting

THE STATS

Employer Type: Public
Stock Symbol: AET
Stock Exchange: NYSE
Chairman and CEO: John W. (Jack) Rowe
2003 Employees: 27,600
2003 Revenue ($mil.): 17,976.4

KEY COMPETITORS

Cigna
UnitedHealth Group
WellPoint Health Networks

EMPLOYMENT CONTACT

www.aetna.com/working/

THE SCOOP

A health care leader

Aetna is one of the leading managed health care companies in the U.S., providing services to more than 13.6 million people. Aetna offers pharmacy benefits and health, dental, vision, life, disability and long-term care insurance. The company also maintains a nationwide network of more than 646,000 health care providers, including over 385,000 primary care and specialist physicians and 3,908 hospitals.

Judge who?

Aetna came about as a result of Judge Eliphalet Bulkeley s determination to start an insurance company. He achieved fleeting success when he founded Connecticut Mutual Life Insurance in 1846, but one year later a group of the company s agents usurped control. Undeterred by this setback, Bulkeley started a second company, Aetna Life Insurance, with a group of Hartford businessmen in 1853. The company expanded steadily through the 1860s and 1870s, when Eliphalet s son, Morgan, took the reins as president. Morgan Bulkeley, who also served as mayor of Hartford, governor of Connecticut and a U.S. senator, brought the company into the limelight by opening up multiple insurance lines. Morgan went on to serve a 43-year term as Aetna s president. By 1922, the company had become the largest multiple-line insurance provider in the U.S., with interests in every branch of insurance from auto to maritime.

A major transformation

Today s Aetna is much different from the Aetna of the 1920s or even just a few years ago. In 1996 the firm began a major transformation, changing its focus from multi-line insurance to managed health care. First it sold its property/casualty business to Travelers for $4.1 billion. Then it merged with U.S. Healthcare in a $8.9 billion deal that created one of the top health care companies in the U.S. In August 1999 Aetna expanded its health care operations when it bought Prudential HealthCare for $1 billion. (To satisfy antitrust regulations Aetna had to sell its NYLCare commercial HMO unit in Texas.) In December 2000 Aetna sold its financial services and international unit to ING Group.

The new Aetna

John W. Jack Rowe became the company s CEO in September 2000. Rowe set out to reinvent the company from top to bottom, bringing in a new management team, setting into motion rounds of significant layoffs, which totaled about 15,000 by late 2003, and cutting a hasty retreat from unprofitable markets. The most significant change was the shrinking of its customer base from 19 million members to 13 million by jettisoning unprofitable markets like 22 of the 46 counties in which it handled Medicaid. It was this decrease in membership that had necessitated the layoffs fewer members meant the company did not need as many reps to service them. For a while, the going was rough. By 2001, the company was steadily losing money, taking losses in every quarter of 2001. At the end of 2001, the company had racked up $266 million in losses, compared with a profit of $196 million the year before.

Aetna emerged from its restructuring no longer the nation s No.-1 managed health care provider, but on somewhat steadier ground. Under Rowe s direction, the company went from bleeding money in 2000 and 2001 to again turning a profit in 2002. But not all of his decisions have been popular with patients. Aetna had to raise annual rates more than 16 percent in 2002 to keep ahead of medical inflation. In addition to raising annual rates, the company also began charging higher fees for co-payments and doctor visits, higher deductibles and using generic drug brands while charging patients more money for the drugs. By the start of 2003, Aetna announced that it had achieved profitability in every quarter in 2002, and had earnings of $362 million for the year. In addition, since it dropped so many unwanted patients from its rolls, health care costs fell from $17.9 billion in 2001 to $12.5 billion in 2002. By 2Q2003, the company recorded $203 million in profits, up from $92 million for 2Q2002.

By October 2003, the company said that its income had more than doubled in the third quarter, as it controlled medical expenses and raised premiums for its health plans, as well as finally adding customers for the first time in three years. At the time of the third quarter earnings announcement, the company also projected that enrollment would jump by an additional 400,000 to 650,000 in 2004, driven largely by growth in self-funded health plans, as well as health plans purchased by mid-size employers. Those figures were later revised to reflect a projected jump of 600,000 to 750,000 new members. The upshot of all of this isn t just a return to profitability-Aetna s stock price, was hovering around $95 as of September 2004. That s up from a 52 week low of $54.81, and has more than tripled in the last three years. Aetna also announced favorable 2Q2004 results, including a medical membership increase of 95,000 to more than 13.4 million members. The second-quarter net income of $1.79

per share was a 106 percent increase, and the full-year 2004 operating earnings per share guidance was raised from $6.75 to $6.85 from an earlier range of $6.60 to $6.75. In August Aetna was chosen as one of five investment recommendations in the HMO industry by the All Stars of popular stock analysis web site, Zacks.com.

The company is not just experiencing financial growth: In September 2004, Aetna announced it will buy Strategic Resource Co. of Columbia, S.C., a privately held administrator of group benefits for part-time and hourly workers, for $250 million, in a move to expand its product offerings. In 2003 Aetna acquired The Chickering Group, which provides health care plans to college students.

Paying up

While the company has been making more money, a court ruling in 2003 is also going to make them have to pay some, too. In May 2003, Aetna agreed to a settlement with about 700,000 physicians who alleged that the insurer wrongly reduced payments to them and interfered with patient care. The settlement calls for Aetna to pay $100 million directly to physicians, $20 million to establish a health care foundation and up to $50 million in plaintiffs legal fees. The company also pledged to revamp its bill payment systems to speed the process and to eliminate unwarranted cuts in reimbursements actions expected to net the physicians about $300 million over several years.

Then, in October, Aetna managed to end a class-action lawsuit brought by the American Dental Association (ADA), which was seeking to improve communication and collaboration and lessen complexity in the payment of dental claims. Aetna agreed to pay $4 million to dentists and $1 million to the ADA Foundation. Key elements of the agreement include the establishment of a dental advisory committee to provide advice to Aetna on issues of concern to dentists, initiatives to reduce claims resubmissions, disclosure of claims-editing policies, procedures and practices, and increased electronic connectivity and direct, web-enabled access to Aetna systems to verify reimbursement information and track claims. The $1 million the company is giving to the ADA Foundation will go toward supporting the foundation s various initiatives to enhance dental health care for Americans.

But the company s legal woes weren t quite over yet. In November 2003, Administaff, Inc. won a jury verdict against Aetna for breach of contract and was awarded $15.5 million in damages. Administaff, a provider of payroll and benefits administration services, launched the suit in 2001 claiming that Aetna threatened to terminate coverage if Administaff didn t agreed to pay retroactive and immediate rate increases. Administaff was seeking damages in excess of $42 million.

A new plan

Beginning in January 2004, Aetna is offering a new health care plan it says may cut employer costs while offering a larger choice of doctors. Under the plan, dubbed Aexcel, the insurer is establishing a network of doctors practicing cardiology, cardiothoracic surgery, general surgery, orthopedic surgery, gastroenterology, and obstetrics and gynecology-medical specialties that represent a bulk of health care spending. The company claims that the program will help cut costs by sending patients to more efficient health care providers. Aexcel provides a choice for employers and for members who want more information about selecting physicians who have met established criteria for effective care delivery, Ronald A. Williams, Aetna s president, said in a statement released on October 2003.

In June 2004, Aetna announced that Aexcel will be available to a total of nine geographic locations with 12 medical specialties by January 2005, and that the new areas to be targeted include Dallas/Fort Worth, north Florida, Seattle, Atlanta, Houston, the D.C. metro area, LA, Connecticut, and metropolitan New York/Northern New Jersey. One major Aexcel member is Costco, which began offering the program to Seattle-based employees in January, and plans on introducing Aexcel to more employees in other areas of the country.

Other initiatives

Aetna has recently been trying to introduce other innovative offerings in the health care market: Two recent examples are its Migraine Management Program (designed to help improve the quality of life for members who suffer from migraines, and to reduce costs associated with diagnosis and treatment of the condition), and a new employee assistance program (EAP) through Aetna Behavioral Health (ABH). The EAP offers counseling, information and referral services for issues such as stress management, depression, addiction, personal finances, childcare, adoption, parenting, elder care, geriatric management services, and academic services.

Another product that s recently been thriving is the Aetna HealthFund, which can roughly be described as a health care account that employers fund for their employee.s The employee is able to spend the amount in the fund, but when they reach the limit they must spend out of their own pocket until a certain maximum is reached. If the employee doesn t spend the total amount in the fund, it can be rolled over to the next year. The product went from 40,000 members in 2003 to 175,000 in 2004. Aetna also acquired a pharmacy benefit management business in late 2002, which has given Aetna an advantage over competitors in terms of helping its members control medical expenses.

Who are you?

In April 2003, the company announced that it was launching a series of research, data collection and educational initiatives to better understand the cultural diversity and language preferences of its plan members and physicians. It is including data collected from electronic and paper enrollment forms submitted by self- and fully insured members in 13 states where regulations permit. It also includes more than $3 million in research grants awarded to institutions that find ways to reduce and eliminate ethnic and racial disparities in the health care system.

By the end of 2003, this collection of member racial data and language preferences had already expanded to 21 states and the District of Columbia for HMO members and 41 states for traditional/PPO members. Since the company began collecting data, app. 80 percent of members who have had the opportunity to provide data have shared it.

Aetna prides itself on efforts to reduce racial and ethnic disparities in health care. The company s independent charitable and philanthropic arm, The Aetna Foundation, which has given a total of $260 million in grants, scholarships, and social investments since its inception in 1972, largely focuses on these issues. One of the Foundation s most recent grants was $225,000 to the Children s Defense Fund for a project aimed at identifying and eliminating disparities in health for minority children.

Embracing the Internet

Aetna began to sell group-life insurance over the Internet in 2000. The company said that its web-based i.Choose program eliminates paperwork for employers and gives their employees a range of options, including applying for additional life coverage or changing their beneficiary. The program allows employees to crunch the numbers to find out if their company-paid life benefits are sufficient or if they need to buy supplemental or voluntary (non-employer-paid) coverage. Workers can also make changes any time of the year instead of waiting for their employer s annual enrollment period.

GETTING HIRED

All about Aetna

Applicants can start out by visiting the company s web site, www.aetna.com, where they can search for open positions at the company. Aetna provides search software that allows applicants to look for open positions by region, job title or education level, and provides a function for interested parties to submit resumes.

The company also gets some pretty high marks as a workplace. It was named as one of the Top 50 Companies for Diversity by DiversityInc. in 2003, as well as being named one of the Top 50 Employers for Minority Groups by Equal Opportunity in 2002 and one of the Top 100 Places to Work in IT by Computerworld magazine in 1999, 2000, 2001 and 2002.

When Aetna s fortunes begin to improve the company decided to reintroduce a training program scrapped in the mid-1990s. The program is geared at bringing young talent to the organization straight out of college, and then giving them a crash course in Aetna s sales-and-service philosophy. The program was test-piloted with eight students last summer before going full force this year. Although it will cost the company more than $1 million a year, Aetna is confident the investment will pay off. Aetna expects to hire 15 to 20 new recruits to the program each year.

Type casting

The Aetna-type, if such a thing exists, would be a calm, hard-working individual. Insiders say human resources wants people who aren t likely to rock the boat for this older, often conservative firm. Aetna is not looking for academic geniuses with soaring grade point averages, but hard workers. There is no particular skill set for Aetna since the opportunities are so diverse, but the company necessarily depends on high technology to ease its workload. That being said, it is important to bear in mind that Aetna also puts a premium on communication skills.

OUR SURVEY SAYS

Living large

The picture employees draw of life at Aetna is of a large, fairly laid-back company: If you re looking for a high-stress, high-pay environment, Aetna is not for you. If you re looking to work with good people and place a high value on work-life issues, Aetna s a great place to work. Hours are not long but pay is not great, so it s a tradeoff, says another. Dress code varies according to department, but most report that the overall Hartford campus has fairly casual attire corporate headquarters changed to this policy from its previous business formal attire in 1997. Some areas are more lax and jeans and leggings are worn. Aetna is also regarded by employees as receptive to women and minorities. The company s tradition in this respect was in part cultivated by Arthur Ashe, who served on the board of directors before his death. Aetna even sponsors a Gay and Lesbian Network for its employees.

Nice and perky

There are some nice perks at Aetna that help boost overall compensation up. The retirement plan is absolutely primo with an amazing match, according to one insider. There s also an employee recognition program where we can offer a $25 bonus to our co-workers. Employees praise the beautiful headquarters in Hartford, especially its award-winning fitness center. The company also offers many employee clubs and activity clubs such as skiing clubs and Weight Watchers and sponsors day and weekend getaway trips at cost. This isn t just corporate largesse - Aetna needs to make its workplace as pleasant as possible, since insiders admit that Hartford has always been a tough selling point for Aetna. Hartford really stinks. However, employees know that working for the country s largest managed healthcare provider carries some substantial resume weight: Since we re the largest in the country and making competitors fear our next move, it s a pretty good feeling. It is a Fortune 500 company and it looks good on the resume, says one accountant with Aetna.

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AFLAC conducts business throughout the U.S. and several of its territories and in Japan.

DEPARTMENTS

Actuarial
Administrative
Aviation
Communications
Facilities
Finance and Accounting
Government Relations/Legal Human Resources
Information Technology
Management
Marketing
Operations
Printing/Press
Project Management

THE STATS

Employer Type: Public
Stock Symbol: AFL
Stock Exchange: NYSE
Chairman and CEO, AFLAC Incorporated and AFLAC: Daniel P. (Dan) Amos
2003 Employees: 6,186
2003 Revenue (mil.): $11,447.0

KEY COMPETITORS

American Fidelity Assurance Company
Hartford Life
UNUM Provident

EMPLOYMENT CONTACT

www.aflac.com/corp_careers/

THE SCOOP

A family affair

AFLAC was founded in Columbus, Ga., in 1955 by three brothers John, Paul and Bill Amos under the name American Family Life Assurance Company. (The AFLAC moniker was adopted in 1989.) The company s original headquarters were housed in a modest storefront building in Columbus, and the brothers initially sold their insurance programs door-to-door. Within a year, the company had a total of 6,426 policyholders in Georgia and Alabama, and from there began a pretty fast rise up the ladder of corporate respectability. By 1964, the company got the idea to start cluster selling, which involves making sales to groups rather than directly to individuals and 10 years later, in 1974, took the big step of becoming the first American insurance company in 29 years to receive permission to sell insurance in Japan a decision which would later come to pay off handsomely. By 2002, AFLAC sales would surpass the $1 billion mark in a single year, an amount nearly triple that of U.S. sales in 1997. As of March 2004, the company was operating in all 50 states and employed nearly 6,200 people.

They got your back

Today, AFLAC is a leading provider of voluntary insurance sold at the workplace in the United States and stands as the largest foreign insurer in Japan. Insuring more than 40 million people worldwide at year-end 2003, the corporation s total assets were more than $50 billion, with annual revenue of more than $11.4 billion. The company offers policies to employees through more than 300,000 payroll accounts across the United States, and Fortune magazine named AFLAC to its list of The 100 Best Companies to Work for in America for the fifth consecutive year in January 2004 and to its list of America s Most Admired Companies in the life and health insurance industry in March 2004.

An expert in branding and known for its slightly annoying but extremely effective advertising campaigns featuring its spokesduck, AFLAC s principal business is supplemental health and life insurance, which is marketed and administered primarily through its subsidiary, American Family Life Assurance Company of Columbus. The insurer sells cancer plans and various types of health insurance, including accident and disability, fixed-benefit dental, personal sickness and hospital indemnity, hospital intensive care, long-term care and short-term disability plans. The company s only major foreign branch operates in Japan (AFLAC Japan), and in

2003, the branch accounted for almost 75 percent of its total revenue. AFLAC Japan sells cancer plans, general medical expense plans, medical/sickness riders to the company s cancer plan, a living benefit life plan and an accident plan.

American operations

AFLAC s U.S. insurance business is designed to provide supplemental coverage for people who already have major medical or primary insurance coverage. The company s health insurance plans are guaranteed-renewable for the lifetime of the policyholder (to age 70 for short-term disability policies). AFLAC U.S. also offers an accident and disability policy to protect against losses resulting from accidents, and the accident portion of the policy includes lump-sum benefits for accidental death, dismemberment and specific injuries, as well as fixed benefits for hospital confinement. The accident and disability coverage continued to be the company s best-selling product category, accounting for a full 51 percent of total sales in 2003. AFLAC also offers a series of fixed-benefit dental policies, providing various levels of benefits for dental procedures, including check-ups and cleanings. Dental coverage accounted for about 7 percent of total sales in 2003. In 2003, the company began offering a revised version of its cancer protection plan that pays an initial amount when internal cancer is first diagnosed, a fixed amount for each day an insured is hospitalized for cancer treatment and benefits for medical, radiation, chemotherapy, surgery and a wellness benefit applicable toward certain diagnostic tests.

Annual premiums in the U.S. were up by 6 percent and new sales increased by some 10 percent in the second quarter of 2004, which helped offset the losses caused by a sluggish first half of the year in Japan.

Looking east

One of the company s founders, John Amos, took a trip to Osaka, Japan, for the 1970 World s Fair, and while there noticed that many people were wearing disposable surgical masks because it was cold season and they didn t want to spread germs. Amos did some quick thinking and figured that any population that was willing to wear masks to protect against disease would probably also buy insurance to cover themselves if they got sick. At about the same time, Japanese life expectancy climbed in the wake of World War II and cancer rates began to soar, prompting panic that there might be a cancer epidemic, but government-funded health-care plans didn t cover many of the costs related to cancer treatment, and no other Japanese businesses seemed interested in selling cancer insurance. So, the company engaged in discussions with the Japanese government, and in 1974, the Japanese government granted AFLAC an eight-year monopoly on cancer insurance in an effort to give the company strong odds of succeeding.

The move turned out to be a great one for AFLAC, and by the end of 2003, the company s annual insurance sales in Japan went past the $8.5 billion mark. Japan now accounts for almost three-quarters of the company s overall business. AFLAC is one of the most profitable American companies with business operations in Japan, coming in just behind such giants as IBM and Coca-Cola, according to Nikkei Business magazine. Because of the high cancer rates in Japan, and AFLAC s early monopoly, one in every four households in Japan holds some sort of cancer insurance, life insurance or health care policy with AFLAC. The downside to its dependence on the Land of the Rising Sun (or as AFLAC would rather have it, Land of the Rising Yen) is that fluctuations in the yen/dollar exchange rate can impact the company s results negatively.

Due to the fact that Japan s insurance market was finally deregulated in the late 1990s, AFLAC now faces competition from companies like Nippon Life, Tokyo Marina and Dai-Ichi. But thanks to that head start provided by the Japanese government in the early 70s, very few of these competitors can match AFLAC s rates on certain products and policies that cost $150,000 per year at AFLAC can run triple or quadruple that at some of the other insurance companies.

Good marks

In addition to its aforementioned placements on Fortune s list of The 100 Best Companies to Work for in America and America s Most Admired Companies, the magazine also named AFLAC one of The 50 Best Companies for Minorities for the third consecutive year in 2003. Hispanic magazine named Aflac to its list of 100 companies providing the most opportunities to Hispanics for the second year in a row in 2003. In addition to this, the company made Latina Style magazine s 50 best companies for Latinas in the U.S. list and Working Mother magazine added it to its 100 Best Companies for Working Mothers for the sixth year running in 2004.

Changing of the guard

AFLAC Chairman Paul S. Amos finally retired on May 7, 2001, after 46 years with the company that he founded with his two brothers in 1955. His brother, Daniel P.

Amos, president and CEO of AFLAC and AFLAC Incorporated, was elected chairman of the company the only brother still left with the company.

GETTING HIRED

Hiring overview

The company offers the full range of health benefits, as well as going the extra mile in several respects. It offers a monthly employee magazine, community activities, an annual Employee Appreciation Week and holiday party for AFLAC employees and their families, and Georgia s largest on-site child-care center (Imagination Station and Imagination Station Too). The day care center is even open on Saturday evenings, allowing employees to go out on the weekend without having to find a sitter. The corporate headquarters also features a walking trail, complete with a pond with ducks, the company s mascot.

The site www.aflac.com, does offer a list of open positions, but it s a bit cumbersome to navigate. The site also offers a complete list of recruiting events, however, that can be navigated by date.

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Fax: (847) 836-3998
Toll Free: (800) 574-3553
www.allstate.com

LOCATIONS

Northbrook, IL (HQ)
Allstate operates throughout Canada and the U.S.

DEPARTMENTS

Actuarial
Allstate Agency Owner
Allstate Agency Staff
Auditing
Claims
Finance and Accounting
Information Technology
Investments
Personal Financial Representatives

THE STATS

Employer Type: Public
Stock Symbol: ALL
Stock Exchange: NYSE
Chairman, President, and CEO:
Edward M. Liddy
2003 Employees: 39,631
2003 Revenue ($mil.): $32,108.0

KEY COMPETITORS

Farmers Group
GEICO
State Farm

EMPLOYMENT CONTACT

www.allstate.com/careers/

THE SCOOP

From idea to reality

Insurance broker Carl Odell and Sears Chairman Robert Wood came up with the idea for Allstate during a 1930 bridge game on a Chicago commuter train. Named after a popular brand of Sears tires, Allstate followed Sears into the retail world and sold its insurance policies next to Sears furniture and clothing. In 1950, a company sales manager came up with the You re in good hands with Allstate slogan, which is still used today. Sears began to drop out of the financial services business in 1993 and spun off Allstate as a separate company in 1995. Suffering $4 billion in combined losses from the Northridge, Calif., earthquake and Hurricane Andrew in Florida in the early 1990s, Allstate passed off some of its riskiest policies to other companies in 1996. The company also sold off its real estate portfolio for nearly $1 billion to a private investment fund.

The good hands people

As the nation s largest publicly held personal lines insurer, Allstate insures more than 16 million households, selling auto, homeowners, life insurance and investment products such as fixed and variable annuities in the U.S. and Canada. Other products offered include long-term care insurance, which is issued by Lincoln Benefit Life company, a subsidiary of Allstate Life Insurance Company; mutual funds and 529 college savings plans, which are available through the broker-dealer Allstate Financial Services, LLC. In addition, Allstate Workplace Division, a subsidiary of The Allstate Corporation, offers supplemental insurance products such as disability, cancer, crititcal illness and accident insurance. The company has also launched a web-based bank, Allstate Bank, which targets its parent company s existing customers, and offers checking and savings accounts, CDs, ATM/debit cards, residential mortgages, home equity loans and lines of credit. Altogether, the company employs more than 40,000 people in the U.S. and Canada and has 12,900 independent exclusive agencies and financial specialists. The company saw revenue of $29 billion in 2002, up from $28 billion in 2001.The company continued to grow throughout 2003, putting up revenue of $8.1 billion in the third quarter, up from $7.2 billion for the same quarter in 2002. In April 2003, Allstate was also inducted into Standard & Poor s 100 index.

Laying down the law

In 1999, as the company announced a $600 million cost-cutting program, it also announced that it was eliminating its employee agent program. Going forward, agents who wished to represent the company exclusively could do so only as independent contractors The plan was criticized by some agents because the company would no longer have to pay for health insurance or pension benefits on behalf of these agents. Several agents filed a lawsuit against Allstate in August 2001, alleging age discrimination and illegal denial of benefits. The Equal Employment Opportunity Commission (EEOC) filed a separate lawsuit on their behalf in December 2001. A third lawsuit, on behalf of those agents who became independent contractors, was also filed in 2001. In December 2002, Allstate won a ruling from the national Labor Relations Board stating that its exclusive agents are independent contractors rather than employees, thereby ending any attempts by the agents at collective bargaining. The NLRB Regional Director ruled that agents are contractors because they hire their own employees, advertise themselves and determine how much work they will take on. But the agents pressed on with their bid to unionize, only to be denied once again in March 2003, when the NLRB denied their appeal.

But the company s legal troubles continued in 2003, when the Equal Employment Opportunity Commission filed a suit against the company, on behalf of Allstate s agents, charging age discrimination. The AARP (formerly known as the American Association of Retired Persons) jumped into the fray as well, assigning two lawyers to the case. In May, a federal judge in Philadelphia agreed to certify the agents lawsuit as a class action. Then in March 2004, the United States District Court for the Eastern District of Pennsylvania ruled in favor of Allstate, determining that it did not discriminate against its agents.

Some smaller legal matters

That was certainly good news for Allstate, but as is typical of any major corporation, the company still had other legal issues to deal with. In March 2003, the company agreed to pay a $1 million fine after the California Department of Motor Vehicles found that the insurer had illegally retrieved drivers confidential records. The state said that Allstate employees regularly and improperly looked up about 50,000 driver s license and vehicle registration records a month, including their own and those of friends and relatives, at a cost of $2 apiece. The company also was ordered to pay about $90,000 to cover the state s legal fees and costs related to regulator s audits. California s Insurance Commissioner also said that he planned to sanction

Allstate for allegedly overcharging customers and using credit records to sell policies.

In July of 2003, Allstate was cleared of charges brought by 16 of its agents in New Jersey that the company sought to avoid selling auto insurance in urban areas. The state s banking and insurance commissioner found that the company was merely developing a statewide business plan.

Weathering tough times

After four successive quarters of climbing operating gains (including the second quarter of 2004, during which Allstate s net income grew by an impressive 75 percent), Mother Nature seemed set on breaking the streak in the third quarter of 2004. Much like the California wildfire s scorched the company in 2003, Hurricanes Charley, Frances, Ivan and Jeanne battered Allstate in 2004. The devastation caused by Charley alone, cost the company around $425 million. With total third quarter catastrophe losses at $1.7 billion, this total exceeds the previous year s disaster-related claims. In 2003, Allstate paid out some $1.5 billion in claims relating to catastrophic losses.

However, the company is still on track to post good numbers for 2004, thanks in part to the thriving Allstate Financial unit and its Property-Liability segment, which in the second quarter grew its auto and homeowners policies in force by about 5 percent. New auto and liability business was up by some 30 percent for the same quarter.

Helping out

Initially established in 1952, The Allstate Foundation is an independent corporation funded by contributions from the company which awards grants to non-profit organizations that work toward improving the quality of life in local communities across the country. The Allstate Foundation funds more than 1,000 national and local programs each year that support Allstate s three key focus areas: safety and vitality of communities; tolerance, inclusion and diversity; and economic empowerment.

In November 2003, The Allstate Foundation joined with The California Community Foundation to establish a $1 million fund to aid in the recovery and rebuilding efforts in response to the Southern California wildfires that ravaged parts of the state in the fall of 2003. The money will go to rebuilding and recovery efforts in San Diego, San Bernardino, Riverside, Los Angeles and Ventura counties. Specific needs include emergency shelter, food and clothing, health issues (as a direct result of the fires), social services, mental health recovery efforts, community clean up, rebuilding and restoring community emergency services, and assistance with home re-construction resident permit processing.

In August 2004, the foundation established a $1 million fund to assist in the recovery and rebuilding efforts because of damage caused by Hurricane Charley. The Southwest Florida Community Foundation has been chosen to distribute the disaster recovery fund in the hurricane-affected regions.

Equal time

Allstate has won numerous awards and honors for its commitment to diversity, especially when it comes to women. In October 2004, Working Mother magazine named Allstate as one of its 100 Best Companies for Working Mothers for the 14th straight year. The magazine rates companies on their childcare support, leave for new parents, flexible work arrangements, work/life balance, advancement opportunities and the percentage of women in the workplace. In February 2002, the National Association for Female Executives (NAFE) named Allstate as one of its top 25 companies for executive women for the fourth consecutive year. To make the NAFE list, companies must have at least two women on the board of directors, a high proportion of women at all levels and a steadily increasing percentage of women in top management jobs. Allstate has also received awards for its advancement of minorities. In 2004, Latina Style magazine included Allstate for the seventh consecutive year on its list of the top 50 companies that promote and provide Hispanic women with professional opportunities in the workplace. In that same year, Allstate was named among the Top 50 Companies for Diversity for the third year in a row from DiversityInc. magazine. In 2003, Hispanic magazine named the company as one of the Best Places to Work for Latinos for the eighth consecutive year.

Getting the message out

The company has hired its first-ever celebrity endorser Dennis Haysbert, star of the Fox Network s 24 and the film Far From Heaven, who talks frankly in the stoic ads about the benefits of insurance protection from Allstate. Company executives have dubbed the group of ads the Our Stand campaign.

In one spot, in a not-so-subtle dig at insurers who don t offer customers personal agents, the actor is shown leaning up against a pay phone saying: Here s a question. If you need your insurance, who would you call? Not the name of the company, but the name of the person? Coming up blank? You may want to consider Allstate, he says. At Allstate, you have a licensed professional whose name you know not just a number. At the end of each spot, Haysbert asks, Are you in Good Hands?"

GETTING HIRED

Scanning recruitment

Allstate accepts resumes into a database, where they remain for a minimum of 12 months. Allstate recruiters utilize a candidate tracking system that allows them to create profile/skill searches for matches against the database. Positions are regularly open in the sales, information technology, finance and marketing, and claims departments. Specific information on a wide variety of openings can be found on Allstate s employment web page, located at www.allstate.com/careers. The web page offers applicants the opportunity to fill out an online resume form and submit it for positions that interest them.

Where to find them

Allstate recruits at universities across the country. Employees are encouraged to refer individuals, says one employee. Rewards are available in some areas to employees who refer candiates. According to one insider: They include a behavior analysis as part of the interview process. You will usually talk to three managers, on three different occasions, before you are hired, plus take a standardized test. Of course, experiences in terms of the number of interviews and the need to take a test are likely to vary depending on location and the type of position a candidate is seeking. The company does confirm that assessment tests are used in many areas in addtion to a behavioral-based interview and that candidates should expect a number of interviews during the process.

OUR SURVEY SAYS

Loosening up

Allstate has long ago relaxed its famously formal dress code and employees now commonly dress in business causal attire, although jeans, skirts that are extremely short, and shirts without collars or with printed slogans or advertising on them are prohibited. The decentralized structure allows for some office autonomy, but many employees comment on the company s inflexible response to suggestions for changing corporate procedures. Says one claims department insider, The corporate culture is very bureaucratic, so you must learn to go with the flow. Another contact shares, As an agent, you make as much money as the time, money and effort you put into the business.

Improving record for diversity

Employees give Allstate high marks for hiring women managers and being committed to diversity. Allstate is also involved with community service programs, including its Helping Hands program which allows employees to volunteer in soup kitchens, revitalize neighborhoods, and help the elderly. Allstate s employment practices won them the distinction of being listed as one of the country s top 50 companies for hiring minorities by *Fortune* and one of the best companies for wormen of color by *Working Mother* magazine.

All in the family

Allstate employees are proud to be in the business of helping people. The above-average pay earns praise, and working parents laud perks such as scholarships for employees children and on-site child development centers. Employees praise Allstate for treating its staff like family. This past year I underwent liver surgery, says one employee, and everyone was very supportive. The policies regarding sick leave and opportunities to work at home made my recovery and return to work very comfortable and not all rushed.

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LOCATIONS

New York, NY (HQ)

American International Group s subsidiaries operate throughout the U.S. and in about 100 other countries.

DEPARTMENTS

Accounting/Finance Actuarial Administrative Branch Management Call Center Claims Collection Communications Corp. Development Creative Arts/Media Customer Service Education/Training Engineering/Architect/Design Engineering/Loss Control Executive, Financial Analysis Financial Services Human Resources Information Technology Insurance Internet Investment Management Legal Life Insurance Management Marketing and Sales Medical/Healthcare Operations Profit Center Management Reinsurance Retail Retirement Services Risk Management Underwriting

THE STATS

Employer Type: Public
Stock Symbol: AIG
Stock Exchange: NYSE
Chairman and CEO; Chairman, Transatlantic Holdings: Maurice R. (Hank) Greenberg
2003 Employees: 86,000
2003 Revenue ($mil.): $81,303.0

KEY COMPETITORS

Allianz
AXA
Millea Holdings

EMPLOYMENT CONTACT

www.aig.com/careers/

THE SCOOP

International beginnings

American International Group (AIG) was started in 1919 in Shanghai, China, by Cornelius Vander Starr, a former U.S. Army veteran. At first, the company offered only fire and marine insurance. In 1936, it opened a New York office specializing in insuring risks incurred outside the country by U.S. companies. World War II forced the company to move its headquarters to the U.S. and focus on the life insurance markets in North and South America. In 1967, Maurice Hank Greenberg replaced Starr as the head of AIG. Two years later, the insurer went public. Greenberg s policy on underwriting profits is credited for much of the company s success, preventing AIG from suffering during the insurance industry price wars in the early 1980s.

A leader in the insurance world

AIG is one of the world s largest insurance firms and the second-largest U.S. life insurer. The company operates in 130 countries around the world and foreign premiums account for more than a third of its revenue. The New York-based company also provides financial services and asset management, and offers auto insurance, mortgage guaranty, annuities and aircraft leasing. In August 2001, it bought American General Corporation for $23 billion, by far its largest acquisition ever.

Help from Uncle Sam

In November 2002, AIG and others in the industry received a helping hand from the president and Congress when the Terrorism Insurance Bill was signed into law. The action is a major victory for companies like AIG and others in the industry, which have lobbied Congress tirelessly for such a backstop since the 2001 World Trade Center attacks cost the industry more than $40 billion in insured losses.

Part of the legislation included an amendment offered by U.S. Senator George Allen (R-Va.) and Senator Tom Harkin (D-Iowa) that will use the frozen assets of terrorists and terrorist states to compensate victims who have been awarded court judgments for damages they caused, and who have been otherwise denied satisfaction of those judgments. The Senate in June approved the amendment on an 81-3 vote. The legislation requires that those assets be used to compensate American victims who have won judgments against the governments responsible for the attacks upon them and their families. The amendment applies to actions committed by terrorists, terrorist organizations and state sponsors of terrorism. Judgments have thus far been awarded against Iran and Iraq. The frozen assets of Iran total $350 million, and $2 billion for Iraq.

The act resulted in the creation of a three-year program (2003-2005) that reimburses insurers for up to 90 percent of the cost of their claims related to a terrorist attack after they sustain a set amount of losses. The act requires all U.S. insurers and their subsidiaries to offer the coverage.

A history of acquisitions

In 1998, AIG beefed up its variable annuity business when it bought California-based financial services company SunAmerica for $18.3 billion. Two years later, it bought specialty property insurer HSB Group for $1.2 billion. That deal helped AIG broaden its property-casualty business and expand even more overseas. These pricey purchases only served to whet AIG s appetite for bigger game, and in August 2001, AIG closed its whopping $23 billion acquisition of insurance giant American General. The deal was the largest ever between two U.S.-based insurers and made AIG the second-largest life insurer and the biggest provider of fixed and variable annuities in the U.S. The transaction almost didn t go through for AIG, however, as the company had to slug it out in a bidding war with Britain s Prudential plc. The acquisition was particularly gripping as AIG managed to wrestle the prize away in what was already thought to be a done deal between American General and Prudential thus proving that the largest players are no longer afraid to be aggressive with unsolicited bids in financial services deals of this size.

Acquisition wars

The story of the marriage between AIG and Amercian General began in March 2000 when a merger was agreed upon between Prudential plc, the U.K.'s second-largest insurance provider, and American General, the third-largest writer of annuities, the leading issuer of fixed annuities and the second-largest issuer of life insurance in the U.S. Analysts had questioned the terms of Prudential s offer from the outset, as Prudential s bid was originally estimated at $26.5 billion, but its share price quickly plummeted, reducing the worth of the bid to around $20 billion.

Once AIG made its intentions fully known, Prudential filed an injunction to halt talks between the two companies. Prudential alleged AIG engaged in illegal gun jumping in publicly offering its shares without notifying the proper authorities. The company also alleged that AIG made false and misleading statements about its bid by not explaining the conditionality of the proposal. It also claimed AIG s description of its conversation with chief executive of American General, (Greenberg acknowledged that his interest went back six to eight months and that he and Am Gen CEO Robert Devlin had talked about it at a breakfast meeting at his apartment, but that neither had followed up their conversation), if true, would be in knowing violation of the merger contract between Prudential and American General and so would constitute interference with that contract.

While Prudential s management continued to insist that its merger agreement with American General remained in effect, it declined to increase its bid by offering additional cash and eventually dropped all litigation in lieu of a $600 million payout by American General. As is often the case, however, a disappointing side note to the merger was the announced termination of roughly 1,500 employees, or 1.8 percent of the combined company s work force of 85,000 employees. Although news like this is never welcome, in a sense it shouldn t come as much of a shock to employees as a month prior to the merger AIG Chairman Hank Greenberg was quoted as saying: In any consolidation of two major organizations, layoffs are inevitable. The deal not only represents the largest global insurance M&A deal ever, leading the way in the globalization of the sector, it was also the largest M&A transaction worldwide announced and completed in 2001. It created the world s largest insurer by market value and a leading seller of life insurance and annuities in the U.S.

More deals

Capitalizing on insurance rate hikes in the wake of 9/11, AIG pooled interests with fellow insurer Chubb and financial powerhouse Goldman Sachs and set up Allied World Assurance, a Bermuda-based reinsurance company. Allied World Assurance focuses primarily on large commercial property coverage.

But the company wasn t done yet. In August 2003, AIG acquired GE Edison Life Insurance Company in Japan (where AIG has had interests for more than 50 years) and GE s U.S.-based auto and home insurance business. The $2 billion purchase solidified the insurer s already strong presence in the Japanese life and auto insurance market.

A global presence

During the 1990s the company became the first established insurance agency to enter the Vietnamese market, the first foreign company in Pakistan in two decades and the first major foreign investor in the Russian insurance industry. In 2001, AIG established life and general insurance operations in India. AIG s stock is traded not only on the New York Stock Exchange, but also the stock exchanges in London, Paris, Switzerland and Tokyo.

Capitalizing on the Chinese market

Now that China has gained entrance into the World Trade Organization, its insurance market is opening up to many foreign companies. AIG, however, already has a big head start. Not only did the company originate in Shanghai, but it also has continued to maintain favorable relations with key Chinese officials. AIG was the first foreign business allowed to resume operations in Shanghai after World War II, and although the company was forced to leave after the Communist takeover, in 1992 it was the first overseas insurer to be granted a license to return to China. At the end of 2001, China gave AIG approval to expand its life insurance businesses into four new Chinese cities, bringing the total to eight. Greenberg has been going to China at least once a year since he was granted permission to visit in 1975.

Tragedy revisited

Slavery has left an indelible mark on American society and its lingering effects continue to shape American life. Since the end of slavery almost 140 years ago, activists have called for reparations to be paid to the descendents of slaves for the two and a half centuries of forced labor they performed. Emboldened by suits won in Europe by Holocaust survivors and their descendents, the issue has recently found a renewed life in the United States. In May 2002, a class-action lawsuit was filed against several U.S. companies that benefited from the slave trade, while the California Department of Insurance released records from six companies detailing their policies that had insured the lives of black slaves. At the same time, the California insurance department said Aetna, AIG, New York Life and Royal & Sun Alliance provided records indicating they or their predecessors may have issued policies to slaveholders.

Although AIG wasn t founded until 54 years after the end of the Civil War, when AIG acquired American General in August 2001, the company also acquired the assets of U.S. Life Insurance, which American General had acquired in 1997. In going through U.S. Life s archives, AIG discovered that the unit had insured slaves in its early years. A California law passed in 2001 requires insurance companies to divulge any connection they may have had to the slave trade. In keeping with the law, AIG also submitted a magazine article that contained a replica of a policy issued to a slaveholder in the amount of $550.00 on the life of one male slave known as Charles, according to the report. As of late 2002, the case is still pending and it is unknown how much, if anything, AIG and the other companies will have to pay in reparations.

The impact of September 11 and Enron

The entire insurance industry suffered an estimated $40 billion in losses from the September 11 terrorist attacks. AIG itself said it would pay about $820 million in claims related to the attacks its largest payout ever. In light of those losses, Chairman and CEO Greenberg set aside an opportunity for financial gain and chose not to receive a bonus in 2001 (he received a $5 million bonus in 2000). Senior managers also went without year-end bonuses.

The succession guessing game

Although 78-year-old Maurice Greenberg has been running AIG for more than 35 years, he has yet to announce his plans to retire. In fact, an article in BusinessWeek magazine in January 2002 quoted Greenberg as saying, I still have lots of plans. It s up to the board to decide. He has, however, announced that a succession plan is in place. His plan, through veiled in secrecy, was partially outlined in July 2003 in *The Wall Street Journal*. It seems that Greenberg has written a letter that is not to be opened until after his death which lays out his wishes for the company. What is known about the letter is that Greenberg wants former Nasdaq chief Frank Zarb (who is an AIG director and chairman of the board s executive committee) to take over temporarily. The positions of chairman and CEO would be spilt between two people, and then Zarb would hold a meeting with the company s board and brief them on Greenberg s plan. The frontrunner for the company s top spot seems to be Donald Kanak, who runs AIG s Japanese and Korean branches from Toyko, but there is also talk of Martin Sullivan, the company s co-chief operating officer and a vice chairman, taking over the helm. The fact is, no one will fully know how this shakes out until the mysterious letter is opened after Greenberg s death.

Legal troubles

In September 2003, the Securities and Exchange Commission said that AIG agreed to a $10 million civil penalty to settle charges it assisted Brightpoint Inc. in reporting false financial results. AIG had developed and marketed a non-traditional insurance product for Brightpoint that made the company appear that it was paying premiums in return for the assumption of risk by AIG. However, Brightpoint, which was hit with a $450,000 civil penalty, used the product to deposit cash with AIG and the funds were later returned to the company, the SEC said.

As a result of the transaction, the AIG product helped Brightpoint conceal losses of $11.9 million in 1998, and its full-year net-income before taxes was overstated by 61 percent that year. The SEC also said AIG must surrender the $100,000 fee plus interest it charged Brightpoint for the product and retain an independent counsel to ensure its products will not be used to violate securities laws in the future.

More trouble began to brew in October, when The *Wall Street Journal* reported that ousted New York Stock Exchange Chairman Dick Grasso pressured a floor-trading firm to buy more shares in AIG after chairman Maurice Greenberg complained to him. Greenberg, a previous NYSE director, was a member of the NYSE s compensation committee that determined Grasso s $187.5 million pay package. Outrage over the size of the compensation had led to his resignation in September 2003. According to the report, Greenberg complained in an October 23, 2002 letter to Grasso about Goldman Sachs Group Inc.'s Spear, Leeds & Kellogg unit, the specialist assigned to facilitate trading in AIG. On multiple occasions following Greenberg s complaints, Grasso went to the trading floor and suggested that Spear buy more AIG shares, the Journal said. The Journal said buying the additional shares resulted in roughly $14 million in trading losses for Spear in the past few years. In his defense, Greenberg told the Journal that for years he has criticized the NYSE specialist system, which assigns firms to match buy and sell orders from investors. The specialist firms use their own money to buy shares when buyers and sellers do not agree on a price.

A surprising charge

In February 2003, the notoriously profitable insurer unpredictably took a $1.8 billion tax charge. The move, which baffled analysts and sent the insurance industry reeling, was related to an increase of general insurance net loss and loss adjustment reserves, according to a company press release.

Growth continues

After recording an uncharacteristic underwriting loss for the 2002 fiscal year, AIG rebounded nicely in 2003. Each of its four operating segments, General Insurance, Life Insurance, Financial Services and Retirement Services & Asset Management, saw a spike in revenue. Also, the company s net income for the year increased by almost 70 percent. Steadily conquering the globe, AIG plans to continue its expansion in countries such Brazil, India, Russia and, most importantly, China, where it has a distribution agreement with Peoples Insurance Company of China.

AIG has continued to produce profitable results throughout 2004, helped in particular by its expansion in Japan through subsidiaries AIG Edison Life and AIG Star Life. Although, the company was hurt by Mother Nature in August 2004, when it announced it would be paying out some $100 million in claims relating to damages done by hurricane Charley.

GETTING HIRED

Getting your foot in the door

To learn about job opportunities, visit the AIG Corporate section of AIG s web site at www.aig.com/careers/, which offers links to AIG group pages with Career Opportunities sections. Send or e-mail resumes to addresses listed in the Career Opportunities sections. Qualifications and requirements for applicants vary by department. For more information, applicants can call AIG s job hotline.

Potential employees should be pleased to know that the company offers a variety of benefits that includes extensive medical, life and disability insurance (naturally), as well as work/life benefits such as public transportation subsidies, parental leave, back-up childcare and for the children of employees, assistance in choosing and applying to colleges.

OUR SURVEY SAYS

Entrepreneurial environment

In part due to the decentralized organized structure, insiders say, AIG engenders an entrepreneurial environment. AIG encourages entrepreneurship and rewards it, reports one contact. If you made a wrong decision, and if you had AIG s best interest in mind, there will be no adverse consequences. But don t make the same mistake twice. Another employee concurs that as a very strong company, AIG can permit you to create something by yourself if you play the game. The loose environment unfortunately doesn t extend to AIG s dress code, which is corporate men in suits, women in suits and dresses. Not everyone is comfortable working for a large global corporation however, with one employee saying, It s obviously a very large company, and in a lot of ways it seems way too structured. But where one sees too much structure, another sees opportunity, as one contact notes, AIG is a large company with diverse work force and offers lots of work locations for business types.

Cracking the whip

Be prepared to smell a lot of grindstone if you take a job with AIG. AIG is not a 9-to-5 company, says one insider. If you want to be really successful, you must be willing to go the extra mile. One contact says that the company has a Work til you drop culture. An operations employee says that he and his colleagues work hard, but management will often buy lunch for employees if under deadline. One insider reports that the New York offices offer a perk in the form of the company cafeteria which is cheaper than most of the restaurants in the area. Reports yet another worker, Since AIG s headquarters are in New York, the environment is a little more tense and intense than it might be otherwise. But there is a method to this system. AIG employees are willing to work hard, because, well, they can get rich doing so. They do pay well, and there s a lot of room for growth, says one insider. Says another: There are a lot of very rich people working for AIG. I m not talking about the get-rich-quick thing you hear about Silicon Valley. You may not see instant gratification for your efforts, but in the long run, the rewards can be great. And for those in New York in the summer, these rewards include a blast of a company picnic.

Perks and special programs

AIG offers its employees the usual array of benefits, including, medical, dental and life insurance, as well as a retirement plan, tuition reimbursement program and a stock purchase plan where employees can buy the company s stock at a discounted rate. The company also offers college coaching for employees college-bound children and scholarship programs. One contact notes, My son got a $12,000 a year scholarship from the company. In addition to this, AIG offers its employees an adoption assistance program and a pre-tax dependant care reimbursement account which enables eligible employees to use pre-tax dollars to pay for certain expenses related to caring for dependent children, parents, or other family members. Although the company is one of the largest insurance providers in the world, some employees think the plan they offer could be better, They actually offer surprisingly poor insurance benefits, especially in light of AIG being one of the world s largest insurance companies. There s a good 401(k) though and an OK stock option plan. As far as salary is concerned, one former employee was unsatisfied and offers the following advice, The salary is reasonable, but will always be better next year! Make sure you get your salary up front, because next year never seems to arrive.

AIG also a few innovative award programs like its Service Award Program that offers gifts to employees dedicated to service after specified periods of continuous employment, the Big Idea Program that grants financial awards for ideas outside of an individual s job responsibilities that result in a solution/potential benefit to the company, and the Talent Search award that offers financial rewards to employees for referral of individuals who are hired for full-time employment.

Berkshire Hathaway Inc.

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LOCATIONS

Omaha, NE (HQ)
Subsidiaries have locations in most major American cities

DEPARTMENTS

Headquarters:
Business analysis and investment

Subsidiaries:
Human Resources
Industry-specific fields
Management
Sales and Marketing

THE STATS

Employer type: Public Company
Stock Symbol: BRK-A, BRK-B
Stock Exchange: NYSE
Chairman and CEO: Warren E. Buffett
2003 Revenue ($mil.): $64,288
2003 Employees: 172,700

KEY COMPETITORS

Hicks Muse
KKR
Onex

EMPLOYMENT CONTACT

See subsidiaries web sites

THE SCOOP

Living oracle

Warren Buffett began his career as the world s greatest investor in 1956, with $105,000 in hand. Averaging annual returns of more than 22 percent over the next 48 years, he became one of the world s richest men and brought lots of others into the stratosphere with him. A dollar invested in Buffett s holding company, Berkshire Hathaway Inc., in 1965, would today be worth $2,549.85, give or take a few bucks. (Most likely, give: This number is based on data from 2003, and if history is a good indicator of what s to come, expect reports to show Berkshire has added about 6 percent to its value in the first quarter of 2004.) As of late April 2004, a single share of Buffett s company cost $92,450. (Berkshire has never had a stock split, which companies often employ to keep stock prices at a level that s accessible to average investors.)

Berkshire Hathaway s investment model is simple: The company takes the float cash income prior to claims payouts from its major interest, the insurance companies it owns, and uses the money to buy undervalued businesses, cheap but promising stock, and even simple bonds. Potential profit is the sole determining factor in Berkshire s investment decisions, however, it s well known that Buffett views profitability as being intrinsically linked to intelligent, responsible management. Derided by the mainstream when he refused to invest in Internet stocks during the 1990s boom, the Oracle of Omaha (Buffett s hometown) had the last laugh when the bubble burst.

Interested in working for this man? There are plenty of opportunities. All told, Berkshire Hathaway s subsidiaries employ more than 170,000 people. However, a job directly connected to Buffett is the rarest of corporate plums. Just 16 people, all personal friends and family of the founder, are employed at BH s world headquarters.

Cash in, cash out

Berkshire Hathaway s core holdings are its insurance companies, of which the most significant are GEICO and Gen Re. GEICO is the fifth-largest auto insurer in the United States, with 2003 revenue topping $7.7 billion. The company prefers low-risk clients, particularly government and military employees, but has in recent years begun taking on greater numbers of high-risk drivers, a.k.a. average citizens. Partially offsetting this greater exposure, costs are kept down by a policy of direct advertising, which replaces the traditional agent-based auto insurance sales model. You know the ads with the little lizard who drives a tiny Ferrari into the employee of the month parking space? That s GEICO. (And the lizard is a gecko get it?)

Gen Re is among the four largest reinsurers worldwide. Reinsurers sell insurance to insurance companies, helping spread the risks incurred by their customers. Gen Re also operates a North American property and casualty insurance subsidiary and a life and health insurance division. Total sales hit the $8.5 billion mark in 2002.

Insurance is risky business, to coin an awful pun, but Berkshire Hathaway s emphasis on minimizing that risk means that for most of its 36 years in the field (the 1968 purchase of National Indemnity set the ball rolling), income has exceeded claims outlays. This is the source of the company s tremendous buying power. Berkshire Hathaway does not simply have value, in terms of its share price; it has cold, hard cash. Lots of it. For many years, Buffett took his cash to Wall Street, backing blue-chip stocks and select newcomers with spectacular results. In the past decade, however, the chaos in the investment industry has reduced the number of stocks that meet his criteria: favorable economic characteristics; sound management; and reasonable prices. Berkshire Hathaway turned, in response, to the all-out purchasing of businesses.

Yes, we have that

Reflecting Buffett s sober attitude toward investment, Berkshire Hathaway tends to purchase companies that make products that many people have bought in the past, that they buy today, and will continue to buy in the future. Things like underwear, paint, steel beams, carpet, and candy. These are genuine bricks-and-mortartype products, not something intangible like, say, biotechnology or an Internet-based company. As a result, Berkshire Hathaway stock is stable, and reliably profitable. Except for a few years when annual growth approached 50 percent, returns of around 20 percent are normal. Small potatoes compared to the returns on some riskier portfolios, but compounded over time the numbers add up to something huge, and more importantly, they rarely change direction.

Paint, pants and everything in between

Berkshire s holdings can be grouped into four rough categories. The first and largest is the building materials group, which includes Shaw Industries (the world s top broadloom carpet maker), Benjamin Moore (a producer of industrial coatings in general, not just paint), Johns Manville (insulation and other building materials), MiTek Inc. (steel connectors and the software to design them), and Acme Building Materials (face brick and masonry; no anvils or exploding cigars, however). In 2003, Berkshire purchased Clayton Homes, a leading manufacturer of prefab dwellings and one of the few, in Buffett s assessment, that managed to be both profitable and responsibly managed, rejecting outright that industry s all-too-frequent reliance on a cycle of deliberate bad loans and subsequent repossession to make money. In April 2004,Clayton closed on the purchase of competitor Oakwood Homes, adding 12 manufacturing plants and 4,000 employees to its rolls. All told, these companies and several smaller related holdings employ just over 50,000 people, almost a third of Berkshire s total workforce.

Fruit of the Loom, Justin Brands, H.H. Brown, and Dexter make up the bulk of the second category, the clothing and footwear manufacturers. All are among the leading brands in their respective fields; they account for some 27,000 workers. Berkshire Hathaway also has significant holdings in the furniture industry, including Jordan s, Nebraska Furniture Mart, and R.C. Willey Home Furnishings. This group employs 7,000. Lastly, the company has a sizeable number of food industry holdings. Dairy Queen is theirs; so is McLane Industries, a national food distributor purchased from Wal-Mart in 2003. The clothing and footwear makers account for another 16,000 of Berkshire s workers.

Other holdings (and there are plenty) include several gas and electricity suppliers, See s Candies, Albecca picture frames, CTB livestock equipment, the Buffalo News, and FlightSafety International, one of the pioneers of fractional ownership in the private airplane industry.

Profitability at a cost

Berkshire Hathaway has the reputation of being a tough master specifically, critics say much of its profitability arises from the programs of cost-cutting and downsizing it often initiates after purchasing a company. Moreover, those with union sympathies may be alarmed to learn that Buffett has named Wal-Mart his most-admired company in Fortune magazine s poll for several years running. Management has also endured some internal criticism from Dairy Queen operators who say they can t afford a new plan to expand the menu and convert some of the restaurants to casual dining establishments. Upset operators erected a billboard and passed out literature to shareholders to plead their case at Berkshire s April 2004 shareholders meeting.

Berkshire Hathaway supporters, and its shareholders, counter that Buffett s genius is his ability to recognize potential profitability in overlooked areas, and that much of this potential is hidden behind unnecessary overhead and redundant payroll. Whatever the subjective judgment, however, the case can be made that layoffs are frequently part of the Berkshire business model.

GETTING HIRED

Hiring process

As noted above, employment at Berkshire Hathaway headquarters is virtually impossible. The company homepage doesn t even list openings. To find a position at a Berkshire Hathaway company, job seekers should visit the individual companies web sites.

Also as noted above, dead wood doesn t float in Buffett s ocean. Employees, particularly managers, are expected to get results wherever possible, whenever possible, even against industry trends. Those who do will be rewarded with the usual perks and benefits; those that don t will be shown the door.

Blue Cross and Blue Shield Association

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www.bcbs.com

LOCATIONS

Chicago, IL (HQ)

Washington, DC
41 member organizations throughout the U.S.

THE STATS

Employer Type: Private
President and CEO: Scott P. Serota
2003 Employees: 150,000
2003 Revenue ($mil.): $182,700

KEY COMPETITORS

Aetna
CIGNA
UnitedHealth Group

EMPLOYMENT CONTACT

www.bcbs.com/careers/index.html

THE SCOOP

Happy birthday to Blue

Celebrating its 75th birthday in 2004, Blue Cross was born during the Great Depression in 1929. Justin Ford Kimball, a businessman and official at the Baylor University School of Medicine devised a plan that would enable school teachers in Dallas to finance up to 21 days of a hospital stay for a small monthly sum. Around the same time, the Blue Shield concept was growing out of the lumber and mining camps of the Pacific Northwest. Injuries and chronic illness were common among workers in these hazardous jobs. Employers who wanted to provide medical care for their workers made arrangements with physicians who were paid a monthly fee for their services. The easily recognized Blue Cross symbol made its first appearance in 1934, when Minnesota plan secretary E.A. van Steenwyk commissioned Viennese artist Joseph Binder to design a promotional poster.

Insuring the nation

Expanding rapidly throughout the 1930s, enrollment in the Blue health plans grew from just 1,000 insured to close to 90 million today. BCBS provides health insurance to individuals through HMOs, PPOs, point-of-service (POS) plans, fee-for-service plans and federal Medicare programs. By the time the Medicare and Medicaid programs were created in the 1960s, the nonprofit insurer covered about one-third of the U.S. population a figure that still holds true into the 2000s and the majority of the group s revenue came from government entities. Having cooperated with (and competed for members) throughout the decades, the two Blue s finally merged in 1982. The combination helped the two associations weather a downturn in the industry as losses grew throughout the 1970s and 80s. Today, the Blue Cross and Blue Shield Association (BCBSA) is comprised of 41 member companies which combined employ about 150,000 people (with 800 of these working directly for BCBSA). The association acts as an umbrella organization, setting standards of service for its member organizations. The association also represents the organizations interests by working with the health care industry and government entities. The insurer has more than doubled its revenue over the last 10 years, going from $71 billion in 1994 to almost $183 billion at the end of 2003.

Comprehensive coverage

Blue Cross of California, for instance, is the largest provider of state-managed health plan programs in California. The company serves more than 810,000 Medicaid members in 13 of the state s counties and more than 244,000 children throughout California s 58 counties in the Healthy Families Program. Other California state-sponsored programs in which Blue Cross of California participates include Access for Infants and Mothers and the Major Risk Medical Insurance Program. These California programs have led the BCBS umbrella organization to pursue similar opportunities throughout the United States and Puerto Rico.

Excellus BlueCross BlueShield, headquartered in Rochester, N.Y., is part of a $4 billion family of companies that provides health care services across upstate New York and long-term care insurance nationwide. Collectively, the enterprise provides health coverage to more than two million people and employs more than 6,000 New Yorkers.

From nonprofit to for-profit

When WellPoint (a former affiliate of BCBSA) bought Blue Cross of California in 1992, it marked the beginning of the end of the company s nonprofit status. Four years later, WellPoint became the California chapter s parent and turned it into a stock company. The profits from the IPO went to a charitable foundation. This set the for-profit ball rolling and a year later, in 1997, (former) associate Anthem acquired Blue Cross of Connecticut. Other similar deals soon followed.

Up in smoke

Blue Cross and Blue Shield is serious about keeping its members healthy and, if necessary, will go to court to ensure it has the resources to do so. In 1998, The Coalition for Tobacco Responsibility, representing 25 million Blue Cross and Blue Shield insurance policyholders in 35 states, won a case against the major tobacco companies in the U.S., which helped BCBSA recoup some of the money it s spent on the treatment of tobacco-related diseases. The insurer also won a similar case in Minnesota the same year, where it was awarded some $300 million.

Blue knows how to stay out of the red

Being a leading U.S. health care provider often comes with challenges. Its dedication to offering low-cost health plans has turned out to be a double-edged sword for BCBSA as a large chunk of its customer base is aging and has therefore become more of a financial burden for the company. Also, its reputation as the nonprofit Mother Theresa of the health care industry has quickly faded as BCBSA has converted affiliates into for-profit companies. While there have been grumblings among the general public, the conversion plan actually appears to have been a good one: Both profits and membership have steadily increased during the 90s and into the early 2000s.

BCBSA has also benefited from streamlining its operations and updating technology. In 2003, revenue totaled almost $183 billion compared to $162.8 billion the year before. Capital reserves at the end of 2003 were $31.9 billion, up from $24.5 billion at year-end 2002. Growth in capital reserves reflects the need for Blue Plans to hold increasing contingency funds as enrollment increases and healthcare costs continue to rise dramatically across the country. The company s PPO products represent the largest slice of sales, as PPO members total more 55 million compared to only 16.7 million HMO members.

Figures from the past

BCBSA may be in for increased competition from two of its former members, Anthem and WellPoint. In what could become the largest public health care provider, the two announced plans to merge in 2003. However, the planned combination has not been without contention. The California Insurance Commissioner disapproved of the deal and questioned whether allowing the combination would be fair to plan members in the state. In return, Anthem filed a lawsuit to reverse the decision and speed up the merger process. The trial is scheduled to commence in February 2005. The U.S. Justice Department had already approved of the transaction in March 2004.

Hot water

In October 2004, BCBS lost its Rhode Island state contract. Blue Cross & Blue Shield of Rhode Island, which has been widely criticized in 2004 for rising premiums, reimbursement rates and benefits for its executives, lost the contract, which covers some 25,000 state employees and retirees, to UnitedHealthcare. Blue Cross Rhode Island head Ronald Battista resigned from his post amid a flurry of accusations of poor financial practices, rising rates and mistreating of doctors, in May 2004. Battista allegedly used more than $1.5 million of company money to pay for his divorce, lease payments and a house.

Community involvement

Blue Cross and Blue Shield provides a variety of special programs and sponsorships that benefit the various communities it serves. The Healthy Competition Program promotes drug-free athletes and the Academy for Healthcare Management provides a program that is designed for all levels of professionals and non-professionals who are interested in pursuing an in-depth knowledge and understanding of managed care operations and issues. Also, BCBSA partners with United Way in providing a range of charitable programs across the country.

GETTING HIRED

Online info

BCBSA s employment opportunity site (www.bcbs.com/careers/index.html) includes positions around the country from the various Blue providers and all positions at the Blue Cross and Blue Shield Association. Openings are searchable by location (with separate listings for jobs in the Chicago and D.C. area) and position.

Chubb Corporation, The

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www.chubb.com

LOCATIONS

Warren, NJ (HQ)

United States:
Warren, NJ, and 50+ offices nationwide

International:
Offices in 28 countries

THE STATS

Employer Type: Public Company
Stock Symbol: CB
Stock Exchange: NYSE
Chairman and CEO: John D. Finnegan
2003 Employees: 12,300
2003 Revenue ($mil.): $11,394

KEY COMPETITORS

AIG
The Hartford
St. Paul Travelers

EMPLOYMENT CONTACT

www.chubb.com/careers

THE SCOOP

Specializing in specialty policies

In 1883 Thomas Caldecott Chubb and his son Percy began underwriting merchant ships and their cargoes in the Port of New York. From this rather specialized niche, Rhe Chubb Corporation, as the company became known in 1967, grew to become one of the largest publicly held insurers in the world, with revenue of more than $11 billion in 2003.

The company caters to wealthy individuals and businesses, providing them with property and casualty coverage. The company even insures valuable private art collections. Some 40 percent of the company s revenue comes from specialty policies, which today include such things as omissions and errors insurance (popular with media companies) and directors and officers insurance (popular with executives, who may be held accountable if they are sued by shareholders or others). For about $100 a year, they ll even insure your kids against child abduction.

On target

Chubb s M.O. is the targeted policy. Its elite clients have specific and at times unusual needs insurance for replacement of wine cellars, for example and so the company is continuously creating never-before-seen insurance products. Innovation is a key driver at Chubb. Its actuaries frequently create risk matrices for behaviors that have never before been quantified, and Chubb loss control field representatives and marketers are constantly called upon to deal with challenges in creative and flexible ways.

Chubb assigns teams of employees to specific agents, brokers and clients, with whom those employees are expected to form a lasting partnership. The team approach creates miniature companies within the company, in a sense giving the clients access to everybody from management to claims settlement. It seems to work well: Chubb has received numerous awards for customer satisfaction in all areas of its work from the major business and trade publications.

The team approach also appears to build a sense of community among Chubb employees, who tend to remark upon the supportive and friendly atmosphere that prevails in their workplace.

Consolidation

The past three years have seen major changes at Chubb. While continuing to make personalized, expert service a priority, the company has systematically rid itself of unprofitable ventures. While this is nothing any well-run business wouldn t do, Chubb has bucked the trend toward generalization within the insurance industry, preferring to consolidate its risks in specific fields rather than spread risk across the entire industry.

In commercial insurance, Chubb has been systematically dropping the riskier aspects of its business since 1999, anticipating the 2000 economic downturn and the loss claims that would result. Additionally, the company raised rates and tightened terms and conditions on the policies it did keep.

Chubb Specialty Insurance was hit hard in 2002 and 2003 by lawsuits brought against some of its wealthiest clients executives and board members many of whose companies purchase liability insurance to protect them against lawsuits. Again, Chubb s response was to drop the riskiest business and raise premiums. On the other hand, Chubb Re, the company s reinsurance division, has done quite well, as corporations and other insurers have sought to spread their risk.

A new focus

Chubb sold its life and health division in 1997 and now offers only property and casualty policies in the personal and commercial insurance markets. A recent intensified focus on risk reduction saw (among other things) an increase on the premiums for mold damage a fact dutifully noted, with evident pride, in the company s annual report. Concern about mold damage has increased greatly among homeowners and business owners in the last few years, prompting media reports of toxic mold. It s little wonder that Chubb sought to cover itself in this area by hiking premiums.

More broadly, the company has been moving its people out of aging or overly competitive sectors and into new markets. The company cut its exposure in credit derivatives in half in 2003, from $43 to $21 billion, and plans to exit the derivatives business entirely in the near future. Personal insurance operations in continental Europe have been put out to pasture, while Ireland and Britain are receiving extra attention. Chubb has been aggressively expanding its operations in Asia and Latin America in recent years, as well, taking advantage of new markets and an expanding American business presence overseas.

Lookin good...

The result of these efforts was a stellar 2003 for Chubb s bottom line. Chubb Commercial wrote $1.2 billion in new premiums and saw revenue jump 21 percent from the previous year. Chubb Specialty, despite the losses on executive protection and financial institution policies, saw its premiums grow 31 percent, although the gains were partially offset by big payouts. And Chubb Personal premiums jumped 12 percent.

Net income per share grew from $1.29 to $4.46 for the year, and operating income per share rose from $1.16 to $4.16. The company was rated outperform by most of the major investment firms.

A slight softening of the insurance market is expected for the next several years, and Chubb s annual report hints that such spectacular gains are not likely to be seen again anytime soon. However, the company is in a strong position, and all signs point to its continued growth and profitability.

GETTING HIRED

It takes all kinds

With its focus on specialized insurance and custom policies, Chubb seeks employees who are capable of providing exceptional service in both the technical aspects of the work and in client relations. Interviews will aim to establish a prospective employee s abilities in both areas.

Chubb hires in numerous fields: actuarial studies, risk assessment and management, claims settlement, law, finance, and customer relations. The company actively recruits on college campuses, but experienced professionals are always being sought as well for upper-level positions, and Chubb s reputation as a good place to work means competition for these jobs is fierce. Where relevant, applicants who hold a terminal degree in their field are at an advantage.

Devoted to diversity

The company has been recognized for its commitment to workplace diversity and tolerance by several publications and groups, including The Human Rights Commission, The Advocate and the Harlem YMCA. The company encourages all employees to embrace the diversity of coworkers, and has created mentoring and personal development programs designed to instill and support a belief in diversity. Additionally, Chubb has an active in-house training program designed to give its employees broad experience across a number of disciplines one reason the team approach to providing clients with solutions to their problems has been so successful.

With offices in 28 countries and a growing portfolio of international clients, Chubb may be of particular interest to job seekers with an interest in traveling or living abroad. Those with language skills relevant to Asian and Latin American markets may find their services especially welcome.

CIGNA

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LOCATIONS

Philadelphia, PA (HQ)
Atlanta, GA
Birmingham, AL
Boston, MA
Chicago, IL
Denver, CO
Hartford, CT
Honolulu, HI
Idaho Falls, ID
Little Rock, AR
Miami, FL
New York, NY
Phoenix, AZ
Richmond, IN
San Francisco, CA
Seattle, WA
Wilmington, DE

DEPARTMENTS

Accounting & Finance
Administrative
Claims & Customer Service
Health Care
Human Resources
Information Systems
Legal
Pharmacy
Sales & Marketing
Underwriting

THE STATS

Employer Type: Public Company
Stock Symbol: CI
Stock Exchange: NYSE
Chairman and CEO: H. Edward Hanway
2003 Employees: 32,700 (Worldwide)
2003 Revenue ($ mil.): $18,808
2003 Income ($ mil.): $668

KEY COMPETITORS

Aetna
Blue Cross/Blue Shield
UnitedHealth Group

EMPLOYMENT CONTACT

www.cigna.com/general/careers/

THE SCOOP

Early insurer

One of the world s largest providers of insurance, financial services and health care, CIGNA was founded through the 1982 merger of Connecticut General and the Insurance Company of North America (INA). With corporate roots in 18th-century Pennsylvania, INA was an industry pioneer. The company was the first to insure automobiles against fire and theft and insured the first expedition to scale Mt. Everest. In the meantime, Connecticut General became one of the first companies to venture into the group life insurance business. Through its subsidiaries, the company is a provider of benefits offered through the workplace, including healthcare products and services, group life, accident and disability insurance, retirement products and services and investment management. CIGNA operates in five business segments: employee healthcare, life and disability benefits; international life; health and employee benefits; run-off reinsurance operations and employee retirement benefits and investment services.

CIGNA grows significantly

With its 1984 acquisition of the American Foreign Insurance Association, CIGNA took its place as one of the largest international insurance providers in the U.S. The company s products and services cover numerous insurance and investment areas, including managed care insurance, life insurance, 401(k) plans and investment management for businesses. In 2002, revenue topped $19 billion, holding relatively steady at that number for several years running. Other financials, however, haven t proven so steady. In October 2003, the company reported third quarter income of $195 million, compared with a net loss of $877 million for the same period in 2002.

CIGNA s health care arm has traditionally been lucrative, bolstered by the company s 1997 acquisition of Healthsource Inc., a New Hampshire-based HMO. The deal gave CIGNA more than one million HMO members across 15 states, as well as two million indemnity plan enrollees. At the end of 2003, the company was providing medical benefits through managed care and indemnity health care plans to approximately 11.8 million people, dental coverage to approximately 12.2 million, behavioral health coverage to approximately 14.3 million and pharmacy benefits to approximately 9.2 million, including managed care network through 255,000 physicians and 2,800 hospitals.

Active dealings here and abroad

Further lining CIGNA s coffers was the $3.5 billion sale of its property-casualty business to Bermuda-based ACE Limited in 1999. By shedding the division, which accounted for about a quarter of sales and which employed over 6,000 people, CIGNA re-oriented itself toward employee benefits, Connecticut General s focus before its merger with INA two decades ago. CIGNA has been involved in a number of other dealings on the international front as well. In 1998, the company entered into a joint venture with Tokyo s Yasuda Fire & Marine Insurance Co., Ltd. to sell pension and investment products in Japanese markets (it later sold back its stake in the life insurance company to Yasuda, completing the transaction in the first quarter of 2002). Also in 1998, CIGNA acquired an 80 percent stake in Chilean health care provider Isapre Unimed S.A.

In 2000, CIGNA signed a deal with Walgreen s, adding the drug chain s 2,700 stores to the 41,000 pharmacies already linked to CIGNA. This nationwide network helps CIGNA control prescription drug costs. Also in the spring of 2000, CIGNA settled a lawsuit by agreeing to pay the U.S. government almost $9 million for over-billing on Medicare documents from 1990 to 1997. In other Medicare-related developments, in January 2001, CIGNA pulled out of all but two of its HMO markets tied to the federal program. The pullout mirrored actions taken by other managed care companies. The federal government s reimbursement rates did not match rising costs associated with providing treatment to the elderly under these plans. CIGNA teamed up with Yahoo Inc. at the beginning of 2002 to offer its members a new service of personalized benefits web sites based on the My Yahoo interface.

Restructuring

In January 2002, the company announced that it was laying off 2,000 employees as part of a restructuring program in its employee health, life and disability benefits unit. The layoffs represented about 4.5 percent of CIGNA s work force. Mostly middle management, clerks, call-takers and other employees at customer service centers nationwide were targeted, the company announced. Senior management was not affected. Other changes under the restructuring program included moving health care customers to new service platforms, consolidating operations at regional service centers, reducing the number of medical claims systems from 15 to two and reducing the number of employee eligibility systems from 15 to one. And the cuts weren t over yet. In November 2002, the company laid of another 700 and in January 2003, gave the pink slip to another 3,250. The newest layoffs included cuts in sales, marketing, finance, contracting and technology.

The company decided on the cuts after taking a net loss of $877 million in the third quarter of 2002, down from a net profit of $270 million in 2001, and the layoffs represent the most recent in a series of austerity measures designed to put the struggling insurer back on a track. CIGNA was also forced to take more than $1 billion in charges in 2002 as it wrestled with soaring health inflation. The company also claimed that the cuts would yield it $100 million in savings by the end of 2003.

Some hot water

At the time the company reported the $877 million loss, it also announced that the Securities and Exchange Commission (SEC) had opened an informal inquiry into that loss. Shortly afterward, CIGNA warned that earnings for the third quarter and all of 2002 will come in lower than previous company guidance. The day after that warning, CIGNA indicated that operating income for 2003 would also be below forecasts. That announcement resulted in a 38 percent decline in the company s share price. As a result, law firm Milberg Weiss Bershad Hynes & Lerach LLP filed a class-action suit against CIGNA, Chairman H. Edward Hanway and Chief Accounting Officer James A. Sears, alleging they issued a series of materially false and misleading statements concerning the company s financials. Then in September 2003, a federal judge gave preliminary approval to CIGNA HealthCare s settlement of a class-action lawsuit involving 700,000 physicians nationwide who claimed the company sacrificed patient care and failed to provide adequate reimbursements. The settlement has been endorsed by 19 state or local medical societies. Under the agreement, CIGNA paid $70 million to a settlement fund, contributed $15 million to a foundation for public health improvement initiatives and will pay up to $55 million in legal fees. CIGNA also created a physician web site with detailed information about claim coding policies and payment guidelines, and created a committee for physicians to advise the company. The case was settled in April 2004.

Similarly, in June 2002, the company lost a $13 million verdict-$10 million of it in punitive damages-when a Dallas jury found that CIGNA Healthcare of Texas put cost-saving measures ahead of a patient s life. The plaintiffs legal team represented the family of 83-year-old heart patient Herschel Pybas, who charged that HMO officials pushed Pybas out of a medical care facility to his home, despite the fact that he needed 24-hour skilled care.

Selling off

In January 2003, CIGNA sold the operations of Lovelace Health Systems, Inc., an integrated healthcare system located in New Mexico that included a multi-specialty physician group practice, a hospital, family practice clinics and a health plan for $235 million. Also in January, the company completed a deal to sell its Brazilian healthcare operations.

Then, in November 2003, CIGNA agreed to sell its retirement and investment services business (including medical, pharmacy, behavioral health, clinical information management, dental and vision benefits, case and disease management, and disability, life and accident products) to Prudential Financial for $2.1 billion in cash, allowing the company to refocus on its core health insurance business. The deal frees CIGNA of a unit that has struggled in the past to overcome the prolonged stock market instability. CIGNA s unit sale excludes its corporate life insurance unit and its investment advisory operation, Times Square Capital Management Inc. Proceeds will be used to support its ratings, reduce debt and buy back shares. The deal closed in April 2004 and the company expects a gain of approximately $800 million after-tax. The company also announced that it was selling off its operations in Mexico as part of a strategy of scaling back where the company is overextended and focusing only on international locations that it thinks offer growth opportunities.

Revenue in 2003 decreased primarily because of a lower membership count; this resulted in a decline in the premiums and fees that were funneled into the healthcare segment. To offset these losses CIGNA continues to streamline its operations, laying off more than 8,500 people during 2003, and increasing its focus on employee benefits and selling commercial coverage to small and mid-sized businesses. These measures seem to be paying off; CIGNA has kept a steadier pace in 2004, reporting a net income of $515 million for the second quarter of 2004, compared to a loss of $53 million for the same quarter the year before. Sticking to its focus, in February 2004, the company launched CIGNATURE, a new suite of products that helps employers to custom-design employee healthcare plans.

A boost to diversity

CIGNA was recognized in February 2002 for its commitment and excellence in its corporate structure. The National Association for Female Executives named CIGNA to its list of top 25 companies that place and support women in high executive positions. In fall of 2001, *Working Mother* magazine selected CIGNA as one of the top 100 companies for working mothers, the 10th consecutive year. The company also has a pretty strong track record with minority hiring and recruitment, having been named one of the best companies for African-Americans by *Family Digest Magazine*, one of the 50 best companies for Latinas to work for in the U.S. by *Hispanic Business* Magazine and one of the top 100 preferred employers by *Black Collegian* Magazine.

GETTING HIRED

Hiring overview

CIGNA accepts resumes via regular mail, text e-mail (attachments are not accepted), and an online resume builder located on its employment web site at cigna.com/general/careers/. The site describes general career opportunities for both recent college graduates and experienced candidates, which are cross-referenced by both department and educational background. Health care professionals with backgrounds in nursing, rehabilitation and general medicine are encouraged to apply. For those interested in health care administration, CIGNA looks for experience in the managed care business, customer service, claims processing and other areas. While CIGNA places new employees throughout the country, most start at either the Philadelphia, New York or Bloomfield, Conn., locations.

OUR SURVEY SAYS

Building long-term careers

CIGNA is a place where employees have the opportunity to build long-term careers. Says one, I would not go to any other competitor; CIGNA treats its people better than anyone else in the [insurance] industry. The company provides a high level of job independence and autonomy. Indeed, there is no babysitting or hand-holding. Employees sometimes put in over 60 hours a week, but working parents are able to take advantage of scheduling options and on-site daycare centers that offer greater flexibility.

Conseco

11825 N. Pennsylvania Street
Carmel, IN 46032
Phone: (317) 817-6100
Fax: (317) 817-2847
www.conseco.com

LOCATIONS

Carmel, IN (HQ)
Chicago, IL
Fort Lauderdale, FL
Indianapolis, IN
Philadelphia, PA

DEPARTMENTS

Accounting/Auditing
Administrative
Customer Service
Finance/Economics
Health Care
Human Resources
Information Technology
Insurance

THE STATS

Employer Type: Public Company
Stock Symbol: CNO
Stock Exchange: NYSE
President, CEO, and Director: William J. (Bill) Shea
2003 Employees: 4,350
2003 Revenue ($ mil.): $1,505.5

KEY COMPETITORS

Metlife
New York Life
Prudential

EMPLOYMENT CONTACT

jobsearch.conseco.newjobs.com

THE SCOOP

Double-wide dreams

Founded in 1979, the holding company that has come to be known as Conseco was driven by a single idea: Insurance companies, famously inefficient, could be turned into highly profitable assets if efficiency could be injected into them. Founder Stephen Hilbert enjoyed quick and significant success when he put this idea into action, buying up small and mid-sized insurers and implementing downsizing and cost-efficiency programs. Despite a few bad investments over the years, by the late 1990s Conseco was a big player in the insurance market, with three big companies and several consolidated local-market firms in its stable.

Hilbert, known as an arrogant and flamboyant leader, decided to expand into finance, and found his inroad in Green Tree Financial Services, the big fish in the pond of middle-American trailer-home sales. Conseco bought Green Tree for $6.4 billion. Expectations were high   too high. The purchase saddled Conseco with a notoriously high-risk business (trailer-home owners not being famed for their high credit ratings), and one in which Hilbert s people had little or no experience. In Green Tree, which had been renamed Conseco Finance Corp., the parent company held close to $20 billion in outstanding consumer debt. Of course, debt is all well and good so long as the payments keep coming in, and at Conseco Finance they did   until the economic boom faltered in 2000. Numerous debtors defaulted, repossessions only made 20 cents on the dollar, and suddenly Conseco stock wasn t worth the paper it was printed on. Share prices plummeted to 5 cents, from a norm in the mid-$20 range.

Hilbert was forced out in April 2000, still claiming the Green Tree deal was good for the company. But the damage was done. Several more unprofitable years, during which Conseco s workforce shrank from over 10,000 to fewer than 4,000, finally forced the company into bankruptcy. Conseco Finance went on the block and fetched $1.1 billion, barely a sixth of its purchase price.

In late 2002 Conseco was delisted from the NYSE, and murmurs of impending bankruptcy became a roar. Chapter 11 filings arrived in December of that year; nine months later, having sold Conseco Finance for a $5 billion loss, cancelled its outstanding stock, and reissued new stock, Conseco Inc. was back in business. Shares are up   way up   from a 2002 low of around 5 cents, but few are convinced yet that the reborn Conseco is really on track. Standard & Poor s won t give any of its subsidiaries more than a BB rating.

New life

Nine months after filing for Chapter 11, Conseco Inc. reopened for business. A restructuring plan, approved by a government oversight committee, saw the company shed its non-insurance businesses (most of them grouped under Conseco Finance) and focus again on its core operations. The company web site now describes Conseco as one of middle-America s leading sources for supplemental health insurance, life insurance, and annuities. There s no mention of trailer homes, but with 40/86 Advisors, Inc., Conseco does retain a toehold in the investment management business.

Conseco s major holdings include Bankers Life and Casualty Company, Bankers National Life Insurance Co., Conseco Annuity Assurance Co., and Colonial Penn Life Insurance Co. The Bankers companies are based in Chicago; Colonial Penn in Philadelphia; and Conseco Annuity and several smaller Conseco interests in Carmel, Indiana, at company headquarters.

In addition to restructuring, Conseco brought in new management. Six new board of directors members were announced in spring 2003, including John Turner, R. Glenn Hilliard, and Mike Shannon, all of whom have executive experience in insurance. Reports seem to indicate that this was as much a confidence-inspiring move as a smart business decision. Should Conseco go down again, state insurance holdings (funded by consortia of private insurers) will be required to pay off Conseco s outstanding claims. The potential for disaster is huge; thus the hand-picked board of known straight-shooters and industry experts. Conseco is now run by six people whom investors trust and it s investors who have shored up the company s books, pushing its share price to around $23, up from mere pennies just 18 months ago.

Conseco remains a somewhat embattled company. None of its companies receive higher than a BB rating for claims paying and/or financial strength from the major credit rating houses. (Standard & Poor s defines BB-rated insurers as having marginal financial security characteristics. Positive attributes exist, but adverse business conditions could lead to insufficient ability to meet financial commitments.) In short, if the insurance market goes soft, or there s another Chicago fire, Conseco s companies will be in danger of failing.

GETTING HIRED

Hiring process

The old Conseco had a reputation as a young buck s sort of company: Risk-taking was encouraged, and risks that paid off were rewarded with big bonuses and perks. Such a corporate culture came with the territory: Conseco consciously operated on the margins of the insurance industry, picking up profits in places the older, more established institutions avoided.

The new Conseco hasn t been around long enough to have developed a reputation, but the company employment web site has this to say: If you re looking for the opportunity to learn, grow and be a part of a dynamic organization, we believe you will find no better company than Conseco. We balance conservative, time-honored business practices with a willingness to listen to the voice of positive change. Join the company that owes its growth and reputation for innovation directly to the talent and ambition of its professionals. Share the rewards and pride of a Conseco career. Possible translation: Young bucks still wanted.

See jobsearch.conseco.newjobs.com/ for opportunities.

Guardian Life Insurance

7 Hanover Square
New York, NY 10004
Phone: (212) 598-8000
Fax: (212) 919-2170
www.guardianlife.com

LOCATIONS

New York, NY (HQ)

DEPARTMENTS

Accounting
Management
Occupational
Sales

THE STATS

Employer Type: Private Company
President, CEO, and Director: Dennis J. Manning
2003 Employees: 5,500
2003 Revenue ($ mil.): $6,732

KEY COMPETITORS

Aetna
MetLife
Prudential

EMPLOYMENT CONTACT

James D. Ranton
www4.glic.com/glife/JobPostingServlet

THE SCOOP

Guarding America

Guardian Life Insurance, a Fortune 500 company, is the fourth largest mutual life insurance company in the nation. It boasts more than 5,500 employees and more than 2,800 financial representatives through 13 subsidiaries and affiliate companies. Guardian has nearly three million customers who hold the company s individual life and disability income insurance and investments products (such as variable annuities, mutual funds, stocks and bonds). It also provides another five million customers with employee benefits, including life, health and dental insurance; pension plans; and 401(k) products. For the fiscal year 2003, the company boasted $6.7 billion in sales.

Break with the old country

It s no wonder Guardian founder Hugo Wesendonck had such a keen eye for safety and stability. Fleeing post-revolution Germany, he landed in the U.S. in 1848. After pooling start-up funds from fellow German refugees, he opened Germania Life Insurance Company in 1860 in New York to cover the growing number of German immigrants arriving on American shores. Two years later, he opened a branch in San Francisco, and business spread quickly across the country, reaching territories like Colorado, New Mexico and the Dakotas.

After steady growth, the company set up headquarters in New York City s Union Square in 1911. In 1917, the company changed its name to Guardian, in response to a break with the fatherland and some anti-German sentiment in the U.S. after WWI. Guardian relocated in 1999, when, after branching out into financial services, it sent its headquarters downtown to Wall Street.

Grown but grounded

Over the next decades, the company blossomed. It set up its first subsidiary, Guardian Investor Services, in 1969 and the next, Guardian Insurance & Annuity, two years later. It took on pension fund services in the late 1980s, and managed care in the early 90s.

Yet despite all the expansion, the company hasn t strayed from its roots. It s so resistant to faddishness that former CEO John Sargent called his company contrarian in a 2000 article in The Chief Executive. For instance, it was, at the time, trendy for companies to convert to stock from mutual ownership, which

Guardian has been in its entirety since 1925. Though others saw the conversion as one step toward growing by acquisition, Guardian remained steadfast. It used cash for its $100 million purchase of a dental network in 1999. According to Sargent, maintaining Guardian s status as a mutual company is good for consumers. The buying public gets a better deal, he told the magazine. We don t have to divvy up dividends between shareholders and policyholders.

Sargent also explained why Guardian would be happily bucking the globalization trend. Calling it an ego trip to go global, he said, Other companies think they have to do it because others are doing it. We see plenty of opportunity for growth right here. To back that up, he set out to expand the company s network of agents.

Change hurts

During his tenure, Sargent oversaw a reorganization of life, disability, and equity operations, providing agents with one point of contact with Guardian. The move cut 200 jobs, and though the losses could have been worse, they caused anxiety among employees. In hindsight, Sargent says he didn t come forward quickly or visibly enough to assuage their fears. But once he realized he needed to be in constant communication with employees about the reasons for the change, he went on the road, visiting offices across the country. Sargent led town-hall style meetings, and he hosted informal breakfasts with New York employees. Sargent, who had been with Guardian since he was fresh out of college in 1959, retired soon after, his post filled by Dennis Manning on January 1, 2003.

Guardian goes Hollywood

Assessing risk may be all about the numbers, but there are glimmers of romance, too. In the movie Along Came Polly, an uptight risk manager played by comedian Ben Stiller falls dangerously in love with a free-spirited woman played by Jennifer Aniston. Before filming, Stiller, along with writer and director John Hamburg, visited risk managers at Guardian to help prepare for the role. They took their work very seriously and were very good at what they did, Hamburg told Risk & Insurance magazine. But they also could laugh about the fact that everything you do, they do the risk factor associated with it. Besides coming away from his visit to Guardian knowing that risk managers had senses of humor, Hamburg also came away with a greater appreciation for the work. In the end, he said, risk management is an art form.

Insuring the futures of women and girls

Guardian s focus on women s financial stability, education, and careers reaches across the company. It s got a special web page called Women in Power, which features information about organizations that promote women s financial independence and advancement: the National Association of Women Business Owners, for example, is one group that Guardian is allied with.

Guardian also believes in investing in the women of the future. Every year, Guardian awards college scholarships totaling $30,000 to15 girls between the ages of 12 and 16. This scholarship program, which the company proudly calls Girls Going Places, recognizes young women who are engaged in entrepreneurial enterprises.

GETTING HIRED

Hiring process

The company doesn t have a current list of schools at which it recruits posted on its web site. But those who are curious about schools where the company may still be scouting for talent, can check out the 2002 recruiting schedule at www.glic.com/corp_career/campus/index.html under the How can I get started? tab. Once recruited, management candidates enter Guardian s training program. There, they will learn the old-fashioned way in the classroom with lectures, presentations, reading, and discussion. But they ll also engage in role-playing and team building exercises to learn more intangible skills like encouraging trust and building relationships. Guardian also believes in ongoing leadership development. Several times a year, Guardian sends groups of roughly 15 sales managers on weekend retreats to suburban conference centers.

Hartford Financial Services Group

Hartford Plaza
690 Asylum Ave.
Hartford, CT 06115
Phone: (860) 547-5000
Fax: (860) 547-2680
www.thehartford.com

LOCATIONS

Hartford, Connecticut (HQ)

DEPARTMENTS

Accounting
Administrative
Management
Medical

THE STATS

Employer Type: Public Company
Stock Exchange: NYSE
Stock Symbol: HIG
Chairman, President, and CEO:
Ramani Ayer
2003 Employees: 30,000
2003 Revenue ($ mil.): $18,733

KEY COMPETITORS

AIG
Citigroup
Prudential

EMPLOYMENT CONTACT

www.thehartford.com/career/

THE SCOOP

A fire resistant company

The Hartford Financial Services Group, more commonly know as simply the Hartford, is one of the biggest investment and insurance companies in the U.S. The Hartford sells all kinds of insurance, from life insurance and employee benefits to auto, homeowner, and business policies. It also deals in investment services like annuities and mutual funds. The company has dozens of subsidiaries that are divided among five concentrations: North American property and casualty, international, Hartford Life, Inc., investment services operations and service companies. About half of its customers are individuals, with the rest split between small businesses and larger corporations and governments.

Known for its famous stag logo with prominent antlers, The Hartford got its start in 1810, when a group of businessmen from Connecticut opened the Hartford Fire Insurance Company. Just before Christmas in 1835, the new company was truly tested for the first time after fire ripped through large chunks of Manhattan s financial district. During the middle of the century, Abe Lincoln and Robert E. Lee chose The Hartford to insure their homes.

True to its word

When another fire devastated yet another city this time, Chicago in 1871 Hartford paid up on its claims while most other insurers reneged. But an even bigger disaster loomed. The great San Francisco earthquake of 1906 lasted a mere 48 seconds, but it killed 700 people and ignited fires across the city, totaling damages of $6.2 billion in today s dollars. Many adjusters records were destroyed, so Hartford settled some claims based only on their memories. Hartford earned a solid reputation after its handling of the fires, and the company enjoyed steady growth for the first decades of the new century.

An easy target

In 1959, The Hartford purchased Columbian National Life, which became its life insurance leg the third leg needed for its new marketing strategy, which by now also included property and casualty and fire.

In 1970, Hartford became the target of the then-biggest corporate takeover ever, when ITT Corporation bought it for $1.4 billion. But in 1995, Hartford returned to independence, when it was spun off through a public stock offering. It was during this time that the company began to look at scaling back its international operations selling off Dutch and Canadian subsidiaries in 2000 while pushing growth at home.

Getting to know clients

To understand workers beliefs and practices, The Hartford conducts studies and then passes on that knowledge to companies and clients who are interested in behind-the-numbers insurance issues. In August 2002, for example, the company found that despite the unprecedented focus on corporate security in the wake of September 11th, almost one-third of companies surveyed were still letting unauthorized visitors into their buildings. In another study released two months later, The Hartford revealed surprising statistics about worker s compensation: Fifty-eight percent of blue-collar households contain at least one person who has been hurt at work and needed medical help, but that number dropped among white-collar workers to 38 percent. Even so, many of those surveyed had little understanding of workers comp about 38 percent didn t realize that it would cover medical costs from most on-the-job injuries.

Hartford tackles fraud

Insurers have long emphasized that fraudulent insurance claims waste everyone s money. In December 2002, Hartford struck back against seven residents and 11 businesses of New York State. They were all connected in a complex fraud scheme, the company alleged in its $5 million lawsuit, in which the accused evaded payment on auto liability premiums by fraudulently purchasing coverage. The Hartford claimed that five taxi and livery car companies misrepresented certain details about themselves to get lower rates. The outcome of the suit was not known as of this writing.

SEC comes knocking

The Hartford added seven mutual funds to its roster in 2002 to allow investors more opportunities to diversify, bringing the total up to 28 retail mutual funds. But the company soon found itself swept up in the investigations of financial companies that has become commonplace since the Enron scandal. After New York Attorney General Eliot Spitzer found in 2003 that Canary Capital Partners, an offshore hedge fund not conneted to The Hartford, had allegedly made illegal deals with mutual funds, other mutual fund companies came under heavy scrutiny. Following the news that Spitzer was investigating the company, Ramani Ayer, The Hartford s chairman and CEO, sent a letter to employees assuring them that the company was cooperating with the investigation and conducting its own internal review to ensure all transactions were conducted properly.

Besides Spitzer s office, the Securities and Exchange Commission has also been peeking into the $7 trillion mutual fund industry. In February 2004, the SEC made an on-site compliance examination of Hartford s variable annuity and mutual fund operations, though it didn t say exactly what was examined, nor what, if anything, was found.

Pay up

The SEC wasn t the only pest plaguing the company. In 2002, MacArthur Co. filed suit against it for recovery of $1.8 billion in unpaid asbestos liability judgments. In December 2003, The Hartford settled the case, agreeing to pay MacArthur $1.15 billion during the first quarter of the coming year. Using cash to settle the claim may mean The Hartford will lose investment income for most of 2004, but so far the company believes its previous earnings forecasts are still on target.

Business as usual

Still, Hartford has continued to plug away. In the fall of 2003, the company opened a new operations center in Dallas as part of a multi-phase, multi-million-dollar initiative by the company s group benefits unit, which was positioning itself to expand and improve customer service with new technology.

It also continued buying and selling various assets. In January 2004, The Hartford completed a $500 million acquisition of CAN Financial Corporation s group benefits business. The same month, The Hartford offered 6.3 million shares of common stock, which it said would raise about $400 million.

The East awaits

Like other insurance companies, The Hartford started looking to China as a wide open market after the country became part of the World Trade Organization in 2002. The potential market is huge, Gary Knoble, a vice president at Hartford told Tech Decisions magazine in February 2004. After having scaled back some of its international operations, Hartford may make the push over the Great Wall in 2004.

Hi-tech HR

In 2002, The Hartford began a three-year effort to upgrade its existing information systems to a web-based operation. When the upgrade is complete, the company will have created a new hardware infrastructure capable of backing up those re-vamped systems and installed customized functions for managers. The new system will enable the company to measure staffing, compensation, talent management, training and other HR functions with analytic tools. All company workers stand to benefit from increased accessibility to their own records: They can quickly check on their employment records, personnel files and benefit information and perform a variety of tasks, like scanning their pay history, referring friends to open jobs and applying for other positions within the company themselves. Managers, in turn, can better track performance, compensation and employee listings. The overhaul is expected to not only boost efficiency, but also save the company money in the long run.

GETTING HIRED

Hiring process

Of the Hartford s 29,000 employees across the globe, 27,000 are located in the U.S. 12,000 in Connecticut alone. Many of them get benefits packages that include insurance and financial planning of course as well as employee assistance programs, flexible work arrangements, adoption expense benefits, education reimbursement and others. If you d like to be one of these employees, check out Hartford s flashy career web page at www.thehartford.com/career/. There, you can also find extensive information on the company s regular and MBA internship programs, interviewing tips and career paths in particular specialties, like actuarial and finance.

Liberty Mutual Insurance Company

175 Berkeley Street
Boston, MA 02116
Phone: (617) 357-9500
Fax: (617) 350-7648
www.libertymutual.com

LOCATIONS

Boston, MA (HQ)

Liberty Mutual operates offices throughout the U.S. and Canada and has international offices in

South America:
Argentina Brazil Columbia
Venezuela

Europe:
Ireland Spain the U.K.

Asia/Australia:
Australia China Hong Kong
Singapore Thailand

Departments

Actuarial
Claims/Commercial
Claims/Personal
Finance & Accounting
Human Resources
Information Systems
Legal
Loss Prevention
Sales

THE STATS

Employer Type: Private
Chairman and CEO: Edmund F. (Ted) Kelly
2003 Employees: 38,000
2003 Revenue ($mil.): $16,618.0

KEY COMPETITORS

Allstate Corporation
Prudential
State Farm Insurance Companies

EMPLOYMENT CONTACT

www.libertymutual.com/careers

THE SCOOP

Bostonians with bite

The Boston-based Liberty Mutual Group is a many-fingered creature. Formerly known as the Liberty Mutual Insurance Company, it became a mutual holding company in November 2001, a move designed to give it greater flexibility necessary for a company that provides services ranging from standard domestic property, casualty, and life insurance to occupational safety research, physical rehabilitation, risk management, and a growing overseas presence. Currently the fifth-largest American firm of its type, Liberty Mutual Group posted glowing numbers in 2003. Behind the staid Bostonian facade, an aggressive market player lurks.

Branching out

For most of its 92 years, Liberty Mutual was a basic, fiscally conservative insurance company, with a reputation for rock-solid dependability and consistent but unspectacular profits: a typical New Englander, in many ways. In the 1990s, however, changes in the insurance industry forced all insurance firms to seek profits in new ventures. Domestic competition became increasingly fierce, and so most companies looked to expanding their international operations. Liberty Mutual was no different.

In 1994, Liberty Mutual s international division held $190 million in premiums. As of January 2004, that number had grown to $4 billion, or roughly one-fourth of the entire company s revenue. Some 6,000 employees work overseas, in 16 countries spread across Europe, Asia, and South America.

Growth in the East

In Asia, Liberty Mutual has offices in most of the places you d expect Hong Kong, Singapore and Thailand, three of the most open economies in the region but it has also set up shop in two somewhat unexpected places: China and Vietnam. Okay, China s not that unexpected, but the level of Liberty s involvement there is unusual. Since 1996, the company has provided consulting services for workplace safety and government relations the latter, perhaps, an ingenious method of applying pro-market pressure to the nationalist Chinese leadership.

More recently in December 2003, to be precise Liberty opened its first private business insurance branch in China, not in Beijing or Shanghai, but in Chongqing, a burgeoning city in the west of the country. For two decades now, the Chinese government has been pushing development in the area, seeing the vast wilderness there as a potential relief-valve for overpopulation in the east. As a result, western China is filled with modern-day boomtowns where massive factories churn out raw industrial materials and cheap goods destined for foreign markets. Chongqing is the boomingest of them all. (Liberty Mutual s spokespeople claim it has a population of 31 million, which contradicts U.N. data, but who s really counting?) By getting in on the ground floor, the company clearly hopes to establish itself as the premier insurer in the new business-friendly China. Similar hopes clearly underlay its 2003 decision to enter Vietnam, a nation poised to become another Asian Tiger if and when the Communist regime that governs it becomes sympathetic to western business advances.

Don t forget Europe and South America

While Liberty Mutual focuses on business insurance in Asia property, casualty, and liability, plus a big chunk of the maritime insurance market there its European and South American operations encompass all aspects of the business. In South America, a series of acquisitions in the mid-to-late 1990s gave the company a presence in home, auto, life, and corporate protection in Brazil, Argentina, Venezuela, and Colombia. (And by purchasing established companies, Liberty avoided many of the growing pains experienced by foreigners going abroad solo.)

In Europe, Liberty Mutual has decided to skip France, England, and Germany the regional giants in favor of the overlooked markets in Spain and Portugal. Again relying on acquisitions rather than on the establishment of new companies, the firm has quickly earned a significant market share in both nations, covering (under the name Liberty Seguros) the usual areas: home, auto, life, and business. A little closer to home, the company decided to exit the auto, homeowners and personal property businesses in Canada, selling its interests north of the border to a subsidiary of TD Bank Financial Group.

Goings-on at home

While it has managed to build a strong international presence, Liberty Mutual remains an American company, and the lion s share of its revenue comes from that market.

The company offers tailored services to businesses, grouping them under small-, medium-, and large-operation programs. An early provider of workers compensation insurance, Liberty continues to provide this basic coverage to many leaders in a wide range of industries. Additionally, the company offers casualty and liability plans. While a certain degree of flexibility is necessary for any insurer to match its needs (acceptable risk, basically) to its clients requirements, Liberty Mutual does not focus on specialized plans, leaving that sort of work (and its unique difficulties) to others.

An ounce of prevention

What Liberty does obsess over is accident prevention. For almost 50 years, the entity now known as the Liberty Mutual Research Institute for Safety has studied the causes of workplace injuries and incidents and produced recommendations for their redress. The LMRIS consists of two branches, one devoted to safety research and one to addressing worker disabilities; or, in other words, one to stop accidents and one to reduce the pain of their aftermath. The LMRIS is the only such institute operated by an American insurer most such research centers are publicly funded and it has earned a world-class reputation for both the quality and the innovativeness of its work. There s a certain amount of altruism behind the venture, but there s also an accounting motivation. As a direct result of LMRIS studies, Liberty Mutual s workplace accident claims have fallen significantly a fact backed up by independent studies as well as in-house reports.

In the private insurance market, Liberty Mutual continues to do what it has always done: protect lives, homes, and cars. Nothing particularly new or exciting about it, just consistent profitability grounded in conservative policies.

Show us the money

The sun shined brightly on Liberty Mutual during fiscal year 2003. The company s restructuring went by without a hitch. (As mentioned previously, it became a mutual holding company in late 2001, allowing profits from subsidiaries to be spread throughout the entire entity as needed.) And industry-wide price hikes coupled with the sale of its Canadian subsidiary helped profits grow 67 percent, to just over $850 million. Overall revenue rose 16 percent to $16.6 billion, and similar gains were reported in the company s various investments. Lastly, risk seems to have been better managed than in the previous year, as the spread between premiums sold and claims paid dropped by about a third. The company is rated A or higher by all the major investor ratings firms.

GETTING HIRED

Hiring process

The usual: be good at what you do, be it in risk management, actuarial studies, sales, marketing, management, or human resources. With its stated intention of becoming a global company, Liberty Mutual may be a good place for someone with an itch to travel; certainly, having relevant language skills (Spanish, Portuguese and Cantonese among them) is a plus for prospective employees.

Liberty Mutual s employee benefits packages are rated among the top 50 for American companies by Money magazine. See www.libertymutual.com for specific career information, including current job openings.

Massachusetts Mutual Life Insurance Company

1295 State Street
Springfield, MA 01111
Phone: (413) 744-8411
Fax: (413) 788-6005
www.massmutual.com

LOCATIONS

Springfield, MA (HQ)

International:
Bermuda   Chile   Hong Kong
Japan   Luxembourg

Domestic divisions:
Chicago   Hartford   New York
Springfield

The comapny also has sales and walk-in offices around the United States.

DEPARTMENTS

Advisory services   Annuities
Antares Capital Corporation (commercial finance and private equity)   C.M. Life Insurance Company & Life insurance
Cornerstone Real Estate Advisers
Corporate (includes administrative)
David L. Babson & Company, Inc. (investment services to large institutions)   International insurance   MML Bay State Life Insurance Company
OppenheimerFunds, Inc. (retail mutual funds and retirement accounts)   Trusts and estate planning

THE STATS

Chairman, President and CEO: Robert J. O Donnell
Employer Type: Mutual company (owned by policyholders)
No. of Employees: Approximately 31,000
2003 Revenue (mil.): $17,947

KEY COMPETITORS:

Prudential
The St. Paul Companies
The Hartford
Liberty Mutual

EMPLOYMENT CONTACT

www.massmutual.com/mmfg/careers/index.html

THE SCOOP

A real blue chipper

In 1851, George W. Rice left his job at Connecticut Mutual to form an insurance company based in his home of Springfield, Mass. A century and a half later, the company that Rice founded, Massachusetts Mutual Life Insurance Company, merged with the company that he left. After their 1996 merger, the huge entity became known as MassMutual The Blue Chip Company and became one of the top 10 life insurers in the United States. But the company hasn t limited itself to just providing life insurance. MassMutual also offers disability income and long-term care insurance, annuities and other financial planning services through its affiliate companies. As of December 2003, the company has more than $285 billion in assets under management.

Looking far and wide

MassMutual s investment group offers a wide range of financial services to individual and corporate investors. MML Investment, consisting of the company s securities and real estate division and the Oppenheimer Funds, manages over $42 billion in mutual funds. In 1995 MassMutual acquired David L. Babson & Co., a Cambridge-based investment firm that is among the nation s oldest. While MassMutual is still firmly rooted in its New England tradition, it is looking further afield for expansion. In June 2002, MassMutual subsidiary David L. Babson and Co. acquired First Union Institutional Debt Management for undisclosed terms. The company has also established life insurance companies in Chile, Argentina, Bermuda, Luxembourg, and Hong Kong, and it is expected to engage in further ventures in Latin America.

Turning the ship around

MassMutual has made some significant attempts at change. In 1998 the company nearly agreed to a merger with Northwestern Mutual Life, a deal that ultimately fell through. Ever since naming its new CEO, Robert J. O Connell, in December 1999, the insurance giant had been casting about for ways to reinvent itself. In February 2000, the company began using the name MassMutual Financial Group in an effort to re-brand itself and its subsidiaries; Massachusetts Mutual Life Insurance Co. is still the company s official name.

And it s focusing on selling financial advice and mutual funds especially to women and to aging baby boomers. In April 2004, the company announced the creation of a new unit focused solely on helping retirees manage their money.

Seek and ye shall fund

Though it flirted with Wall Street during the late 1990 s bull market, when other insurance giants sold stock to the public, MassMutual remains customer-owned. This doesn t mean poor: the company managed $285 billion in assets at the end of 2003. It prides itself on its solvency, advertising its top marks from the major rating agencies. As a private company, MassMutual allots capital in sometimes surprising ways. It announced a program called LifeBridge in 2002 to give $1 billion worth of ten-year life insurance policies for free to healthy low-income workers with children. (If the customer dies, the policy goes to a trust and then to a school.)

When New York State investigated some mutual funds for unfair trading practices in 2003, MassMutual came out unsullied. (In his 2003 letter to shareholders, CEO Robert J. O Donnell said: We re most proud of the news we did not make.) While the company s Oppenheimer unit drew some criticism for its trading practices, MassMutual generally enjoys a reputation for prudence. Its total premiums and deposits grew by 17.7 percent in 2003 from a year earlier, reaching $20.1 billion. Strong areas of growth, executives said, included life insurance and retirement assets.

Women and seniors first

The company wants to attract baby boomers with promises of growing wealth in a long, insured retirement. In April 2004, it announced a Savings Products division expressly for workers who want to live on more than Social Security in coming years. The division s chief, Terri Forde, outlined the message in an April 26th press release: For most of the 20th century, people worried about the financial burden of dying young. Now, the primary concern has shifted to outliving one s assets.

While it tries to sell advice to the nearly retired, it is also trying to promote insurance purchases among women. This campaign plays out in branding and sponsorships as much as it does in specific products. In the spring of 2004, MassMutual sponsored a Manhattan photo exhibit showcasing female athletes and a Babson College study which called women-owned small businesses more productive on average than those in men s hands.

People get old overseas, too

The company owns businesses in Bermuda, Chile, Hong Kong, Japan and Luxembourg. As its wealth grows, so does its need for presence in foreign markets. It bought a $4.1 billion mutual fund outfit in Taiwan in March 2004, adding to a torrid life-insurance business there. Three weeks later, its private-equity subsidiary bought a similar outfit in London. Despite this global footprint, though, MassMutual remains the sort of company that posts directions to its Springfield headquarters on its web site.

GETTING HIRED

From classroom to classroom

Undergrads, MBA candidates and law students can scope the MassMutual recruiting schedule at www.massmutual.com/mmfg/careers/campusrecruit_calendar.html. You can also find lists of law schools and b-schools the company plans to visit. Lawyers take note: each major business area, notably insurance and large institutional sales, needs its own legal team. Out of b-school, students can seek a slot in the Executive Development Program. This begins with a summer internship or during the second year of school. The company also encourages MBA candidates to go the direct-hire route. Those curious for a taste of MassMutual management can visit www.massmutual.com/mmfg/careers/campusrecruit_mba.html.

For corporate employees, MassMutual offers a formal leadership development program and more than 150 classes each trimester. Classes run online or in live sessions. It also may reimburse up to $8,500 in tuition for approved studies and professional development. A MassMutual Conference and Learning Center and corporate library can help staffers get up to speed on the latest actuarial tables or pension-obligation rulemaking. A flexible work schedule with 19 personal days per year aims to keep employees fresh. (And company-provided dry cleaning aims to do the same for their shirts.)

Springfield and farther afield

While most major insurance companies occupy aging industrial cities like Hartford or Newark, MassMutual makes no apologies for its native Springfield. The Connecticut River Valley, the company says, boasts good public schools, quaint villages and plenty to do outdoors all near several universities and easy to reach from New York or Boston. If the idea of working in Springfield leaves you cold, though, you can apply online for work in the field.

Mid-career professionals in sales or accounting can apply directly for relevant jobs at https://www.massmutual.com/mmfg/secure/careers/natl_careers/natlopp_quest.html. The company particularly invites certified public accountants, veteran salespeople, financial advisors and women with customized hiring and training. For all national staff, online classes at MassMutual University and other coursework in strategic marketing, underwriting and business fundamentals keep workers in the corporate loop.

Far-flung MassMutual hunts for salespeople and financial managers to staff its worldwide offices. It also seeks lawyers and MBAs to handle the intricacies of its many businesses. The company maintains active recruiting schedules at colleges, business schools and law schools. It also accepts resumes and applications for posted jobs online at secured.kenexa.com/mmutualv4/newhr/jobsearch.asp.

Diversified portfolio

In general, the company says it actively seeks out diverse experiences, backgrounds and skills. As it expands holdings overseas and beefs up its financial advice, workers with training in unrelated fields may help it sell, market or manage its assets. The company is aggressively wooing female salespeople and advisors. Women who feel tentative about joining the disproportionately male financial-services world can audition Mass Mutual through www.massmutual.com/mmfg/careers/natl_careers/connections_women.html. The company also provides a feedback form on its web site for general career questions.

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LOCATIONS

New York, NY (HQ)

DEPARTMENTS

Accounting/Auditing
Financial Services
Underwriting

THE STATS

Employer Type: Public Company
Stock Symbol: MET
Stock Exchange: NYSE
Chairman, President and CEO: Robert H. Benmosche
2003 Employees: 49,000
2003 Revenue ($mil.): $35,789

KEY COMPETITORS

AIG
Prudential
State Farm

EMPLOYMENT CONTACT

jobsearch.metlife.newjobs.com

THE SCOOP

More than just insurance

Metropolitan Life Insurance (MetLife) provides a variety of insurance and financial services to individuals and institutions around the world. With more than $325 billion in assets and almost $2.3 trillion in insurance in force, MetLife is one of the largest insurance companies in the U.S. In 2000 MetLife demutualized and became a publicly traded company. The following year it was allowed to enter the retail banking business.

Currently, the company offers life and property and casualty insurance, as well as savings, retirement, and other financial services for groups and individuals. Some of the company s major affiliates include GenAmerica, Metropolitan Property and Casualty, and Texas Life. The company also has a hand in retail banking, entering the market when it acquired New Jersey-based Grand Bank and renamed it MetLife Bank in August 2000.

In all, the MetLife companies serve approximately 13 million individuals in the U.S. and provide benefits to 37 million employees and family members through their plan sponsors. Outside the U.S., MetLife has insurance operations in 10 countries, serving approximately 8 million customers. The company also currently employs about 49,000 people worldwide and boasted a net income of almost $2.1 billion in 2003. By the first quarter of 2004, the company s revenue totaled $9.5 billion, up by around $700 million compared to 2003.

Met s life story

Founded in 1863 by a group of New York City businessmen, the Metropolitan Life Insurance Company primarily sold life insurance to the middle class in its early years. When sales fell in the 1870s, MetLife president Joseph F. Knapp, taking his lead from English insurance agents, aggressively began selling life insurance policies door-to-door to industrial workers. Metropolitan became a mutual company (owned by policyholders) in 1915 and began offering group insurance two years later. In 1974 it began offering automobile and homeowners insurance. Diversification efforts in the 1980s included the purchase of Century 21 Real Estate (which was later sold in 1995) and State Street Research & Management Company. In 1996 MetLife merged with Boston-based New England Mutual Life Insurance, expanding its clientele to include the more-profitable realm of upper-income customers. In January 2000, Met Life purchased GenAmerica Corp. for $1.2 billion in cash.

But the company wasn t done growing. In November 2003, it announced that it had completed its acquisition of John Hancock Life Insurance Company s group life insurance business, following regulatory approval. The companies had first announced the transaction in June. The acquisition of John Hancock s group life insurance business strengthens MetLife s position in the group life area.

We re going public!

In November 1999 MetLife filed its plans to demutualize, or to convert from a mutual company (one owned by the policy holders) to a publicly traded company. Some industry watchers suggested the move to go public was motivated mostly by high-level executives seeking instant riches. One compensation specialist told The New York Times that MetLife s CEO stood to gain $100 million from the plan. MetLife dismissed such claims. A company spokesperson remarked, Our first priority is to make sure that policyholders get 100 percent of the value of the company. And there are no plans to reward management until that takes place. MetLife sold one-third of the company to the public in mid-2000 in a $4.4 billion offering (the seventh-largest at the time). Part of the proceeds were used to pay down the debt MetLife incurred when GenAmerica s subsidiary General American Life Insurance suffered a liquidity crisis.

Legal fights

Like many insurance companies, MetLife has had its share of litigation troubles. In 1999 Met Life agreed to pay $1.7 billion to settle lawsuits alleging that company agents had misrepresented their policies to six million customers. Met Life, however, admitted to no wrongdoing in the settlement. In February 2002 MetLife announced it would set aside $250 million as part of a planned settlement relating to a class-action lawsuit brought by African-American policyholders. The suit contended that MetLife, at least into the 1950s, sold minorities policies that cost more and offered fewer benefits than those sold to whites.

Insuring September 11th losses

The insurance industry was among those hardest hit industries by the September 11th terrorist attacks. The tragedy resulted in an after-tax loss of $208 million for MetLife, plus investment losses of $65 million. Later that month CEO Robert

Benmosche testified (along with other insurance industry executives) at a hearing by the House Financial Services Committee on how the company was planning to honor all the claims from the disaster. The losses from the terrorist attacks and the slumping economy forced MetLife to cut 2,000 jobs, or about 4 percent of its workforce, later that year. The company took a $296 million loss in the fourth quarter of 2001, compared with an income of $591 million for the fourth quarter of 2000. The company s full-year 2001 income also dropped, from $953 million in 2000 to $473 million. MetLife has since rebounded, however, posting an income of $1.6 billion in 2002.

Raising capital, selling property

In October 2002, MetLife announced that it was planning on selling off about $2 billion worth of office buildings and hotel properties nationwide. The company said that it was seeking to capture profits at a moment when prices are high in many markets. It may then transfer the proceeds back into other real estate investments at a later date. In a second-quarter filing with the Securities and Exchange Commission, MetLife said the book value of its real estate holdings was $6 billion, so the sales would comprise a little less than half of its total real estate holdings. The selloff is probably the largest MetLife has ever undertaken, Brian Fox, national marketing manager at MetLife told the Los Angeles Business Journal in October. We view this as an opportune time to reap the benefit of a well-positioned portfolio, he continued. The company then retained Cushman & Wakefield Inc. to market a total of 21 properties nationwide.

In keeping with this new philosophy, MetLife sold off its 1.4-million-square-foot BP Plaza in downtown Los Angeles to Boston-based Beacon Capital Partners Inc. in August 2002 for $270 million. Then, in December 2002, MetLife again partnered with Beacon, this time in Boston, to sell its 501 Boylston St. building for $130 million. In January 2003, CB Richard Ellis Investors, LLC, completed the purchase of three office buildings in New Jersey; Irvine, Calif.; and Boston for approximately $240 million. Aside from being prime real estate, the buildings also have some pretty impressive tenants. The New Jersey property, One Meadowlands Plaza, was built in 1986, and is approximately 87 percent occupied; its tenants include MCI Worldcom. The 15-story building includes an adjacent five-story parking garage, and is located near Giants Stadium, home of the N.Y. Giants and N.Y. Jets NFL franchises. 101 Arch Street, in Boston, was built in 1988 and is 96 percent leased. Century Centre, in Irvine, was completed in 1988 and is 75 percent leased, and its major tenant is Federal Express. Most recently, in December 2003, MetLife agreed to sell 11

Madison Avenue, a New York City office building that is Credit Suisse First Boston s headquarters. MetLife said the sale will result in a $160 million after-tax gain. An investor group bought the building for $675 million, Real Estate Alert, a trade publication, reported. The 29-story building was built in 1928 as the base for a 100-story skyscraper that was never completed. Though it s called the Metropolitan Life Insurance building, MetLife doesn t have employees there. Since the October 2002 announcement, MetLife has sold more than 17 properties.

Speaking of selling off assets, in April 2001, insurer Swiss Re announced that it would acquire MetLife s asset management subsidiary Conning Corp. for an undisclosed price. Conning specializes in asset management for insurance company investment portfolios, private equity placements, mortgage loan services to financial companies, and has a well-developed research department, which Swiss Re plans to combine with Fox-Pitt, Kelton, its investment banking subsidiary.

International growth

MetLife International expects that by 2010 the Indian market will become its second largest market after the U.S. The company is planning to expand its agency and office networks to fuel its growth in India, according to company officials, reported The Financial Express in November 2003. Addressing the media, MetLife International president Bill Toppeta said the firm is keen to increase its stake in its Indian subsidiary MetLife India Insurance Company Pvt. Ltd., as it saw huge potential for growth there.

We think India is a terrific market, he said. We are lobbying with the government to allow us to increase our stake beyond 26 percent. MetLife is planning to launch its group insurance products in India in 2004, he added. The Indian operation that began in 2002 has so far sold 22,247 policies, and 60 percent of the sales have come through agency sales, MetLife India managing director Venkatesh Mysore says. The company will increase its financial agents base from its current figure of 1,033 to 3,800 by the end of 2004.

In March 2003, the company also launched MetLife Mexico, instantly becoming the leader in the Mexican life insurance marketplace with more than three million policies nationally. MetLife Mexico combines the operations of Aseguradora Hidalgo (the leading company in the life insurance market for public institutions) and Seguros G?nesis (an insurer specializing in products and services for the public and private market), both now part of the MetLife. MetLife Mexico will offer insurance and asset accumulation services specialized for civil servants through Aseguradora

Hidalgo, which insures over 2.8 million civil servants. MetLife Mexico will also offer life insurance and additional financial services to private institutions. MetLife, through Seguros G?nesis, has competed in the Mexican insurance industry since 1992. Seguros G?nesis sells individual and group life insurance, as well as retirement and savings products through sales agents and brokers and serves approximately 1.3 million Mexican customers.

In June 2002, MetLife acquired Aseguradora Hidalgo through a competitive bidding process by the Mexican government. Aseguradora Hidalgo is the largest provider of life insurance in Mexico with an overall market share in the life market of 27 percent. Aseguradora Hidalgo s group business and individual business market shares are 38 percent and 23 percent, respectively. The company is also the exclusive provider of life insurance to federal government employees in Mexico.

On the web

In December 2003, the company announced that it had revamped its www.metlife.com web site. The new site features easier navigation, enhanced service delivery for customers and increased self-service capabilities. The company has organized information on the site by audience, in other words, instead of learning about MetLife by product or service, information is placed into various categories, individuals, employers, brokers/consultants and providers. The site allows visitors to identify a MetLife representative in their own community, by both specialty and geography.

For the first time, MetLife Bank will provide visitors to the site with a description of products and services, as well as related rates. In addition, a dental center, featured on the home page, offers employee participants quick access to dental forms and providers by driving visitors to MyBenefits. The company also says that readability and usability have been enhanced with the new design. The font size has been adjusted and the pages on the site are shorter, allowing more of the page to load into a web browser and less scrolling for the user.

GETTING HIRED

Online hiring

MetLife s Snoopy-adorned web site, www.metlife.com, offers extensive information on careers in sales and the company s two-year management associate program. The site further includes listings of company-sponsored career seminars, descriptions of various job functions and an online application process where those interested can search for open positions by location, job title and keyword searches.

Regarding the general admissions process, one insider tells us: I don t think of them [the interviewers] as being unduly harsh. On the sales end, candidates should expect a psychological profile followed by interviews with the manager of the local office. For management positions, candidates can expect two to three rounds of up to four interviews.

OUR SURVEY SAYS

Culture: moving faster

One of our contacts at MetLife muses about the corporate culture: It is looking to change, mostly around the initiative to go public this year. The new CEO, Bob Benmosche, envisions taking MetLife from a staid, traditional firm to one that is faster-moving and more competitive. I d say it s an exciting time to be here. Another notes that the announcement to go public has created some turmoil but may also offer some exciting possibilities. A different informant believes working at MetLife is great and there is great opportunity in it if you like to work. Are there any downsides to the culture? Some managers are tough, grumbles one insider.

The pros and cons of sales

If earning large amounts of money is your object, one of our MetLife sources tells us, then a career in Sales might be the way to go. Another contact agrees, revealing that the sales organization has allowed me to build my business from the ground up. The compensation is great and I set my own hours and dress to satisfy my clients. Still another sales source raves, I enjoy the flexibility. [I] control my own destiny, set up my own schedule, and do what I want to do when I want to do it. The same contact, however, cautions that it took me a few years of frustration and rejection to get to a point where people began to trust what I said and believe that I had their best interests at heart...If you choose a career in insurance, be ready for rejection.

Dress: A dim view of casual

MetLifers generally indicate that the company is moving towards casual, although one insider explains, I try to be casual, but the company takes a very dim view on too casual. One of our contacts in New York tells us that the home Office (One Madison) is suits and ties, while the outer offices...are business casual during the week, jeans on Fridays - saves on dry cleaning!"

Many vacation days, not many perks

From what I have seen, one MetLifer tells us, the pay is competitive and the perks are pretty good. Another rather cryptic insider notes many vacation days, not many perks. The one thing that all MetLife insiders can agree on is benefits. A former MetLife employee tells us: The benefits were wonderful - 401K, good health plan, dental, all the rest. Another benefit that draws praise is tuition reimbursement.

Diversity: getting better

Most respondents give positive reviews on MetLife s diversity. The company absolutely practices EEO, says one. Another employee testifies, I would have to say that the top officers in the company are mostly men, but there are many very good opportunities for women all over the company.

Mutual of Omaha Companies

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LOCATIONS

Omaha, NE (HQ)

DEPARTMENTS

Accounting
Finance
Information Technology
Management
Medical
Sales/Marketing

THE STATS

Employer Type: Private Company
Chairman and CEO: John W. Weekly
2003 Employees: 5,847
2003 Revenue ($ mil.): $3,719.3

KEY COMPETITORS

Aetna
CIGNA
Guardian Life

EMPLOYMENT CONTACT

www.mutualofomaha.com/careers
careers@mutualofomaha.com

THE SCOOP

Protection in a wild world

In today s unpredictable environment, Mutual of Omaha offers consumers safety nets of all kinds. The Fortune 500 insurer, a private company owned by its policyholders, offers individuals insurance for life, critical illness, long-term care, disability, and travel, as well as investments and annuities. The company also offers worksite plans providing employee benefits like life, dental, and health insurance, prescription drug coverage and investment vehicles that include 401(k) plans, group annuities, and institutional investments offerings. Mutual of Omaha boasts a total of seven major subsidiaries, through which the company paid out more than $3.4 billion in benefits in 2002. That s almost $13.6 million every working day.

Evolution

Young Ph.D. student C.C. Criss saw early on that patients weren t getting enough protection from the field of medicine, so he started providing his own coverage. The company he founded, Mutual Benefit Health and Accident Association, was incorporated in 1909. The Mutual of Omaha moniker was adopted in 1962.

It s a jungle out there

V.J. Skutt expanded the company s reach after he took the helm in 1949. He helped the company grow from a small regional insurer into a much larger, national financial services business. Also under Skutt s watch, the company embarked on an adventure that would soon make its name synonymous with lions and tigers and bears: Mutual of Omaha s Wild Kingdom. The first episode aired in 1963 and taught a generation of kids about nature through the show s engaging mix of video footage of wild animals and commentary from hosts (first Marlin Perkins, and later Jim Fowler and Peter Gros). In 1971 the show moved from network primetime TV to syndication on the Mutual of Omaha National Syndication Network, which 200 stations asked to join. Over the years, the famous nature show has won 41 major awards, including four Emmys.

Capping coverage

Some of the insurer s more vulnerable policyholders have felt they were being discriminated against to an extent that could threaten their very lives. Two HIV-positive men, who accused the company of violating the Americans with Disabilities Act (ADA), slapped Mutual of Omaha with a class-action lawsuit. Specifically, the plaintiffs, John Doe and Richard Smith, said their policies contained terms and conditions that singled out people with AIDS or AIDS-related conditions and provided them with less coverage than people not suffering from the fatal illness.

But in the spring of 1999, the 7th U.S. Circuit Court of Appeals in Chicago ruled that the conditions didn t violate the ADA. That ruling got the insurance industry chattering: It goes against the reason you provide insurance, one insurance VP told Business Insurance magazine. Plus, a cap on the amount an insurer will pay for AIDS patients pretty much guarantees you a spot on the nightly news, said a lawyer for human resources consulting firm Mercer especially when other diseases, including heart disease and premature births, require much more costly treatment. In April 2000, Mutual of Omaha announced that it would eliminate its HIV and AIDS-related caps.

Farewell to individual policies

Other problems plagued individuals who had sought coverage under Mutual, too. In late 2002 and early 2003, the company increased its rates. It was just a precursor to discharging as many as 50,000 customers from its rolls when the company said it would stop selling and renewing individual policies in 2004. Industry-wide, premiums have been rising due to increasing healthcare costs and the costs of complying with government regulations. Because of this, individual coverage has been proving too costly for Mutual and some other insurers. One Omaha insurance broker told the Omaha World-Herald, Mutual of Omaha used to be the largest individual health insurance provider, but is far from that now.

Biting back

Dentists were fed up with what they said was a conspiracy by six health plans, including Mutual of Omaha, to delay and reduce payments. In May 2003, the American Dental Association sued the six companies under federal racketeering laws, with the ADA s chief counsel saying that the insurers practices were pervasive, unfair to patients and the profession, and, I believe, illegal. The allegations closely mirrored those made by 700,000 doctors against other insurers. In April 2004, a U.S. District Court Judge gave his preliminary go ahead on a $6.25 million settlement between the ADA and Aetna in another lawsuit. By then, Omaha was waiting for a court decision on its motion to have the ADA s case against it dismissed.

Black sheep

Omaha faced more scrutiny after stockbroker Steven Muth, who worked for its subsidiary Kirkpatrick Pettis, was accused by the Securities and Exchange Commission of raking in $15 million in illegal commissions and profits from stock price manipulation. The SEC censured the subsidiary company and fined it $100,000. How did the Muth pump up stock prices and persuade his clients to buy? He told them that the company had a monopoly in its field (airport food services), used high-pressure tactics, and paid for positive research reports and favorable messages to be posted to investing web sites. Then too, he hyped up his company s affiliation with its parent Mutual of Omaha.

Building home base

Big businesses have the potential to keep their home towns flush with jobs and beautified city spaces. Mutual of Omaha has done just that, and more. CEO Jack Weekly sits on the leadership council of Go!, the Greater Omaha Economic Development Partnership, a five-year, $20 million economic development program launched by city s Chamber of Commerce in early 2004. The program aims to boost Omaha s metropolitan population to 1 million people by 2010, and to create 5,000 new jobs paying at least $50,000 per year.

Obviously, we need to have all the jobs we can get. But if we re only building our economy with call centers and warehouses, we probably aren t doing the job, Jim Esch, director of the program, told the Omaha World-Herald about the push for high-paying positions. We think if we set the bar higher, there s going to be a bigger impact. By boosting the demographics and good jobs in a mix of industries, Go! can help boost the local economy, which draws more world-class companies and workers, which will boost the economy and be better for business, as well as the city. As a member of the leadership council, Mutual of Omaha contributes $50,000 per year to the program, and is charged with helping to find another 800 businesses to each donate $1,000 or more each year.

Roaring back

In 2002, Mutual started a re-launch of its brand identity with a print and TV ad campaign. As part of the revitalization, the company also bumped up its swimming sponsorships on local, national, and international levels. But perhaps most of all, an all-new Mutual of Omaha s Wild Kingdom premiered that year on the popular Animal Planet network.

In 2003, the company claimed a net income of $169.5 million more than double its net income in 2002. Assets had steadily grown over the past five or six years, to reach $18.4 billion for 2003. Policy reserves for payouts to future claims hit a record high of $13.6 billion.

GETTING HIRED

IT haven

If you re into information technology, Mutual of Omaha may be a great place to look for to employment. *Computerworld*, a magazine for IT professionals, named the company as one of its best places to work in IT in 2002. Mutual ranked high in part because it offers flexible scheduling, nationally market-based salaries, defined career paths, career growth opportunities, paid family leave, an employee assistance program, an on-site wellness center and a variety of employee recognition programs.

Baby, what a job!

It may be a haven for insurance salespeople, too. Selling Power ranked it first in 2001 among insurance companies in the U.S. to sell for, based on compensation package, training, and career mobility. And with Mutual s on-site dry cleaning, nutritional counseling, flextime, childcare and eldercare, prenatal and parenting classes and even a corporate baby shower *Working Mother* magazine listed Mutual among its best companies to work for in 2001.

Nationwide

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LOCATIONS

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Offices throughout the U.S.

DEPARTMENTS

Actuarial
Affiliates and Subsidiaries
Claims
Customer Service
Customer Solutions Center
Financial Accounting
Human Resources
Information Systems and Technology
Insurance
Management
Managerial/Professional
Marketing and Sales Strategy
Office Services/Property
Underwriting

THE STATS

Employer Type: Private Company
Chairman and CEO: William G. (Jerry) Jurgensen
2003 Employees: 33,000
2003 Revenue (million): $16,800

KEY COMPETITORS

Allstate
New York Life
Prudential
State Farm

EMPLOYMENT CONTACT

www.nationwide.com/jobs

THE SCOOP

Country roots

Nationwide has carved itself quite a niche. For over 75 years, it s been one of the leaders in high-quality insurance and financial services, focusing on three core areas: domestic property and casualty insurance, life insurance and retirement savings, and asset management. It also provides a number of products and financial services like auto, fire, life, health and commercial insurance; annuities; mutual funds; and retirement plans. In 2004, Nationwide ranked 118th on the Fortune 500 list.

Nationwide was built on the pioneering spirit of a group of Ohio farmers who felt they were being overcharged for auto insurance. They lived in the country, where accidents were much less likely to occur than in the city, yet paid the same rates as city-dwellers. To counteract these exorbitant insurance rates, the Ohio Farm Bureau Federation founded the precursor to Nationwide. In December 1925, The Farm Bureau Mutual Automobile Insurance Company was incorporated. After signing up enough customers to become licensed by the state, Farm Bureau Mutual officially opened for business the following April. As the company s success grew, farmers in other states began to inquire about insurance, and gradually, the auto insurance spread out from Ohio to other parts of the country. Branching out and offering different services is not a novel concept for Nationwide. As early as 1934 and 1935, the company was providing fire and life insurance coverage plans. To reflect its newfound national stature, Farm Bureau Mutual changed its name in 1955 to Nationwide Insurance.

Insurance powerhouse

One of the founders of Nationwide, Murray D. Lincoln, led the company for its first 38 years. Today, the CEO of Nationwide is W.G. Jurgensen. The former executive vice president of Bank One has a lot to deal with; Nationwide encompasses many different facets, employs more than 33,000 workers and has over 16 million policies in force.

The Columbus, Ohio-based company s most well-known arm is Nationwide Insurance, the personal and commercial lines property-casualty insurance operation. Divisions of Nationwide Insurance include Nationwide Mutual Insurance Company, the fifth largest automobile insurer in the U.S. and the largest of the Nationwide network of companies; Allied Insurance, which offers home, auto, farm and business protection through independent agents; Scottsdale Insurance Company, the second largest writer of specialty insurance; and Nationwide Agribusiness, a commercial agribusiness insurer in the Midwest and Southwest. In 1998, Nationwide acquired ALLIED Group of Des Moines, Iowa. That purchase, along with the 1998 acquisition of TIG Countrywide and TIG personal lines has enabled Nationwide to grow through a network of 3,000 independent agencies. These independent agencies complement Nationwide s base of 3,800 exclusive agents.

Crunching the numbers

Nationwide Financial is the publicly traded holding company for Nationwide s income and retirement products. Nationwide Life Insurance Company, Nationwide Financial s largest subsidiary, is both the eleventh largest life insurer and the eleventh largest provider of individual variable annuities. Another Nationwide Financial subsidiary is Nationwide Retirement Solutions, the country s leading marketer and administrator of deferred compensation plans for public sector employees.

On the asset-management end, Gartmore Group manages (as of June 30, 2004) more than $77 billion in non-taxable and taxable assets with 10 investment advisors located across the world. Gartmore Investment Management was acquired by Nationwide in 2000. The London-based Gartmore is an international funds manager, with market positions in the United Kingdom, as well as Europe and Japan.

Nationwide also owns GatesMcDonald, a worker s compensation company, and a health insurance company, Nationwide Health Plans, as well as the Nationwide Advantage Mortgage Company, Nationwide Global Holdings, Nationwide Realty Investors and Nationwide Strategic Investment Fund.

Accolades abound

With more than 16 million policies in force, Nationwide is going strong. According to a 2003 Defined Contribution News article, Nationwide is the No.-1 provider of bundled retirement plans and in 2002, was named by Pensions and Investments as the No.-1 defined contribution record keeper. In 2003, Gomez Scorecard ranked Nationwide s web site, www.nationwide.com, No.-1 among U.S. property and casualty insurance company s Internet sites in the Ease of Use and Customer Confidence categories and according to a 2003 National Auto Insurance Study issued by J.D. Power, policy holders consider Nationwide Mutual one of the leading auto insurance companies in the nation.

Making progress

Nationwide is focused on increasing public awareness of the company through increased advertising. With the slogan on your side continuing to build a strong customer awareness, Nationwide plans to keep channeling funds into its ad campaign.

In March 2003, the company announced an agreement to purchase Prudential s non-standard auto insurance business. Also in 2003, Nationwide Insurance moved west. Previously, Nationwide was represented through 3,800 agency owners in 24 states, with only a few locations west of the Mississippi. The debut of agencies in Portland, Ore., and the Valley region of Arizona will increase the company s footprint in that part of the country. In 2005, Nationwide will concentrate on growing its exclusive and independent agency channels across the United States.

Keeping it in the community

Nationwide Mutual Insurance s mortgage affiliate, Nationwide Advantage Mortgage Co. and Yahoo en Espanol, the Spanish-language Internet service, launched The Best Mortgage Center, in 2003. The web site provides Spanish-language information and resources on buying and financing a home through a low-cost, low-rate mortgage program. In November 2003, Nationwide Advantage Mortgage, the mortgage lending affiliate of Nationwide Mutual Insurance Co. began to market mortgages to 260,000 firefighters through a co-op agreement with the International Association of Fire Fighters Financial Corp.

Results soar

Although Nationwide was hurt by the forces of nature, Hurricane Isabel and the California wildfires in particular, the company posted record results for 2003. Net income from the property and casualty units totaled $635 million, an increase of $107 million from 2002. Nationwide Financial posted net income of $398 million, up from $144 million the previous year. With strong contributions from all its businesses, Nationwide s profits totaled $653 million in 2003, a significant increase from the $241 million it reported in 2002.

With no intention of letting insurance companies rest, Mother Nature hit hard once again the fall of 2004. The damages caused by Hurricanes Charley, Frances, Ivan and Jeanne were costly. The company, which is the third-largest property insurer in Florida, according to the Florida Office of Insurance Regulation, received more than 118,000 storm-related claims.

Leaner and hungrier

In May 2004, the company announced the restructuring of Nationwide Financial. In conjunction with the election of Mark Thresher as president and COO, the company introduced a new operating model and management team. The new operating model, which is centered around four new business segments, is intended to refine the company s risk management capabilities and help Nationwide build more effective marketing programs. The segments are Individual Protection (life insurance), Retirement Plans (both private and public sector), Individual Investments (annuities and advisory services) and In-Retirement.

GETTING HIRED

The online connection to employment

On the company s web site, www.nationwide.com, extensive information on getting a job at Nationwide can be found. Resumes can be submitted online and remain active for three months. Interested candidates can search for home or field office opportunities at Nationwide or click on a link to its Hot Jobs, a roster of recently posted positions. Nationwide receives 50,000 resumes each year for roughly 5,000 to 6,000 new positions. The company s web site also provides details on its belief in training associates to be excited about their careers to ensure a positive working environment that will exceed customers expectations.

Nationwide recruits on college campuses, and posts on its web site a current list of career fairs and conferences across the country that company representatives visit. The company has intensive summer internship programs for undergraduates and MBA graduate students, including the 12-week Nationwide MBA Leader Development Institute summer internship program. Internships are available in the areas of accounting/finance, claims, investment product operations, public relations, underwriting, actuarial, human resources, marketing, and systems and programming. Nationwide prides itself on its minority outreach programs, which include participation in the Hispanic Scholarship Fund; INROADS, a national program that prepares talented minority youth to enter business and industry; and the Tom Joyner Foundation to help students further their education at historically black colleges and universities.

New York Life Insurance Company

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New York, NY 10010
Phone: (212) 576-7000
Fax: (212) 576-8145
www.newyorklife.com

LOCATIONS

New York, New York (HQ)
120 offices throughout the U.S.
9 markets in Asia and Latin America

DEPARTMENTS

Accounting   Advanced Markets Network   Agency Department Business Resilience   Controller s Department   Corporate Audit Corporate Communications Corporate Compliance   Corporate Information   Corporate Internet Corporate Office of Business Conduct   Corporate Services Employee s Health   Financial Analysis and Corporate Development   Financial Management   Group Membership Human Resources   Individual Annuity   Individual Life   Individual Policy Services   Life and Annuity Marketing   Life and Annuity Operations   Long-Term Care   New York Life Foundation   New York Life Securities   Office of Chief Actuary   Office of General Counsel   Office of Governmental Affairs Risk Management   Special Markets   Tax   Treasury

THE STATS

Employer Type: Mutual Company
Chairman and CEO: Sy Sternberg
2003 Employees: 12,100
2003 Revenue ($ mil.): $25,700
2003 Income ($ mil.): $1,120

KEY COMPETITORS

Massachusetts Mutual Life
MetLife
Northwestern Mutual Life
Prudential
TIAA-CREF

EMPLOYMENT CONTACT

www.newyorklife.com/cda/0,3254,8984,00.html

THE SCOOP

Big insurance in the Big Apple

New York Life Insurance Company is the top mutual life insurer in the United States and one of the largest in the world. On the investment side, New York Life s affiliates provide institutional asset management and trust services and, through a subsidiary, NYLIFE Distributors Inc., provide securities products and services such as institutional and retail mutual funds, including 401(k) products.

History of innovation

New York Life can trace its history to 1845 when it opened in New York City as the Nautilus Insurance Company. The insurer changed its moniker to the present-day New York Life Insurance Company just a few years later in 1849. The company began life with assets of just about $17,000, but it wasn t long before its coffers began to swell. Soon, the company was making a name for itself through a series of innovative business practices. In 1860, before any state law required it, New York Life developed the non-forfeiture option, which formed the foundation of guaranteed cash values found in policies today. This feature enables a policy to remain in force even when a premium payment is inadvertently missed. By the mid-1800s, the company became the first American life insurance company to pay a cash dividend to policyholders, and in 1892 New York Life became the first major company to issue policies with an incontestable clause, setting a time limit on the insurer s right to dispute a policy s validity based on material misstatements made in the application.

The company took a big step in 1894 when it became the first insurer in the United States to issue life insurance to women at the same rates as men. In fact, Susan B. Anthony, the 19th-century American social reformer, was one of the first women to own an insurance policy, and her insurer was New York Life. Then, in 1896, New York Life became the first company to insure people with physical impairments or hazardous occupations. In another first, in 1920 the company issued a policy with a disability benefit that presumes total disability to be permanent after a predetermined number of months.

Going to the customer

The company wasn t just forward-thinking in terms of how it issued its policies, but also in how it conducted other business-related matters. In 1892 it became the first insurer to organize a branch office system, establishing an integrated network of general offices across the country. Today, these GOs serve the company s nearly 11,000 agents. In a much more recent development, in May 1998, New York Life launched the Virtual Service Center on its web site, becoming the first major life insurer to provide a full range of customer service capabilities on the web. At the Virtual Service Center, customers can request policy cash, loan, and dividend values; download change of address and beneficiary forms; report the death of an insured person; and so on.

Such innovations have paid off nicely for the company. By 2004 New York Life had more than 12,000 employees and sales of almost $26 billion for fiscal year 2003. Cementing its position as the largest mutual life insurer in the U.S., the company excelled in 2003. Net income jumped 10 percent compared to 2002, from $1 billion to $1.1 billion, and the company reported a record-high $556 billion in individual life insurance in force. The main drivers behind New York Life s results are the life and annuity division, which posted a 3 percent revenue increase for 2003 (the company holds the No.-1 market share in the U.S. for new life premiums), and its investment management business, which grew its assets by 14 percent, totaling $179 billion for the year. Fortune magazine ranks New York Life at number 70 in its 2004 Fortune 500 list, ahead of giants such as Goldman Sachs, Merck and Coca-Cola.

Not an insurance company, but a mutual insurance company...

New York Life, despite its size, is not a publicly traded company. As a mutual insurance company, it is operated and maintained for the benefit of its members, or those who have insurance policies with the company. As such, policy owners have the right to vote for the company s board of directors and to receive a share of the dividends declared by the board each year. As New York Life s Chairman and CEO Sy Sternberg has explained, The primary responsibility of a mutual insurance company is to ensure that the long-term benefits promised to its policyholders are secure and protected. Our view is that our company can best serve its policyholders as a mutual. By remaining a mutual, New York Life can continue to manage for the long term, instead of the quarter-to-quarter orientation of the investment community.

International presence

New York Life International LLC, which is the overseas arm of New York Life, offers life insurance and asset accumulation products and services to individuals and groups in selected emerging markets through its subsidiaries, joint ventures and affiliates. In 1988, under the name New York Life Worldwide Holding, Inc., New York Life entered the international life insurance market with the acquisition of a life insurance company in Hong Kong. Currently, New York Life International has operations in Argentina, China, Hong Kong, India, Mexico, the Philippines, South Korea, Taiwan and Thailand. New York Life also established a representative office in Hanoi, Vietnam. After its initial foray into the Asian market, the company entered South Korea in 1992 through the establishment of a joint venture, which is now wholly owned. Also in 1992, New York Life established a presence in Taiwan, and by the end of 2003 had over 30 agency offices throughout the island. It has been one of the top performing markets for New York Life International in Asia.

The insurer continued its international expansion throughout 2000. First, the company purchased leading Mexican insurer Seguros Monterrey, which is now known as Seguros Monterrey New York Life, S.A., joining with the company s existing life insurance operation there to form a company that is now No. 2 in new life insurance sales in Mexico. Then, in October, the company acquired a significant share in Siam Commercial Life Assurance Company in Thailand, from that company s original parent, Siam Commercial Bank. Now known as Siam Commercial New York Life, the operation has branches in 27 cities throughout the country. But the company wasn t done yet. In April 2001, Max New York Life Insurance Company, Ltd., the joint venture between New York Life International and Max India Ltd., began operations in India, opening simultaneously in eight major Indian cities. Max New York Life became the first of the newly licensed private life insurance companies to commence operations nationally. A few months later, in August, the company launched operations in the Philippines. With an initial base of operations in Manila, the company says that it will eventually expand to serve all areas of the island nation. Then in December 2002, New York Life launched its joint venture life insurance company, Haier New York Life, in Shanghai, China. The company announced in September 2004 that it plans to open up a branch in Chengdu, which will be New York Life s first expansion in China since it set up shop in 2002.

Learning the lingo

As if this activity weren t enough, New York Life also has three joint venture operations with partner HSBC in Argentina; HSBC New York Life, a life insurance company; Maxima, a pensions business; and HSBC Salud, a healthcare concern. All three operations rank among the top three in market share in their respective sectors. In February 2003, the company unveiled a Spanish-language web site, and in

December, launched a Vietnamese-language site to serve its international customer base.

Investing in its future

Despite its drive to expand internationally, New York Life hasn t forgotten its American roots or the need to expand the services it offers to consumers both individuals and institutions at home. The American Banker reported in September 2004 that New York Life Investment Management (NYLIM) was planning to aggressively expand its position in the mutual fund market now that regulations regarding the investment vehicle have been changed to allow a broader mix of players into the market. As such, Mainstay Funds, a division of the investment management unit, launched a new fund in May 2004 that had already generated $300 million in assets by the time of the article. While that may sound like a huge success, the unit has even loftier goals. Chris Blunt, NYLIM s executive vice president, told American Banker that the unit plans to double its $16 billion of assets over the next three to five years. To help realize that goal, the company brought in three new sales professionals for the mutual fund business in September 2004 with plans for further additions.

New bosses

In November 2003, the board of New York Life approved the formation of an office of the chairman, effective January 1, 2004. Frederick J. Sievert, president of New York Life, joins Sy Sternberg, chairman and chief executive officer, in the newly created office. Sternberg, has been chairman and CEO since 1997 while Sievert has been president since 2002, and before that he was vice chairman since 1997. Both executives retain their current titles. The company announced further additions to the executive ranks in October 2004 when two new hires signed on. Both will report the CFO, with Gregory Deavens (formerly of CIGNA and GE Capital) assuming responsibility for financial analysis and other related matters, and Russell Bundschuh leading various M&A and strategic planning (meaning more joint ventures, perhaps?) activities.

Signing up

In May 2003, the company announced that it had extended its agreement through 2011 for New York Life to serve as the exclusive provider of life insurance products to the AARP membership. The relationship began in 1994.

GETTING HIRED

Learn the business

The company posts employment opportunities for its New York City headquarters on its web site, www.newyorklife.com, and includes the corporate address and an online application for interested parties. The internship program is open to candidates with majors in a variety of business disciplines as well as liberal arts. Interns have the opportunity to work in a variety of business units throughout the organization and receive training that could lead to becoming licensed insurance agents. The company only considers college juniors for both part-time and summer intern positions.

Top perks from a top company

As far as benefits go, it s no surprise that the company offers a top-notch life insurance program, as well as savings and investment plans with company-matched contributions, a retirement plan, and more. Other benefits include a physician-staffed on-site employee health center, an on-site fitness center and a back-up child care center. It also looks like New York Life is popular among its employees, as in 2003, *Health* magazine, it was selected as one of its Top 10 Companies for Women and Family Digest magazine named it as one of the Best Companies for African Americans. Also, in September 2004, the insurer was named to *Working Mother* s 100 Best Companies for Working Mothers list for the fifth year in a row. The magazine recognized New York Life as one of the top companies and praised it for its menu of programs designed to help employees achieve a healthy work/life balance.

Northwestern Mutual Financial Network

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www.northwesternmutual.com

LOCATIONS

Milwaukee, WI (HQ)
Franklin, WI

THE STATS

Employer Type: Private Company
President and CEO: Edward J. Zore
2003 Employees: 4,500
2003 Revenue ($ mil.): $16,545
2003 Income ($ mil.): $692

KEY COMPETITORS

AIG
New York Life
Prudential

EMPLOYMENT CONTACT

www.nmfn.com/tn/careers--job_opportunities

THE SCOOP

Not just in the Northwest

Best known as one of the oldest insurance companies in the U.S., the Northwestern Mutual Financial Network is the marketing name for the sales and distribution arm for Northwestern Mutual, the largest direct provider of individual life insurance in the U.S. Although the company has been offering insurance since 1857, today, through its subsidiaries, it also provides financial planning, estate planning, trust services and a slew of investment products for its customers. The network is comprised of more than 7,900 financial representatives in 350 offices nationwide. With $114 billion in assets, the Network was ranked No. 37 by assets on the 2003 Fortune 500 list. In 2004, *Fortune* named Northwestern Mutual the most admired life insurance company for the 21st straight year.

The company s financial representatives offer planning services such as life insurance, retirement or college funding, long-term care and disability insurance and personal investing strategies. Through the Network, the representatives have access to Northwestern Mutual s investment services from subsidiaries Frank Russell Company (known for the Russell 200 index) and Northwestern Mutual Investment Services, LLC. Other investment products and services from the company include stocks, bonds, money market funds, treasury bills, certificates of deposit, unit investment trusts and cash management.

Bye-bye Baird

A former network associate, Robert W. Baird & Co., is a regional investment bank that provides asset management, equity research, investment banking, merchant banking and public finance services for individuals, corporations, municipalities and institutional investors. In May 2004, Baird bought the company back from Northwestern Mutual, through a series of stock buybacks. Baird is now employee-owned and independent. But according to the terms of the companies agreement, Northwestern Mutual (which purchased Baird in 1982), does have an option to repurchase 7 percent of Baird in the future.

Quiet is the new loud

Having spent the majority of its existence below the radar, the company adopted a slightly higher profile when it entered the 21st century. Primarily targeting men and women of retirement age, Northwestern Mutual (known as the Quiet Company") streamlined and reshuffled its organization and, for the first time in company history, appointed a chief marketing officer.

In 2004 the company launched a new ad campaign titled It s Time For a Quiet Conversation. The television, radio and print ads focus on explaining what sets Northwestern and its agents apart from the rest of the industry, which, according to the company, is enduring relationships, expert guidance and financial strength.

Speak just a little louder

Unfortunately for the company, it was fined for maybe being a little too quite. In October 2004, Northwestern Mutual was hit with a $1 million fine by the National Association of Securities Dealers (NASD). The regulatory group did not accuse the insurer of intentionally misrepresenting its products, but according to an October 2004 article by the Knight Ridder Tribune Business News, it did conclude that during a series of 26 training seminars held between 1998 and 2001, a Northwestern Mutual employee leading the seminars discussed the attributes of certain policies in an unbalanced and inappropriate way. Essentially, the association decided that there wasn t enough discussion of the risks involved in the policies. The employee in question was also fined to the tune of $250,000; he continues to work at the company. The fine did not result from any particular suspicions of Northwestern Mutual itself, but rather came about when the NASD conducted an industry-wide investigation into how certain insurance products are represented to potential buyers.

Receding tide lowers all ships

When WorldCom and Adelphia Communications went bankrupt in spectacular fashion in 2002, they hurt the many institutional investors with stakes in the companies, and Northwestern Mutual was no exception. The company lost $208 million on its investment in WorldCom in 2002 and another $54 million on Adelphia, though an extremely small percentage of Northwestern Mutual s total $103 billion in assets. Partly because of these losses, net income for Northwestern Mutual for the year fell 76 percent from $650 million in 2001 to $158 million the following year. The company saw net realized losses of $606 million, and a net unrealized loss of $517 million, primarily reflecting declines in value of its equity portfolio as the Standard & Poor s 500 stock index fell 22 percent in 2002.

Despite the volatile market, the company still did a good job of producing positive numbers for the year. Assets in the company s diversified investment portfolio grew by 7 percent for the year, as did its total insurance premium revenue. The company also recruited 1,787 new representatives during the year.

On the rebound

As the stock market rebounded in 2003, so did Northwestern Mutual. Although the life insurance segment had lost some ground, primarily because of lower sales to corporations due to the uncertain business climate, sales in the personal market and new life insurance policies grew by 2 percent. Other bright spots included the company s disability business, which was up nine percent, and a thriving long-term care unit that posted a 31 percent gain.

Northwestern Mutual opened its second campus, in spring 2004, in Franklin, Wis., 12 miles south of its downtown Milwaukee headquarters. Some 900 employees in the policy-owner services, disability income insurance, new business and IT departments are housed in the five-story office building. When fully developed, the new campus will double the amount of office space available and provide for the company s projected growth over the next two decades.

GETTING HIRED

The long and short of it

The interview process can either be quick or grueling, depending on the position. For one employee in the Milwaukee home office, the process was a breeze. I had an informational interview with the head of the department. The next business day, he called me to say he might be able to create a position for me. I came in and met with HR and with the department head again. They gave me a writing and editing test, and then I received an offer.

For one senior investment operations associate, Initial contact was made by my direct manager via e-mail, after he reviewed my online resume. The associate reports going through two interviews before being hired. First I interviewed with my direct manager who discussed the details of the position and my qualifications. Then I interviewed with his manager who discussed the firm and my background. The contact says, Interview questions related to my work experience listed on my resume.

According to a financial advisor hired by the Network, The interview process was great, but the contact cautions: I m a career person who loves sales, so I love interviews. If you don t love interviews, beware. The first interview was an informative one, this contact further explains. The second interview consisted of a handwriting analysis and online personality questionnaire. After the contact s analysis and questionnaire were reviewed to determine if her personality was in line with the career, the next step was a a mock trial to find out if potential candidates could schedule appointments, keep the appointments, collect information, and then get referrals for future prospects.

Log on for a job

To apply for a position, a jobseeker first has to register at the company s web site and create a personal profile. One is then able to search and review current positions available and receive e-mails describing positions that match the profile.

Racking up accolades

Northwestern Mutual s internship program, created it in 1967, is one of the country s most established and has been named one of America s Top 10 Internships by the Princeton Review for eight consecutive times since 1997. According to the company, the program has provided internships to more than 16,000 students nationwide; approximately one-third of all former interns accept full-time jobs with the Network upon graduation. Interns hired on full time after graduation are contracted based on their performance during their internships.

It s not just the interns who enjoy good experiences working at the company. According to an August 2004 report in the Business Journal of Milwaukee, Northwestern Mutual has never trimmed its workforce through layoffs, not even during the Depression. The article further reports that many employees often stay with Northwestern Mutual for their entire careers. Northwestern Mutual was named one of the 100 Best Companies to Work For in *Fortune* s 2004 annual list of the nation s top companies, based on employee satisfaction, company benefits and human resources practices. The company was also listed on *Selling Power* magazine s list of American s 50 Best Companies to Sell For in 2003.

Oxford Health Plans, Inc.

48 Monroe Turnpike
Trumbull, CT 06611
Phone: (203) 459-6000
Fax: (203) 459-6464
www.oxhp.com

LOCATIONS

Trumbull, Connecticut (HQ)

DEPARTMENTS

Accounting
Marketing
Medical

THE STATS

Employer Type: Public Company
Stock Symbol: OHP
Stock Exchange: NYSE
President, CEO, and Director: Charles G. Berg
2003 Employees: 3,500
2003 Revenue ($ mil.): $5,452
2003 Income ($ mil.): $352

KEY COMPETITORS

Aetna
CIGNA

EMPLOYMENT CONTACT

Nils Lommerin
Phone: (800) 889-7658
www.oxhp.com/careers/index.html

THE SCOOP

The rise of Oxford Health Plans, Inc.

Oxford Health Plans started small in the spare bedroom of founder Steve Wiggins Connecticut home in 1984. By the time 1990 rolled around, the company was the second-most profitable health maintenance organization (HMO) in New York. Particularly important to Oxford s success was the Freedom Plan, allowing customers who paid higher deductibles to choose doctors outside its network. With business hopping, Oxford went public in 1991. Having entered the Medicaid/Medicare markets, the company introduced its Liberty Plan in 1993, and in the same year bought SmokEnders. In 1996 Oxford introduced a network of alternative care practitioners offering services such as acupuncture and yoga, among others.

The company offers its products and services through a variety of HMO subsidiaries, including Oxford Health Plans Inc. in New York, New Jersey and Connecticut and MedSpan Health Options, Inc., as well as through its insurance subsidiaries, Oxford Health Insurance, Inc. and Investors Guaranty Life Insurance Company. Oxford Health Insurance does business under accident and health insurance licenses granted by the Departments of Insurance of New York and Connecticut, the Department of Banking and Insurance of New Jersey and the Commonwealth of Pennsylvania. In May 2001, the company acquired all of the outstanding stock of Investors Guaranty Life, a California-based insurance company licensed to write annuity, life and health insurance policies in many states. In March 2002, it acquired MedSpan for $18 million. The company had sales of $5.5 billion in 2003, up from $4.9 billion in 2002.

...and the fall

In October 1997, Oxford Health Plans, Inc. was seemingly on top of its game. It had acquired Florida s 15,000-member Riscorp Health Plans, and the company s stock price hovered around $80 per share, meaning a market capitalization of over $6 billion and a price/earnings ratio of almost 60. However, the company posted a loss for the third quarter of 1997, news which burst the Oxford bubble its stock plunged 62 percent in a single day. Industry observers offered many explanations for what went wrong, but two in particular emerged. First, the company s homegrown billing technology had failed to indicate rising costs or to process payments efficiently. Second, many pointed to the high costs of the Oxford model, in which doctors would get their usual fees and patients could choose their doctors.

The company decided that it needed to reinvent itself, and embarked on a business overhaul that cost a pretty penny. During the first half of 1998, the company recorded restructuring charges totaling $123.5 million resulting from its attempt to better align its organization and cost structure. These charges included estimated costs related to the disposition or closure of non-core businesses and the write-down of certain property and equipment. During the third quarter of 1999, Oxford took another $19 million hit due to restructuring costs, and then in 2000, swallowed another $20 million.

Will Oxford rise again?

In 1998 Oxford seemed prepared to swallow bitter medicine to restore its financial health. To begin with, the company raised $710 million from investors. They included newly appointed CEO Norman Payson and Texas Pacific Group, an investment firm that in return for a $350 million investment now holds the right to buy 22 percent of the company. Payson cut 17 percent of Oxford s workforce and concentrated on raising premiums, reducing doctors fees, and restricting some of the once-flexible choices for Oxford subscribers. The tough measures seem to have worked. The company believes that its attempts to enter the technology age by adding 140 enhancements to its computer systems in 1999 helped draw the company out of its slump and added to increasing its profits. Oxford also hired 1,200 employees in the Tampa Bay area to run call centers aimed at increasing contact between employees and patients. Not only that, Oxford has also gone a long way in making its services readily available on the web, simplifying and automating transactions. By year-end 2002, it could claim more than 7.5 million web transactions, a 50 percent increase over 2001.

In addition to this, by the end of 2003, the company s revenue stream had increased every year since 2000 hitting $5.5 billion in revenue and boasting 1.5 million members (the count declined by about 60,000 people during 2003) concentrated largely in New York, New Jersey and Connecticut. By the first quarter of 2004, the company boasted net income of $86.6 million, compared to $72.9 million, for the prior year quarter.

Keeping it alive

Oxford Health Plans and UnitedHealthcare announced in 1999 an agreement to use a single application process to discover the credentials of potential medical providers for their networks. This type of agreement, never before made between major health care providers, greatly reduced operating costs as well as increased the efficiency of health plans. (This partnership also was the start of strong relationship for the two companies, but more on that later.) Oxford also discontinued its Medicare Advantage plan in counties in New York and New Jersey in 2001, due to rising health care costs. Ridding itself of some of its unprofitable businesses has helped Oxford return to profitability.

More troubles

Oxford has recently become involved in a wide-ranging whistleblower lawsuit being prosecuted by the U.S. Attorney in Philadelphia, along with Medco Health Solutions Inc. Medco, a pharmacy benefits manager, was initially accused of accepting and making improper payments and destroying patient prescriptions to boost profit. But in December 2003, the prosecutor added a new charge that Medco sought in 2001 to improperly influence its bid to get a contract with Oxford to provide pharmacy services to, among others, 60,000 Medicare beneficiaries and federal employees. The U.S. Attorney said Medco paid Oxford $87.4 million in return for services that were in fact intended to improperly influence the awarding of the pharmacy benefit subcontract. Both companies say the payments were legal and appropriate. Medco defended the payments between Medco and Oxford. There were two separate agreements between Medco and Oxford, Medco spokesman Jeff Simek said. There was a pharmacy benefits manager agreement for services we provide to Oxford, and the second was a special strategic relationship that included compensation for services Oxford provided that created significant value for us. Oxford also said the payments were for services, including access to data to monitor trends and demographics, and trends in prescriptions. Oxford said in 2001 that it had received $87.4 million from Medco, (then Merck-Medco,) mostly in connection with an alliance in which Oxford would supply Medco with healthcare information and consulting services. The payment included $4.5 million to offset costs associated with implementing the contract between Oxford and Medco. As of September 2004, the investigation is still pending, but Medco is confident the case will be dismissed on all counts.

In more upbeat legal news, in August 2003 Oxford announced that it had reached an agreement to settle its pending lawsuit against a few of the excess insurance carriers who provided insurance coverage in connection with the previously settled 1997 securities class action. In 1999, Oxford purchased a $200 million excess insurance policy. In connection with the $225 million settlement of the securities class action announced in March, Oxford recovered $25 million from the first level excess insurance carrier and had remaining claims of approximately $41.8 million against the other excess insurance carriers. The company agreed with some of the excess insurance carriers to settle approximately $17.9 million of these claims for around $14.3 million.

A merger (maybe)

In July 2004, Oxford Health Plans was acquired by healthcare giant UnitedHealthcare. With financial backing from a company about six times its size, the deal is expected to safeguard Oxford s future. Insurance rating agency Standard & Poor s immediately raised Oxford s financial strength rating to an A from BBB+ . The merger is intended to help Oxford position itself as a leader of healthcare coverage in the Tri-State area, enabling it to provide coverage to larger organizations, including Fortune 500 companies. Oxford had previously focused on small and midsized corporations. UnitedHealthcare is merging its local operations with Oxford s business, making it the regional center for the tri-state service area.

Despite this potential upside, the merger has run into a snag. A group of doctors in New Jersey has opposed the combination, citing that the decrease in competition would seriously hamper the healthcare options of medical providers and consumers. The Medical Society of New Jersey filed a lawsuit in August 2004 and the following month, a judge ruled to temporarily stay the acquisition. Of course, this by no means signals the end of the insurers brief marriage. The judge also transferred the case to an appellate court for further deliberation. As of this writing, no final decision has been reached regarding the deal.

The show still goes on

While hoping to resolve its acquisition hassle soon, Oxford heads into 2005 focused on developing new products and benefit designs to meet changing customer needs and modest geographic expansion, primarily to contiguous markets. Also, Oxford has hinted that it will slim down its workforce as part of it ongoing effort to increase its level of electronic transactions and automation.

Web help

In April 2003, Oxford announced the launch of its first web site designed specifically for Medicare-eligible beneficiaries.

The site, www.oxhp.com/oxford_medicare_advantage, provides information about healthcare insurance options, including Oxford Medicare Advantage (OMA) plans, Oxford s Medicare+Choice program, as well as related information concerning Medigap and traditional Medicare. Through the site, Medicare beneficiaries can access information about the various OMA plans, benefits and services, locate an OMA-participating physician, download Medicare and Oxford forms, and locate Oxford Medicare events being held in New York City.

Oxford also won four awards for its web site, www.oxhp.com, in 2003. These awards include two platinum awards for Best Overall Internet Site and Best Interactive Site, and a silver award for Best e-Business Site at the eHealthcare Leadership Awards competition. Oxford also received an Outstanding Website WebAward in the 2002 WebAward competition. These awards recognize excellence in innovation design, content and interactive functionality.

GETTING HIRED

Search and submit

Oxford s web site, www.oxhp.com, offers a job search tool where applicants can search for open positions at the company by job title, location and keyword. Interested parties can also submit their resumes for inclusion on the company s general application database. While the company recruits on-campus, uses head-hunters, and posts ads in newspapers (particularly Connecticut dailies like the Hartford Courant or New Haven Register), insiders indicate that the company relies heavily on referrals, and it really helps to know someone inside the organization, even if he or she is not in the department where you wish to work.

Skills that fit the bill

Regarding qualifications, insiders also tell us that for all departments, Oxford prefers individuals with experience in a healthcare setting. For entry-level hires, naturally it will be important to be able to fully explain one s interest in working for a managed care company. For marketing positions in particular, our contacts tell us that the company seeks individuals with a high degree of software expertise, including desktop publishing, spreadsheets and database experience. The interview process breaks down into two rounds. Our contacts reveal that the first will generally be with people from the human resources department and should not be stressful. In the first round, the company is primarily looking for a good fit. The second round, conducted by department members (sometimes senior), will focus more on assessing the candidate s interests, why the candidate is interested in the position, and technical skills. For example, for those interested in an analyst position, the interview will likely cover the extent of the candidate s spreadsheet and database experience. While hiring at the company has slacked off, insiders tell us that often several positions at once may open up in a given department. In such cases, the candidate may be shopped around to different people to determine which job will be the best fit.

Principal Financial Group, The

711 High Street
Des Moines, IA 50392
Phone: (515) 247-5111
Fax: (515) 246-5475
www.principal.com

LOCATION

Des Moines, IA (HQ)

DEPARTMENTS

Actuarial/Accounting
Banking
Clerical/Administrative
Customer Service/Account Management
Compliance/Legal
Human Resources/Training
Information Technology
Insurance/Claims/Underwriting
Investments
Project Management
Sales Agents
Sales, Marketing and Communications

THE STATS

Employer Type: Public Company
Stock Symbol: PFG
Stock Exchange: NYSE
Chairman, President and CEO: J. Barry Griswell
2003 Employees: 14,976
2003 Revenue ($ mil.): $9,404.2

KEY COMPETITORS

AXA Financial
FMR
Manulife Financial

EMPLOYMENT CONTACT

www.principal.com/employment

THE SCOOP

They ve got you covered

An insurance and financial services Goliath, the Principal Financial Group employs nearly 15,000 people and has operations in 11 foreign countries, including Brazil, Chile, China, Japan, Mexico, Hong Kong, India and Australia. The Principal offers a broad range of insurance and financial products and services through a network of subsidiaries, led by the Principal Life Insurance Company. With $163 billion of insurance in force and 4.7 million covered members, Principal Life ranks as the eighth largest life insurer in the U.S. The Principal Financial Group was included in Fortune s Largest 500 Corporations list, in 2004, coming in at No. 211.

History

Founded by Edward Temple as the Bankers Life Association in 1879, the association originally relied on volunteers to provide low-cost protection to bankers and their families. Gradually offering insurance to non-bankers, the association became a mutual holding company in 1911. Bankers Life began offering group life insurance in 1941 and added individual accident and health insurance in the 1950s and 60s amidst rapid growth. In 1986 the holding company was renamed the Principal Financial Group, with its largest unit becoming Principal Mutual Life Insurance.

Not just insurance

Principal offers far more than just insurance. Its pension operation includes more than 49,000 employers. The group is the largest provider of full-service 401(k) plans in the U.S., with $156 billion in assets under management. The firm s asset management division, which manages money for institutional investors, oversees $129 billion in assets and ranks as one of the top 100 fund managers in the U.S.

Banking on banking

In 1998 the company launched an online banking arm, which had gathered $13.1 million in customer assets by the end of the year. Thanks to an entirely automated processing system, Principal Bank hopes to keep its costs low. The bank s assets grew to about $2 billion by June 2004.

Going international

In 1998 the company s policyholders voted to adopt a mutual holding company organizational structure. Early the following year, the company completed a major global strategy review outlining four key international markets for expansion: the U.K., Japan, Brazil and Australia. With these goals in mind, the company acquired Bankers Trust Australia Group in September 1999. The Principal also created a joint venture with Banco de Brasil. It later spun off Principal Capital Management into its own company which opened a sales and marketing office in London in May 2000 to serve the company s European client base (which accounts for roughly $200 million of the firm s assets). In January 2000 the company continued its global expansion with a joint venture with Dutch financial services conglomerate ING Group to sell pension plans in Japan. Other international ventures have included the opening of annuity subsidiaries in Buenos Aires, Argentina and Mexico City. It also acquired 60 percent of Chilean residential mortgage firm Andueza y Cia. As of June 2004, The Principal ranked as the second largest pension company in Brazil and had earned the same distinction for new annuity sales Chile. And in February 2000 the company acquired a stake in India s largest financial service provider, IDBI Investment Management Company and created a joint venture with the Industrial Development Bank of India. Ever since its initial international expansion, growth outside of the U.S. has remained a focus for The Principal Financial Group. Not done making deals, in February 2004, the company announced it had acquired Hong Kong-based fund manager Dao Heng. As of July 2004, the company had nearly five million international customers, an increase of 35 percent from 2002.

Going public

Jumping on the demutualization bandwagon, The Principal Financial Group followed other leading insurers, including MetLife, Prudential and John Hancock, and went public in October 2001. With Goldman Sachs as lead underwriter, the company decided to go ahead with the $1.85 billion IPO despite the attacks on September 11. The IPO proved to be a success as the stock, which opened at $20.50 per share, closed at $21, up about 2.4 percent from the start of the day.

Bumps in the road

Like many of its competitors, The Principal had investments in WorldCom and Enron, and was affected by accounting scandals at those companies. Additionally, The Principal had to make payouts in the wake of the World Trade Center disaster. As a result, the company s revenue was flat for 2002. While operating earnings improved, the company s net income was down from $359 million in 2001, to $142 million, reflecting higher than normal investment losses and losses on the sale of its BT Financial Group subsidiary.

Road to recovery

As the world s economy improved and markets rebounded, so did The Principal Financial Group. The company reported record earnings in three of its four operating segments (U.S. Asset Management and Accumulation, International Asset Management and Accumulation and Life and Health Insurance) in 2003, the key driver being the domestic business which recorded $434 million in earnings, up from $371 million in 2002.

The Principal sold off its mortgage banking business to rival and financial services giant Citigroup in July 2004. The $1.27 billion deal cements The Principal s focus on retirement and employee benefits for small to mid-sized companies and their employees. Growing its Health Division, the company acquired third-party administrator The Molloy Companies in 2004.

GETTING HIRED

Application process

Visit the Employment section of The Principal Financial Group s web site, located at www.principal.com, for general job descriptions and hiring information, as well as information about open positions. Qualifications vary by position and are listed with job descriptions on The Principal web site. Send or fax resumes to human resources at the company s Iowa headquarters. The Principal also posts a schedule of its college campus recruiting visits, many of which are in the Midwest.

Insiders at The Principal note that the company hires people through just about every channel it can. The interview process itself is described as friendly and very laid-back. Applicants can expect to interview initially with a Human Resources representative where basic questions such as job history and character type are asked. Contacts reveal that the HR people take notes and forward them to the manager of the hiring department with all the other candidates.

Accolades

In 2004, The Principal Financial Group made the *Fortune* 100 Best Companies to Work For list, and *Latina Style* magazine named the company one of the 50 Best Places for Latinas to Work, for the seventh year running. Additionally, that same year, the company ranked 33rd on *Computerworld* magazine s 100 Best Places to Work in IT. Considering that The Principal offers a variety of ways to plan for retirement, it shouldn t come as a surprise that the company was named one of the 35 best companies for workers over age 50 by the AARP (formerly the American Association of Retired Persons) in August 2004.

Progressive Corporation, The

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Mayfield Village, OH 44143
Phone: (440) 461-5000
Fax: (440) 603-4420
www.progressive.com

LOCATIONS

Mayfield Village, OH (HQ)

DEPARTMENTS

Administrative
Management
Medical

THE STATS

Employer Type: Public Company
Stock Symbol: PGR
Stock Exchange: NYSE
President, CEO, and Director: Glenn M. Renwick
2003 Employees: 25,834
2003 Revenue ($ mil.): $11,892

KEY COMPETITORS

Allstate
GEICO
State Farm

EMPLOYMENT CONTACT

jobs.progressive.com/careers.asp

THE SCOOP

The facts

The Progressive Corp. is an insurance holding company with a total of 69 subsidiaries. The company and its affiliates provide personal auto and other varieties of property-casualty insurance packages throughout the United States. The company maintains its non-insurance subsidiaries primarily to support its insurance and investment operations. Progressive has three main business segments: personal lines, commercial auto and other business.

Looking forward

Way back in March 1937, two young lawyers, Joseph Lewis and Jack Green got together and started the Progressive Mutual Insurance Company to provide auto insurance. The company came up with some ideas that hadn t been tried yet in the insurance industry, including allowing customers to pay their premiums in installments and drive-in claims service. In 1955, after the death of co-founder Joe Lewis, Jack Green became CEO and Peter Lewis, Joe s son, began his career with Progressive. In 1956, the company formed Progressive Casualty Company to write auto insurance for high-risk drivers. The company continued to grow, and in the 1960s and formed the Progressive Corporation. In 1965, Peter Lewis took over the reins of the company when he assumed the title of CEO, a title he still held when he celebrated his 45th anniversary with the company in 2000.

The company went public in 1971 and moved its headquarters to Mayfield Village, Ohio. Then, in 1987, Progressive surpassed the $1 billion mark in premiums and the company s stock was listed on the New York Stock Exchange. In 1992, the company was recognized as being the largest seller of auto insurance through independent agents in the United States. Progressive changed its focus from nonstandard insurance in 1993, offering its products to all drivers, and in 1994, the company surpassed $2 billion in premiums. At the end of 2003, the company stood as the country s third largest insurance company, with $9.2 billion in sales in 2002, up from $7.4 billion in 2001 and over 22,000 employees.

A history of firsts

As evidenced by its name, Progressive has traditionally been, well, progressive in its business practices. Some of its most recent innovations include becoming the first auto insurer to open claims service centers that combine retail-like front office space with attached garage space where claims representatives inspect vehicles and prepare estimates. Also in 2003, Progressive began selling the first-ever insurance policies for owners of Segway Human Transporters, the self-balancing, emissions-free transportation devices.

In 2001, Progressive became the first auto insurance company to receive a wireless payment from a customer using a personal digital assistant device and in 2000, Progressive became first company to sell motorcycle, boat and personal watercraft insurance over the Internet. The company also became the first to offer instant online quotes for recreational vehicle (RV) insurance.

Personal lines business

Progressive s personal lines segment writes insurance for passenger cars, motorcycles, RVs, mobile homes, watercraft, snowmobiles and similar items. The segment accounted for about 88 percent of the company s total net premiums written in 2002. Although homeowner s insurance used to be handled through this part of the company, Progressive stopped writing new homeowner s insurance policies in the United States in May 2002. The company claimed that homeowner s insurance didn t meet its goal of attracting more standard and preferred auto business by packaging a homeowner s product with its auto product. Prior to being discontinued, the homeowner s product accounted for less than 1/10th of 1 percent of personal lines premiums written.

Commercial auto

The company s commercial auto business unit writes primary liability, physical damage and other auto-related insurance for cars and trucks owned by small businesses. The unit represented about 11 percent of the company s total net premiums in 2002.

Other businesses

Progressive s other lines of business include the Lenders Collateral Protection Group (LCPG), Professional Liability Group (PLG) and motor carrier business unit, which are organized by customer group. These businesses accounted for only about 1 percent of total revenue in 2002. LCPG provides damage insurance to protect the commercial or retail lender s interest in collateral, which is not otherwise insured against these risks. The principal product the unit offers is collateral protection insurance for automobile lenders, which is sold to financial institutions and/or their customers. PLG s principal customers are community banks. Its principal products are liability insurance for directors and officers and employee dishonesty insurance. PLG represented less than 1/4th of 1 percent of the company s total 2002 net premiums written.

On the web

Progressive was one of the first auto insurance companies to step into the world of the web in 1995, when it first launched its corporate web site, www.progressive.com. It didn t take the company long to make itself at home, though, as by 1997, the company was offering real-time online sales of auto insurance through the site. The company has been rated the No.-1 auto insurance web site eight times in a row by Gomez, an e-commerce authority. But Progressive didn t stop there. The company decided that it s not enough that you can buy insurance online you should be able to manage your policy, by making payments and changing coverages, whenever you want to. With an addition to the site called Personal Progressive www.personal.progressive.com, now customers can do just this, as well as finding an independent agent/broker.

Recognition

In 2002, the Web Marketing Association s 2002 WebAward for Best Insurance Website, for innovation, navigation, interactivity, content, and ease of use went to Progressive.com. That same year, Gomez Advisors, Gomez WebStar Award, Best Online Insurance Carrier (Best Overall Score)," Best Site for Auto Insurance Buyers and No.-1 Insurance Web site for Ease of Use also all went Progressive s way.

In 2003, Progressive became the only financial site to win top honors from Gomez seven consecutive times progressive.com was named Best Insurance Web Site, and also ranked No.-1 for Ease of Use and Relationship Services. *Fast Company* magazine named Progressive to its Fast 50 Champions of Innovation for the rate ticker on progressive.com. Also in 2003, the company won the Interface Best Practices Award from Applied Systems as a leader in industry efforts to enhance agency automation. It also took home the National Company Award for Excellence from The National Association of Professional Insurance Agents, for creating a better business environment for independent insurance agent. The company also scored in other regards, moving up 57 places on the 2003 Fortune 500, up to 197 from 254.

Progressive was also bumped up 121 places to a number 185 super rank in the 2002 Forbes 500, an annual assessment of the best performing companies in the U.S.

GETTING HIRED

Hiring overview

The company offers an easy-to-navigate job search option on its web site, www.progressive.com. Candidates can search for open positions by date posted, job title and location and submit a resume online. The site also offers descriptions of various positions within the company to give the job seeker an idea of the day-to-day life of an employee. Those interested can also search and apply for MBA, IT and accounting internships. Progressive also lists job fairs and recruiting events in which it is participating across the country on the site.

Prudential Financial

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LOCATIONS

Newark, New Jersey (HQ)
New York, NY

DEPARTMENTS

Accounting
Advertising
Finance
Management
Marketing
Sales

THE STATS

Employer Type: Public Company
Stock Symbol: PRU
Stock Exchange: NYSE
Chairman, CEO, and President:
Arthur F. Ryan
2003 Employees: 40,000
2003 Revenue ($ mil.): $27,907

KEY COMPETITORS

AXA Financial
Citigroup
MetLife

EMPLOYMENT CONTACT

www.prudential.com/careers/

THE SCOOP

Tough as a rock

The Rock of Gibraltar logo is one of the most recognizable corporate symbols, and for years, Prudential used this image of strength and stability to represent itself as one of the largest and most reputable insurance companies in the U.S. Despite this image of strength, Prudential has endured some rocky times; in the 1990s, when the company was found to have committed sales-practice abuses, its image was somewhat tarnished.

However, the company has moved beyond that scandal and began to reinvent itself. In 2002, CEO Arthur F. Ryan announced a wide-scale restructuring of the company s major lines of business. Prudential reduced its major business divisions from four to three to improve efficiency. The Office of the Chairman was created, and consists of the heads of the firm s business divisions: Vivian Banta of the insurance division, John Strangfeld of the investment division, and Rodger Lawson of the international insurance and investments division.

An industry leader

Prudential is the nation s No.-2 life insurance company (behind MetLife) and one of the top insurers in the world, with over $27.9 billion in sales in 2003 and about $432 billion in total assets under management and administration as of December 2003. The company offers a wide range of products and services, including life insurance, investment management services, annuities, retail investment and real estate brokerage. Although sagging demand for life insurance has affected sales, Prudential remains one of the nation s leading issuers of individual life insurance.

Prudential has also established its insurance business in many markets abroad. In February 1999, the company announced it would set up a subsidiary in Argentina, one of Latin America s fastest-growing markets for insurance products. Other international forays include the opening of an office in Poland and the acquisition of stakes in Mexico s Apolo Operadora de Sociedades de Inversion (December 1999) and Japan s Kyoei Life Insurance (June 2000), as well as assuming control of the Prudential-Bradesco Seguros joint venture in Brazil (July 2002).

The roots of the rock

Prudential can trace its history to the Prudential Friendly Society, founded in 1875. The next year, Prudential issued its first death claim for $10 and assumed the now-famous Rock of Gibraltar logo as its corporate symbol. In 1943, Prudential mutualized, becoming a company owned by its policyholders. By 1966, Prudential had grown significantly, surpassing Metropolitan Life as America s largest insurance firm. In 1981, the firm diversified into the investment business through the acquisition of the securities brokerage firm Bache Halsey Stuart Shields, leading to the creation of Prudential Securities.

During the 1990s, the insurance industry as a whole endured investigations related to sales practice activities, including allegations of churning clients. Prudential, under Chairman Art Ryan s leadership, dealt with this issue by voluntarily agreeing to pay more than $2 billion in remediation fees for sales activities that had taken place before the current leadership team was in place.

Reorganization

In August 2002, the company announced that it was putting into place several organizational changes, including the establishment of an office of the chairman and three divisions: insurance, investments, and international insurance and investments. The realignment of the company s businesses was designed to improve operating effectiveness and generate cost savings while enhancing revenue growth, according to a press release issued by the company. The new organizational structure reduced the company s operating divisions from four to three, by incorporating Prudential s employee benefits activities into the insurance and investments divisions. In addition, the activities in the retail investments business were redeployed into the insurance and investments divisions.

Post restructuring, the insurance division consists of the company s individual life insurance, annuities, group insurance, property and casualty insurance, retail distribution, and voluntary benefits segments. The investments division consists of the businesses of Prudential Securities, as well as the company s asset management, guaranteed products, retirement services, mutual funds and managed account products. As the name implies, the international insurance and investments division consists of Prudential s insurance and international investments operations outside the U.S.

Buying and selling

In July 2003, Prudential consummated the completion of Wachovia Securities LLC, the combination of Wachovia and Prudential s retail brokerage businesses. This corporation is 62 percent owned by Wachovia and 38 percent owned by Prudential, and has client assets of $619 billion, as of June 2004. The new Wachovia Securities serves clients through 3,200 brokerage locations, including more than 700 retail brokerage offices in 48 states and the District of Columbia and brokerage locations in some 2,700 Wachovia Bank branches on the East Coast. The company ranks as the third largest broker-dealer in the U.S.

In addition to the divisional restructuring and the retail brokerage merger in 2003, Prudential has been active in both acquiring and divesting assets and businesses. In 1998, Prudential sold off much of its $6 billion in real estate holdings around the country, including the sale of its Prudential Center in Boston and the Embarcadero Center in San Francisco to Mortimer Zuckerman s Boston Properties group for $1.74 billion. Prudential also sold its health care business to the Hartford-based Aetna Corp. in 1999 in a transaction worth $1 billion.

International growth spurt

Prudential spent much of 2002 and 2003 buying into many businesses around the world, including the purchase of Japanese insurer Kyoei Life (which it renamed Gibraltar Life) and an 80 percent stake in Korean asset management powerhouse Hyundai Investment. The acquisitions primarily served to enhance the company s investment-related assets, but Prudential also made a notable addition to the businesses that fall under its insurance division. In May 2003, Prudential announced that it had completed a deal with Swedish-based Skandia Insurance Company, to acquire its U.S. division American Skandia, Inc. for $1.2 billion, which includes a cash purchase price of $1.16 billion and assumption of a $35 million liability. American Skandia is the largest distributor of variable annuities through independent financial planners in the U.S., and offers a family of mutual funds. Prudential continued its international expansion in 2004, including the formation of Everbright Prumerica, a joint investment management venture in China, and the planned $180 million acquisition of Japanese life insurer Aoba Life.

Looking ahead

Positioning itself for growth in 2004 and beyond, Prudential acquired employee benefits provider CIGNA s retirement business in April 2004. The $2.1 billion deal helps strengthen the company s retirement division, which Prudential is looking to expand. Combined with other recent acquisitions and the full integration of its Korean asset management operations, the company projects its earnings per share in will range between $3.15 to $3.25 for the year 2004. Staying on track, Prudential reported net income of $519 million for the second quarter of 2004, compared to $127 million for the same period the previous year.

On the downside, in January 2004, Prudential was reprimanded by NASD (formerly The National Association of Securities Dealers) for alleged violations relating to the sale of annuities. The company agreed to pay a $2 million fine and an additional payout of $9.5 million to customers.

Words of wisdom

The company took an interesting take on education and inspiration at a 2003 conference when life strategist and television personality Dr. Phil McGraw gave the keynote speech at Prudential s 15th Annual Sales Convention, for the company s real estate division. For the conference closer Pru execs tapped another powerful speaker: former Gulf War hero Gen. Norman Schwarzkopf. (ret.), who gave a motivational speech on leadership.

Award-winning diversity

Prudential has shown a serious commitment to diversity, if public recognition is any indicator. In 2004 alone, the National Association for Femail Executives named Prudential to its top ten list of 30 Best Companies for Executive Women.

In May, the company hosted a series of discussions led by *Ms.* magazine editors Gloria Steinem and Marcia Ann Gillespie, focusing on women s finance and career issues and DiversityInc.com placed the firm No.-4 on its list of Top 50 Companies for Diversity. That same month, Commercial Real Estate Women of Atlanta bestowed its National Champion Award on Prudential for its commitment to women s personal and professional development. *Ebony* magazine added plaudits in July, when Prudential vice president of communications Kimberly Goode became one of 12 recipients of that year s Outstanding Women in Marketing and Communications award. Prudential was among 15 companies recognized in September 2002 by AARP (formerly known by the more descriptive, American Association of Retired Persons) as an Exemplary Company for Workers 50 and Over"; this was the second year in a row that Prudential earned this honor. Most recently, in June 2004, *Fortune* magazine named the company to its Best Companies for Minorities list, ranking the company at number 39. Prudential was also listed on DiversityInc s list of Top 50 Companies for Diversity for the fourth consecutive year in April 2004.

GETTING HIRED

Log on for all the 411

Prudential s extensive careers section on its web site allows candidates to search for jobs by department and location, and offers prospective hires the ability to create an online profile, which the firm uses to match up candidates with open positions. The site also describes the culture at Pru and the benefits the firm offers to employees, and has a college recruiting section that gives graduates an idea of what majors typically go with what positions. Aside from college recruiting and its own web site, the firm also hires through newspaper ads and employee referrals. Insiders report going through at least two rounds of interviews. One recent hire says, I interviewed with a recruiter, the hiring manager, and the hiring manager s superior. It s not easy to land a spot these days. Labor is abundant and companies are a lot more fussy about looking for the exact fit, adds that contact, You have to sell your skills in relation to the job. Money is tight all over.

Inside the interview

Another contact reports that the first interview was standard. The contact goes on to say that candidates are tested on reading comprehension and mathematics as well as future plans and career goals. Of course, also expect to be asked about prior experience. An analyst says he went through two interviews, one with a director and one with an HR employee. One contact who went through a headhunter to land a spot at Pru says, I interviewed with someone in human resources first, who asked me salary information on the first interview, and that shocked me. They wanted to know if they could afford me. The next interviews with a director and a hiring manager were less shocking. I hit it off with the director, says that contact. We chatted about work scenarios for one and half hours, and in the last 30 minutes went through the typical interview questions strengths, weakness, why should we hire you? The contact adds, The hiring manager interviewed me for 40 minutes and asked about my work experience.

St. Paul Travelers Companies, The

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St. Paul, MN 55102
Phone: (651) 310-7911
Fax: (651) 310-3386
www.stpaultravelers.com

LOCATIONS

St. Paul, MN (HQ)
Hartford, CT (commercial lines)

DEPARTMENTS

Accounting
Human Resources
Management

THE STATS

Employer Type: Public Company
Stock Symbol: STA
Stock Exchange: NYSE
CEO and Director: Jay S. Fishman
2004 Employees: 30,000
2003 Revenue ($ mil.): $23,683

KEY COMPETITORS

AIG
Chubb
The Hartford
Progressive
Safeco

EMPLOYMENT CONTACT

www.stpaultravelers.com/careers/

THE SCOOP

New life

In the corporate world, St. Paul Travelers is a newborn baby, having been recently created through the merger that gave it life in April 2004. But prior to that, St. Paul Companies had a long history, as did the company it acquired, Travelers Property and Casualty. The combined strength of years of insuring customers meant that the new company is the second largest commercial insurer in the United States, behind only AIG. It also boasts assets of approximately $109 billion.

The company sells personal auto, home and other kinds of insurance through its Travelers branch. Through St. Paul, it sells an almost endless variety of coverage to businesses large and small throughout North America and Britain. It offers agribusiness coverage to family farms, ranches, large grain growers, horse farms, and cotton and citrus growers, among others. It covers equipment breakdowns of boilers and machinery. It even sells trucking insurance. Some other industries St. Paul Travelers specializes in covering are ocean marine, oil and gas, construction, public entities, boiler and machinery, entertainment and technology, to name a few. It also operates through subsidiaries overseas, including at least one syndicate of Lloyd s of London with a unique specialty: insurance against an estimated 15,000 incidents of kidnap and ransom each year. In case of kidnap, St. Paul Travelers covers the cost of ransom and other expenses incurred as a result of kidnapping.

Home town history

St. Paul Companies was established in St. Paul, Minn., at a time when that area was the Northwest frontier of the United States. Local businesses were having a hard time getting eastern insurers to speed up payments on claims communication with far away territories was still slow in the mid-1800s. Incorporated in 1853 as the Saint Paul Fire and Marine Insurance Company, the insurer covered its small town s buildings, which were mostly made of wood and highly susceptible to fire damage.

The Panic of 1857, one of the most severe economic crises in American history, forced 47 mutual insurance companies in the nation to shut down. St. Paul survived but only by closing its books, hawking its office equipment, and reorganizing in 1865 as a stock company. Within a number of years, the company had expanded its business across the country. It was financially sound enough to pay out all claims from two disasters: the 1871 Chicago fire and the San Francisco earthquake of 1906.

Over the next century, St. Paul Companies began reaching overseas markets and broadening its services at home in the U.S.

Downsizing done right

To stay competitive in a tight marketplace, St. Paul had to downsize after it acquired USF&G Corporation, a comparatively small, specialty insurer, in 1998. The company shrank from 14,000 to 7,800 employees, an almost 45 percent cut. Despite the heavy job losses, this was no typical downsizing. Paul Liska, then executive vice president and CFO, led other heads of the company s business lines in a tightly crafted, well-researched plan to cut back and save money.

A big chunk of the cuts had to come out of the payroll staff, which was far too large for the company. Liska moved carefully but decisively to minimize the impact on morale and stock price. I had to make sure we were not cutting into our competitive muscle, he told CFO magazine in October 2000. We tried to ease the way for people by being very generous with severance, early retirement, and outplacement services. And he and his team of other executives and business-unit heads tried to make only the smartest cuts: They reorganized business units, grouping staffs from various units together to shave costs. Liska even pushed to have his own department s budgets reduced by 24 percent, since other sections of the company cut theirs by 20 percent. And to save money, Liska nixed unnecessary reports, like one quarterly report from the tax department on which he scrawled Do Not Prepare This for Me Again. In all, he succeeded in whittling down the company s annual expense line by about $500 million per year.

Shrinking toward profit

By shrinking, the company also reaped some benefits. Within a couple of years, the company was seeing increased net income, a jump in return on equity, and even a substantially improved share price, according to CFO. A Merrill Lynch analyst told the magazine that the merger was one of the most successful mergers in the insurance industry.

After the storm

In June 2001, Tropical Storm Allison swept into southeast Texas, hovering over the area, including Houston, for five days. After she dumped 37 inches of rain on the Port of Houston, and 22 people lost their lives, it became clear that this was the costliest natural disaster in the city s history. St. Paul helped pick up the tab. By the next month, the company was reporting that its losses from the cyclone would total about $50 million pretax ($0.14 per share after-tax), and second-quarter catastrophe losses of about $70 million ($0.20 per share).

Exiting a field

The same year was also a bad one for St. Paul s medical malpractice insurance. The company had been the second largest medical malpractice insurer in the country. But in December 2001, came the announcement that St. Paul was extracting itself from that business, which had steadily been hemorrhaging dollars it lost $940 million from its malpractice insurance business that year. As reported by OB/GYN News, the costs of providing such insurance had skyrocketed so high that fewer insurers were staying in the field, and they were screaming for federal tort reform all the way out the door. One research group measured the increase in median medical malpractice jury awards, which it says more than doubled from 1994 to 1999, increasing from $375,000 to $800,000.

Shrewd specialists

One of the traits that enables St. Paul Travelers to stay profitable is its ability to move into the right new specialty markets and products. For example, it introduced St. Paul SelectOne, a professional liability product to protect investment advisers from the risks they run when providing services to clients, in May 2002. And in March 2003, St. Paul announced a major expansion into the small business insurance market with a new platform, which featured underwriting technology, flexible insurance products, beefed up customer service capabilities, and a bigger, stronger sales force across the country. As another example, the insurer released St. Paul DesignPoint for Manufacturers, a new product that provides more comprehensive protection for specialized problems like recall related expenses, liability from lawsuits filed at home or abroad, and expanded property and general liability.

Cyber-secure

A firewall is not the only protection against hacker attacks, computer worms, and theft of confidential information over the Internet. Businesses can also buy what s called network intrusion insurance or cyber insurance, for short. While some businesses have scoffed at adding yet another item to their cost of doing business, it might be worth it: We see hundreds of threats a month now. We saw only five or six a month, a few years ago, one Internet security company s spokesperson told

Black Enterprise in June 2003. St. Paul, of course, offers Internet liability/e-commerce insurance, which covers businesses against intellectual property infringement, including copyright and trademark issues, plagiarism, and failure to prevent the transmission of a computer virus.

Happy birthday

St. Paul Companies took a unique approach to its 150th anniversary in 2003. It launched a special charitable giving program, called Thanks a Million, that let every one of its employees all 10,000 of them to donate $100 to the charity of their choice. The effort netted a total of $1 million disbursed to almost 1,800 nonprofits around the world. The list included nationally known children s organizations, a greyhound racing dog rescue group, a prairie chicken research society, and a Scottish and Celtic dance instruction association. The biggest grant-receiver: the Susan G. Komen Breast Cancer Foundation, with 532 employee donations. The Children s Cancer Research Fund received 440, and the United Negro College Fund got 239. Eighty-five percent of St. Paul s employees participated in the program.

GETTING HIRED

Hiring process

St. Paul Travelers wants to reel in students and recent graduates who are ready to join the working world by touting its dynamic environment, challenging assignments, and fast pace. The company has two kinds of programs to help integrate new hires and move them up quickly. It extends its Leadership Development programs to the fields of financial management, actuarial, and information technology. Your undergraduate GPA of 3.2 or higher, plus previous internship or leadership experience, will get you into this multi-year rotational program in Hartford and St. Paul. Otherwise, employees with a 3.0 GPA or higher might qualify you for one of the company s Associate Programs. These train recent college grads in St. Paul s claim, underwriting, IT, actuarial, and environmental claim departments throughout the U.S. They meld on-the-job training with classroom work into an introduction to the industry.

As the two companies work out the kinks of their recent merger, their internship programs will also undergo some transformation. But this much seems certain: they re paid summer programs that allow interns to work on real assignments and, in some cases, provide housing. According to Traveler s old internship web page, at www.travelers.com/hr/careers/college/interns/, students will participate in training workshops, presentations, and mentoring, among other activities. Perhaps more importantly, they also get picnics, tours of Hartford, trips to Six Flags Amusement Park, pizza parties and ice-cream socials.

State Farm Insurance Companies

One State Farm Plaza
Bloomington, IL 61710-0001
Phone: (309) 766-2311
Fax: (309) 766-3621
www.statefarm.com

LOCATIONS

Bloomington, IL (HQ)

DEPARTMENTS

Accounting
Law
Finance
Management
Marketing
Medical
Sales

THE STATS

Employer Type: Private Company
Chairman and CEO: Edward B. Rust Jr.
2003 Employees: 79,000
2003 Revenue ($ mil.): $56,100

KEY COMPETITORS

AIG
Allstate
Berkshire Hathaway

EMPLOYMENT CONTACT

Arlene Hogan
www.statefarm.com/careers/index.htm

THE SCOOP

Not just insurance

State Farm is the leading auto and home insurer in the U.S. More than 39.7 million cars and almost 15.5 million homes in the U.S. and Canada are covered by State Farm policies. In fact, one out of every four automobiles in the United States is insured by State Farm, making it the nation s No-1 insurer of cars. The company is also the leading insurer of homes in the United States. State Farm operates over 755 claim offices nationwide to process the 71.6 million State Farm policies currently in force. The company also offers other kinds of insurance, including life and health policies. And now, following State Farm s expansion into the financial services industry, the company also offers banking services and mutual funds.

Small-town beginnings

State Farm began in 1922 in Bloomington, Ill., as a small farm mutual auto insurer. It was founded by George Mecherle, a retired farmer who believed farmers should pay less for auto insurance because they drove less and had fewer losses than people living in cities. By 1942, the company had grown into the nation s largest auto insurer, a ranking it still holds. In 1964, it became the No-1 home insurer in the country. (One out every five cars and homes in the U.S. is insured by State Farm.) Today State Farm services more than 70 million auto, home, life and health insurance policies in the U.S. and Canada and handles over 30,000 insurance claims daily. In recent years, the company branched out into financial services and now offers customers banking services (including loans) and mutual funds. As of 2002, State Farm employed 76,000 people, including 17,000 agents.

Tough times

But even given these great numbers, the company has struggled mightily in the last few years. Although revenue for the State Farm group reached $44 billion for 2002, an increase of 11 percent over the 2001 figure of $40 billion, the company was still hit with an after-tax net loss of $2.8 billion for the year. Compared to the $5 billion net loss in 2001, however, this is a step in the right direction. The company s net worth also declined in 2002 by $6.3 billion to $31.8 billion. The primary reason for this decline was the $4.7 billion loss on the company s stock portfolio driven by the general market decline in 2002. The property and casualty companies owned by State Farm also reported an operating loss of $2.7 billion in 2002, compared with an operating loss of $5.8 billion in 2001. According to the company s annual report, claim payments and expenses outpaced the premiums paid by policyholders in 2002, and rates went up in nearly all its markets.

Upon releasing the 2002 year-end results, Vincent J. Trosino, president of State Farm Mutual, said, While we have made significant progress toward turning around our financial results, this is not the time to pat ourselves on the back. We have every intention of continuing our progress toward profitability in the property and casualty business and building scale in financial services.

Legal woes

The company s good neighbor image has been hurt by a host of legal problems. In 2001, an Illinois appeals court upheld a $1.05 billion award against State Farm in a class-action suit. The suit stemmed from State Farm s practice of using generic replacement parts when repairing cars that have been in accidents. State Farm has since filed an appeal with the Illinois Supreme Court and has temporarily suspended the practice of using generic replacement parts. In another legal battle, State Farm paid $200 million in 1998 to settle a class-action suit that alleged agents engaged in misleading sales practices.

Yikes!

In an uncomfortable reminder that nuclear war is always possible, in February 2003 State Farm told its policyholders it will not cover damage to cars from nuclear or radioactive blasts. It turns out that as the company was reviewing its terrorist-related coverage, it realized its auto policies lacked the exclusion, a standard feature of most personal and commercial insurance policies. Since the Sept. 11th attacks, insurers have feared that another terrorist-related attack could wipe out their industry. To help the industry, in November 2002 Congress passed the Terrorism Risk Insurance Act, which requires insurers to offer commercial policies with the federal government covering 90 percent of losses above $10 billion, up to $100 billion. The nuclear exclusion will be added to all State Farm auto policies by June 2004. State Farm s commercial and homeowners coverage already carry the exclusion. The policy change excludes coverage for vehicle losses caused by any detonation or release of radiation from any nuclear or radioactive device.

Minority awards

State Farm has received numerous awards in recent years for its employee diversity. *Hispanic* magazine included the insurance company on its 2002 Corporate 100 list for creating business and job opportunities for Hispanic Americans. In 2001, the United States Hispanic Leadership Institute awarded State Farm its Corporate Visionary Award for excellence and commitment to Hispanic leadership.

Lending a helping hand

State Farm donated $4.8 million to the Red Cross for recovery effort following the September 11th attacks. The company also pledged to give the Red Cross $2 million more over the next four years as part of its ongoing support for the relief organization.

GETTING HIRED

Hiring overview

State Farm s web site, www.statefarm.com, provides an online resume builder and lists descriptions of company departments and announcements of job fairs and career opportunities. Our insiders indicate that State Farm relies heavily on referrals; in the words of one informant, State Farm hires people from just about every means available. Regarding the interview process, our sources indicate that the process is generally relaxed, with interviewers avoiding dumb questions just to see what [you] would do when caught off-guard. Nevertheless, contacts indicate that candidates can expect to speak with several different interviewers. One recounts spending an entire day interviewing. As far as tips for the process, one State Farmer advises that one thing you want to be prepared for is to have specific examples of educational or work experiences that relate directly to the job you re applying for. It could be projects you ve worked on, or just the fact that you ve shown yourself to be dependable with responsibilities assigned to you.

OUR SURVEY SAYS

Loving the Farm

Our contacts give glowing reviews to State Farm.   State Farm is a great place to work,   says one. Another agrees that   it s a fantastic company to work for.   Life at the Farm is just grand,   beams a particularly happy insider. Another long-term State Farmer tells us,   I ve been an agent for 18 years and have really enjoyed it.

Go-getters and schmoozers welcome

One explanation for such prolific praise is the abundance of opportunity for those with State Farm-style gumption. One insider raves about   lots of opportunities for advancement - with a little hard work.   Another tells us that   if you re a go-getter, you should have plenty of opportunity to advance to a fairly high level.   The same contact gives some advice on advancement: You should become involved in extracurricular activities so that you can get acquainted with as many State Farmers as possible. Some activities might be different sports organized by the activities organization. [You can also join] Toastmasters, which develops your public speaking skills, or one of the many clubs.

An evolving company

From the comments of our contacts, State Farm doesn t seem to be a static company. For example, regarding dress, one source tells us that   State farm also allows casual business dress now, something five years ago I would never have dreamed they would do.   On the topic of pay, our informants express some uncertainty but note that   if you work hard, you should be rewarded quite well.   Finally, diversity seems to be changing at State Farm, with the number of women and members of minority groups   constantly increasing at the upper-management levels.

Flexible schedules

While State Farm may change its tune as it continues its foray into financial services, our insiders indicate that the company provides flexible scheduling. One employee explains that   every three months you can choose to change your hours.   One choice available is the option of working four ten-hour days with a three-day weekend. The flexible hours correspond with State Farm s comprehensive benefits packages, detailed at www.statefarm.com.

Thrivent Financial for Lutherans

625 4th Ave. South
Minneapolis, MN 55415-1624
Phone: (800) 847-4836
www.thrivent.com

LOCATIONS

Minneapolis, MN (HQ)

DEPARTMENTS

Finance
Management
Marketing
Sales

THE STATS

Employer Type: Nonprofit
President, CEO, and Director: Bruce J. Nicholson
2003 Employees: 2,979
2003 Revenue ($ mil.): $4,219

KEY COMPETITORS

Citigroup
FMR
State Farm

EMPLOYMENT CONTACT

www.thrivent.com/careers/index.html

THE SCOOP

Aid for Lutherans

With three million members, Thrivent Financial for Lutherans and its affiliate companies command more than $65.9 billion in assets under management, including mutual funds, bank and trust services, and other financial tools and resources for Lutherans across the U.S. It s also got a praiseworthy $154 billion life insurance business. The company s prosperity, at least in terms of size and assets, is relatively new: In 2001, Aid Association for Lutherans of Appleton, Wis., merged with Lutheran Brotherhood of Minneapolis, and the two were reborn as Thrivent Financial for Lutherans.

Christening a new group

The recent union between these two groups is just the latest manifestation of a long tradition. At the turn of the 20th century, two organizations sprouted up in the Midwest to offer life insurance to fellow Lutherans. The Aid Association for Lutherans was incorporated as a fraternal benefits society in 1902, after three members of the St. Paul Lutheran Church in Appleton went door to door to collect the 500 needed signatures for the charter. The other business was formed in Minneapolis in 1917 as a nonprofit mutual aid society dubbed Luther Union, which later merged with the Lutheran Brotherhood of America to become, simply, Lutheran Brotherhood.

The two parent organizations set out on parallel trajectories, issuing their own magazines for members, hitting the $1 billion mark for life insurance policies in force in the late 1950s, expanding the kinds of policies they offered, and introducing mutual funds to their portfolios before their 2001 marriage made Thrivent Financial the biggest fraternal benefit society in the world.

Reveling in its roots

The merger meant more muscle for the religious-based organization, and that left it striving for more than one higher purpose: We do a tremendous amount of charitable giving and outreach, but we are absolutely going to be a competitive financial services organization in the process. That s the dual challenge that we are excited about, said Pam Moret, senior vice president of marketing, in an Annuity Market News article in early 2003. She said Thrivent had embarked on a plan that included both improving its products and enlarging its sales and distribution force, which Moret predicted could eventually double in number.

One quarter of the estimated 12 million Lutherans in the U.S. are members. (To buy the organization s banking products or mutual funds, you don t have to be Lutheran, unlike its insurance packages.) That means there s still plenty of room to grow while staying within the Lutheran demographic. I actually don t spend much time worrying about the size of our marketplace, Moret told the magazine. I worry about serving them better and deepening the relationships.

Salvation

In the first half of 2003, Thrivent cut costs: The organization shaved almost $25 million off its expenses, in part through layoffs and attrition. In addition, about 1,000 sales agents parted ways with the organization in the year after the merger. The number was just over 2,500 in January 2004, down from almost 2,900 in 2002. That could have been due, some speculated, to a culture clash: the predecessor groups had highly different cultures, according to Financial Planning, which caused a rep exodus. A 15 percent work-force reduction, about 500 people, was planned for mid-summer 2004, which would help put the group on the road toward reaching its goal of cutting expenses by $100 million by 2005. Thrivent also started outsourcing bits of its IT work to NIIT Technologies in New Delhi, India, in 2003.

Gaining momentum

Prior to the merger, Aid Association for Lutherans barely made it onto the Fortune 500. In 2004, though, Thrivent was ranked 284 for calendar year 2003. Assets under management for 2003 reached $62.4 billion, a 9 percent increase over the previous year. Revenue also rose in 2003 to $6.6 billion, making Thrivent Financial the sixth largest mutual life/health insurance company in the country. Thrivent Financial seeks to add 650 financial representatives to its field staff in 2005. These money management pros will be licensed to proffer advice and sell financial products like life insurance, annuities, and mutual funds, and the company views them as the first step toward creating stronger customer service.

Downtown shuffle

The company was also busy making more literal moves. In May 2003, it announced that it was putting its 10-story building in downtown Appleton up for sale and started making plans to move all 500 employees to its other location, outside the hub of the metro area. While the move would unite Thrivent s Appleton workforce under one roof, it left downtown restaurateurs wondering who would be buying all their lattes, muffins and sandwiches. I m trying not to think about it, one coffee shop owner told The Post-Crescent at the time. His caf? had opened its doors just next to Thrivent only six weeks before. This is really going to affect us. His worries should have subsided a bit in December, when the organization sold the building to a new owner, an investment group. At Thrivent, the month of May 2004 was devoted to packing up and relocating. Although employees are likely to miss their old location, they re probably excited by no longer having to travel between different buildings for frequent meetings.

Where to call home

Whether consolidated under one roof or not, some people still just don t know where Thrivent is headquartered. That s because the merger created two sorts of home bases. For 2003 s Fortune 500 ranking, the organization was listed as Wisconsin-based that s where it s incorporated. Other years, though, including 2004, the survey had Thrivent rooted in Minnesota, where its top executives work. As it turns out, it may depend on who fills out the Fortune 500 form: in 2003, it was a Wisconsin employee. Fortune says it lists companies by where senior management is situated, and from now on would stick to listing it as a Minnesota entity. But even though Fortune may have solved the puzzle, the question of where Thrivent calls home can still cause confusion. It s an interesting challenge, a spokesperson told the St. Paul Pioneer Press. If someone asks, Where are your headquarters? We say Minneapolis. If they ask Where are you based? We tend to say Wisconsin.

Luther goes to the movies

However it s situated geographically, Thrivent knows where its philosophical roots are in Martin Luther, the religious rebel who posted his 95 Theses to a church door in 16th-century Germany, setting off the Reformation and inadvertently founding Protestantism. So when the opportunity to make a movie out of the monk s life came around, Thrivent helped with financing. Perhaps you don t remember its opening in September 2003, which was already being overshadowed by the impending release of the flick The Passion of the Christ by Mel Gibson. Luther was hardly as controversial. (Although a few critics noted that by dealing mostly with his vibrant earlier years, the film skirted anti-Semitic remarks he made later in life.)

GETTING HIRED

A culture of support

If you sign on with Thrivent as a financial associate, you should be able to tap into a host of resources to help you sell more and work better: team meetings, mentorship, help with getting industry licenses and certification, software for data management, service rep support, and communications materials and marketing specialists that will help guide your individualized business plan. Candidates can learn more about opportunities at Thrivent Financial for Lutherans at www.thrivent.com/careers.

UnumProvident

1 Fountain Square
Chattanooga, TN 37402
Phone: (423) 755-1011
Fax: (423) 755-3962
www.unumprovident.com

LOCATIONS

Chattanooga, Tennessee (HQ)
Portland, ME

DEPARTMENTS

Accounting
Claims
Communications
Customer Service
Finance
Information Technology
Legal
Marketing
Sales
Underwriting

THE STATS

Employer Type: Public Company
Stock Symbol: UNM
Stock Exchange: NYSE
President and CEO, and Director:
Thomas R. Watjen
2004 Employees: 12,500
2003 Revenue ($ mil.): $9,992

KEY COMPETITORS

CIGNA
CNA Financial
Hartford Life
MetLife
Prudential

EMPLOYMENT CONTACT

Employment Hotline: (423) 294-8507
www.unumprovident.com/careers/

THE SCOOP

Protecting income

UnumProvident is an insurer with a special focus. It provides disability income protection to more than 25 million people, who, thanks to payments from UnumProvident, are able to keep paying bills and putting food on the table should they suffer a debilitating injury and need take time off from work. It also offers life, long-term care, and supplemental insurance to millions more clients. In 2003, the company paid out $4.1 billion in lost income claims to its customers more UnumProvident says, than any other income insurer in the world.

Headquartered in Chattanooga, Tenn., the company has offices in Portland, Maine, in Worcester, Mass., and Glendale, Calif. And it also owns subsidiaries overseas in England. Even more subsidiaries broaden its net across the U.S.: Colonial Life & Accident Insurance Company in South Carolina; GENEX Services, based in Pennsylvania; Options and Choices, out of Wyoming.

Focused growth

After its incorporation in 1910, Provident Life and Accident experienced several periods of growth and a few subtle name changes. In 1997, Provident Life & Accident Companies acquired Paul Revere Life Insurance Company, a Massachusetts-based company. But a final, major change made the company what it is today: In 1999, Provident, which had a strong foothold in the individual policies market, merged with UNUM, a life insurance company that had established itself as a main player in group coverage and international operations. Thus, UnumProvident was born.

From the start, the focus was always on bringing together the industry leaders around disability and some of the disability-related products to form what we think is a very powerful company, CEO Thomas Watjen told The Wall Street Transcript in November 2003. That s what we re about today. We are a specialty company.

Merging technology

When UNUM and Provident merged, the top brass discovered they d have to manage the merger through technology but they didn t realize the extent of that task right away. The new company s managers had planned to utilize advanced computer and telecommunication systems, which would reduce duplication of staffers and offices by letting product lines and specialty groups work nationally, according to The Chief Executive. On Day 1 of a merger, you want your people to communicate and collaborate and get to know each other, former CEO Harold Chandler told the magazine in 2002. But sorting out e-mail, internal chatter, and phone systems didn t run as smoothly as soon as he d hoped: It created, at a minimum, frustration, but more specifically lost productivity, and it sometimes slowed response to customers who expected enhanced services, he said.

Fortunately, the company found a way to deal with its technological challenges. It came up with a three-pronged solution: a steering committee that put senior techies in charge of strategic decisions; other business transition groups to manage customers needs; and working groups whose main aim was to home in on tech and infrastructure problems.

Innovative insurances

As new threats to peoples livelihood and health have emerged, UnumProvident s coverage has evolved to keep pace. In 2001, for example, the company made a full-court press to spread a new product, cancer assistance insurance, to 40 states. The supplemental insurance policy offers four different benefit levels as well as optional riders, benefits for drugs that treat the debilitating side effects of radiation and chemotherapy, and coverage for wellness tests like skin cancer biopsies.

Other new policies have popped up, tooas the insurer grew its line of voluntary workplace benefits. Policies for critical illness, term life and income protection plans are now available, including P.S. Protector, a voluntary income protection benefit. And UnumProvident leapt into the long-term care insurance market in 2001.

Life in balance

One of the company s offerings to employers is called LifeBalance, a fully integrated work and life employee assistance program. In late 2001, UnumProvident introduced new enhancements to this program. The upgrades include comprehensive counseling and referral services, available around the clock, seven days a week, by telephone and Internet. Also unveiled: online financial calculators to help workers make smarter decisions with their money, and a toll-free telephone line dedicated to Spanish-speaking UnumProvident customers.

Fines and judgments

But for all its good works and payouts, the company found itself in hot water more than once. Provident Life and Accident, for example, has been penalized to the tune of $448,500 from February 1993 to March 2003 mostly for violations found during market conduct examinations in different states, but also for issuing non-standard health benefit plans and, in one case, failing to provide access and documents requested by the commissioner s examiner in Georgia. That s according to the Texas Department of Insurance. Then in March 2003, the company was smacked with a $1 million fine by the state of Georgia for mishandling customers claims. UnumProvident s claim handling concerns were the topic of negative publicity even though the company say the accusations are not factually sound

But that s small potatoes compared to the company s loss in court to an eye surgeon from California, who sued UnumProvident for denying his disability payments. A state jury, in January 2003, awarded the man $1.7 million in past and future disability benefits and emotional distress, as well as heftier punitive damages of $30 million. A little over two months later, though, the court slashed the punitive damages judgment to about $5 million and cut the award for emotional distress from $125,000 to $15,000.

Alterations abroad

UnumProvident made other changes to overseas operations around the same time. In January 2004, UnumProvident sold off Unum Japan Accident Insurance Company, its wholly owned subsidiary, to Hitachi Capital Corporation for almost $23 million. It also sold its Canadian operations, the old Provident Life and Accident Insurance Company, to the Royal Bank of Canada, for an undisclosed amount in March 2004. In the embattled country of Argentina, the company restructured, boosting operations with an infusion of capital into the new holding company it created, Unum Latin America Holdings S.A.

Who else but the SEC?

As if consumer law suits and state fines weren t troubling enough, the SEC also stepped in to investigate UnumProvident s accounting practices in 2003. To resolve the investigations, primarily of investment disclosures, the company agreed in March of that year to restate its past three years of earnings. As a result, it s net aggregate income for 2000, 2001, and 2002 was reduced by a over $29 million. A month earlier, in light of the investigation, A.M. Best Co placed UnumProvident s debt ratings, and its insurance subsidiaries financial strength ratings, under review with negative implications. For the first quarter of 2003, the company had a net loss of $246 million.

New man in the top spot

Into this turbulent environment stepped a new CEO, Thomas Watjen. The company had ousted Harold Chandler from its top spot in a move to restore investor confidence and, hopefully, boost financial performance. In March 2003, it put Watjen in charge on an interim basis, and in September, the board voted unanimously to keep him there.

By late spring of 2003, the company had completed an equity and debt offering of nearly $1 billion, which, along with a more conservative financial plan, helped shore up its balance sheet. For 2000, the company had posted an annual net income of $564 million. Yet in 2003, that was down to $386 million due to the generally weak economic environment, low level of interest rates and income loss from discontinued operations even though sales had continued to grow. By 2004, the stormy waters seemed to have calmed as Thomas Watjen settled into his first full year as CEO. In 2004 earnings were in line with analysts expectations and in November 2004, the company reported a net income surge of 54 percent in the third quarter, helped by investment gains and improved results from the group protection business.

Charitable contributions

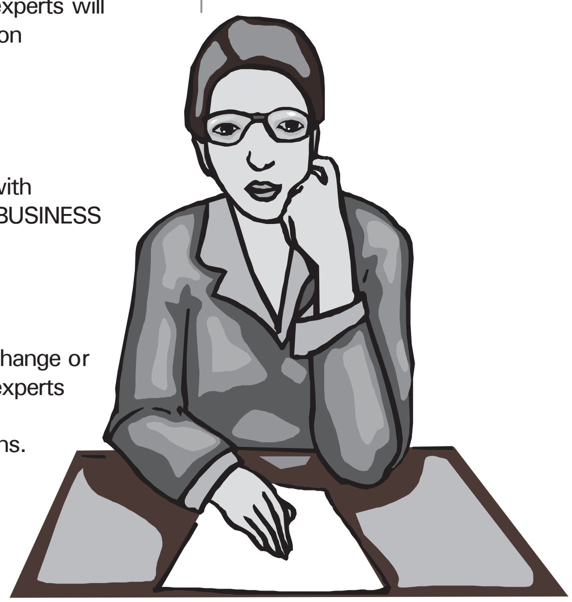
Because of its mission as a provider of income protection solutions, the company considers its relationships with customers and the communities it serves to be a key part of its operations. As such, UnumProvident maintains an active community giving program, which in 2003, contributed more than $3.3 million to nonprofits throughout the U.S. and the U.K. Employees are active contributors as well, giving a total of $790249 in 2003. UnumProvident s matching gift program matched these donations dollar-for-dollar.

GETTING HIRED

Far afield or close to home

UnumProvident s 12,500 employees are scattered across the U.S. and the globe, working out of nearly 40 sales offices in North America alone. Some 6,000 of the company s Service and Claims representatives are stationed in the insurers home office and field locations. Someone looking to get hired by the company could go to work in Louisiana, Nevada, Ohio, Wisconsin and dozens of other locations.

Employees at the main office in Chattanooga can take in the city s entertainment or hike and explore the outdoors the city was named by Outside magazine as one of the top-10 dream towns in which to work and live. The Portland, Maine, office sits among the state s 17 million acres of forestland and 3,500 miles of coastline, both extremely popular for vacation and recreation. And Worcester, Mass., the site of the third main office, boasts three universities and is situated only a hop, skip and a jump from other major cities throughout the eastern seaboard. Job seekers will find more statistics and descriptive details about these cities in addition to forms for submitting resumes on UnumProvident s career page, at www.unumprovident.com/careers.



APPENDIX

Alphabetical Listing of Employers

About the Author

Tyya N. Turner is an editor at Vault. She worked at several publishing companies, including Pocket Books, McGraw-Hill and CMP, prior to joining Vault. She is a graduate of Howard University and lives in New York.