Back to our Future

Ready on the left? Ready on the right?

Let's test not only your knowledge of basic Risk Management principles and practices, but your ability to apply them to you daily life. I will be applying these principles and practices throughout my book, as we search for cost effective and affordable quality healthcare and insurance."

Answer the following questions:

What's a health risk? How many types of health risks are there? What are the three steps used to manage your health risks? How do we identify and measure our health risks? Can you name all five controls we use to manage our health risks? Who's responsible for managing the health risks you create, or choose to take?

Answers: Health risks represent the uncertainty we all face in life, when it comes to being injured or getting sick. There are only two types of health risks, "Pure" and "Speculative." Pure health risks result only in a loss, while Speculative health risks hold out the possibility for both gain and loss. There are three steps used to manage all health risks. We first identify, then measure, and finally control all the health risks we create based on the life style we choose to lead. Health risks are measured by their frequency or severity. Once all risks have been identified and measured, there are five tools used to control each risk (Avoid, Reduce, Spread, Assume, and Transfer). FYI, everyone is responsible for managing the risks they take or create. Unless we hold ourselves accountable for managing the risks we create by the life style we freely choose to lead, we'll never ever be able to lock down cost affordable and effective healthcare and insurance. There has never been, nor will there ever be a form of socialized medicine that, "by itself," will ever be actuarially sound, let alone cost effective and affordable.

Health risk controls are used in order: First, you can **"avoid"** many health risks such as not jumping out of an airplane no matter how sure you are your parachute will open. Second, you can do what you can to **"reduce"** the risk or uncertainty of loss. For example, you can stop smoking to reduce the likelihood you'll suffer from throat or lung cancer. Third, once you've tried to avoid and reduce you health risk, you can **"spread"** it out. For example, company executives will often fly on separate airplanes so if one plane crashes, the company won't loss their entire management team. The fourth health risk control tool is to **"assume"** as much of the risk as you can afford to pay. For example, you can take a larger "deductible" or larger co-pay, or if you're involved in an injury-accident, or come down with a major illness, you may be able to afford paying for the first few night in the hospital. But, and here comes the big butt! Only after you've done all you can to avoid, reduce, spread and assume your health risks, should you transfer the rest of your risks into a pool of insurance. The only way we'll ever be able to slow the rising cost of our healthcare and insurance, is to stop putting the horse before the cart. Stop just dumping all our health risks into one large national pool of risks and hope the law of large numbers will eventually come up with a cure.

But wait! Health insurance is not our only transfer tool. It's not our only answer. It's not our only solution to the rising cost of healthcare and insurance. We need to do a better job writing and underwriting health

insurance contracts, merging group and individual contracts with workers compensation contracts, and do a better job challenging bogus medical liability claims, not to mention fraudulent welfare and insurance claims.

Ronald Reagan nailed it when he said, when we've been driven into a tunnel of debt, the left will continue to dig a longer tunnel. It's time we challenge those refusing to abandon Obamacare to at least stop digging, or better yet, help us all dig toward daylight.

A briefing for Credit Union Risk Managers: *"Get ready to float like a butterfly and sting like a bee!"*

Following is a test and pre-deployment briefing for graduates from CUNA Management Schools, credit union CEO's, CFO's and Presidents, credit union board members, credit union league chairmen (and women), league Presidents and league Directors of Education and Field Services, as well as the board of directors, underwriters, actuaries, claim adjusters, reinsurers, and the subrogation departments at CUNA Mutual Group, CUNA Inc., WOCCU, the Filene Research Institute, and all credit union trade associations and affiliated organizations.

Front and Center! Answer the following: Can you articulate the difference between a credit union or financial cooperative, and a chartered stock-held financial institution? How will you use deductibles and co-pays to drive down the cost of insurance? Can you explain how we can use reinsurance to transfer risks and cap catastrophic losses? Can you explain how to underwrite pre-existing conditions by endorsement to hold down premiums for most insureds? Do you still consider premiums, co-pays, and deductibles an expense? Or, do you consider premiums an investment in our future? Do you understand and can you articulate the merits of the 80% rule as it relates to benefits paid back to the insured? Can you articulate the difference between earned and unearned premiums? Are you prepared to create new member' services such as: Health Savings Accounts, Reverse Mortgages, Payroll Deduction and Premium Auto Pay programs? Are you ready to blanket market all nationally recognized healthcare and health insurance products requested and/or preferred by anyone in your field of membership?

Listen up!

Get ready to float like a butterfly and sting like a bee!

The difference between a credit union and a bank is, a credit unions is a not-for-profit financial cooperatives, owned and operated by its members. Members of the Board of Directors, Credit Committee, and Supervisory/Audit Committee are all volunteers, elected from the credit union's field of membership. The field of membership are all those who share a "common bond." To join a credit union you open a "share savings account." In most credit unions, every $5 in your share account gives you one share ownership in the credit union. Your shares earn dividends, usually declared once a year. The Credit Committee approves consumer loans based first on the applicants character, than capacity to repay i.e. do they have a job, and finally, if needed, on collateral. The credit union motto is, not-for-profit, not-for-charity, but-for-service. Credit unions believe, once you're a member, you're always a member.

Deductibles and co-pays are important, because when you don't have any "skin in the game," the odds are you're not going to do anything significant to reduce your risks or subsequent losses. Both deductibles and co-pays force the insured to pick up some of the cost for their care.

Reinsurance is how insurance companies transfer risks they can't afford to assume, over to another insurance company. Reinsuring agreements are used by all insurance companies, but most often by companies selling crop insurance. For example, a company carrying all the crop insurance on cherries grown in Door County, may reinsure their book of business with a company insuring all the grapes grown in California. The odds of a major crop loss in both states are reasonable low. In the fidelity bond and property casualty business, companies will reinsured overseas safeguarding against natural disasters such as a hurricane or tsunami.

Attitudes are everything. We'd all be well advised to consider premiums, co-pays, and deductibles our investment in good risk management, rather than an expense we'd prefer not to pay.

The 80% rule is what insurance companies are required to pay back in benefits to the insured. It's usually 80% of earned premiums. So what are "earned premiums?" If you pay monthly premiums or 1/12 of your premiums each month, you're insurance company considers they've earned 1/12th of your annual premium on January 31st. Consequently, 80% of your January premium should be paid back to the insured as some sort of benefit. It could be membership at the "Y", a paid claim, a visit to their doctor, etc.

Credit unions helped pull the US through two world wars and the Great Depression. How did they do it? They formed local chapters, state leagues, and national association and hired teachers to teach money management skills in some of the poorest communities in our country. They formed a mutual life and health insurance company and created products such as Loan Protection (LP) and Life Savings (LS) insurance so debts died with the debtor and share savings accounts were matched by a like amount of insurance when the insured went to the big hunting grounds in the sky. Credit unions launched schools, CUNA Management Schools for example, and created money management tools such as payroll deduction, Christmas savings accounts to get ready for Santa, and automatic bill paying services for members struggling with balancing their budgets. .

It is my hope that the US credit union movement will put their collective arms around our mission to lock down truly long-term, high quality, cost effective, and affordable healthcare and insurance. *"Remember! Don't take any prisoners. Thanks to Obamacare, we can't afford to feed them."*

"Answers to the most frequently asked questions."

#1) What is Risk Management, and what role does it play in our search for cost effective and affordable healthcare and insurance? *Risk Management (RM) is a three step "method of management" taught at the University of Wisconsin since the roaring 20's. The success of our mission, to lockdown cost effective and affordable healthcare and insurance, will depend on our ability to more quickly identify, measure and control all the life threatening health risks we face from the moment we're conceived until the day we die*

None of us have all the right answers, but we all have a duty to help manage the risks we create by the lifestyle we choose to live. So, let's begin our mission with a test of what you've learned from experience, and what's been taught in Risk Management #101 and Management of Insurance Enterprises" courses offered at every major university across the country and around the world.

Answer the following questions: What is a risk? How many types of risk are there? What are the three steps used to manage risks? How are risks identified and measured? Name five risk control tools? In what order are the five risk controls used? Who's responsible for managing the risks you create or choose to take?

How did you do? Here are a few basic answers: Risks are the

uncertainty of loss." There are two types of risks, "pure" risks and "speculative" risks." Pure risks result only in loss, while Speculative risks hold out the possibility for both gain and loss. Managing risks involve three steps (Identify, Measure, and Control). Risks are measured by their frequency and severity. Once all risks have been identified and measured, five tools are used to control each risk (Avoid, Reduce, Spread, Assume, and Transfer). We are all responsible for managing the risks we create.

Risk controls are used in the following order: First, ask yourself if you can or want to "Avoid" the risk. For example, don't go ice fishing on a warm spring day. Next, you need to "Reduce" the risk as much as possible. For example, build a floatation device inside your shanty. Third, "Spread" the risk. For example, put your ice fishing shanties on different lakes so a fire in one won't burn down the others, or if one sinks the others may survive. Fourth, "Assume" that part of the risk you can afford to lose. Examples include, accepting a $50 deductible on your shanty's fire policy, and paying a deductible when you land in the hospital . Finally, and I emphasis finally, "Transfer" the remaining risk into an actuarially sound pool of insurance, through a hold harmless agreement, or a binding legal contract. For example, credit unions that handle large amounts of currency purchase a fidelity bond to cover robbery losses, Workers Compensation insurance to indemnify employees shot during a robbery, and hire armored car services to effectively transfer the risks associated with a robbery to a properly trained and well equipped armored car carrier.

So what's wrong with Obamacare, or for that matter all forms of socialized healthcare? It holds taxpayers primarily responsible for the risk taking behavior of all US citizens. To make it worse, it now appears, our taxpayers liability isn't stopping at the border. Those

undocumented residents in sanctuary cities are afforded the same Obamacare benefits as our documented taxpayers.

There are many reasons why Obamacare is and will always be an abysmal failure or what many consider "a train wreck waiting to happen." It's fundamentally impossible to make any pool of insurance cost effective, when no one in the pool is required to do anything to avoid, reduce or spread the health risks they choose to take. They can only be forced to assume more of the risk through higher deductibles, escalating co-pays, and skyrocketing premiums. Under Obamacare, if we choose not to be insured, we face the wrath of the IRS, not to mention their fine, penalties, and endless roles of red tape and piles of paper work.

Obamacare advocates assume the threat of being forced to pay skyrocketing premiums and accept escalating deductibles, along with being denied medical attention when hospitals are forced out of their exchange, not

to mention the threat of being denied medical attention based on our age or financial status, will be enough incentive for us to roll over and accept government run healthcare and insurance.

It's time for "Home Rule Healthcare and Insurance." A private sector healthcare program you'll be happy to sell your kids the next time they come to dinner.

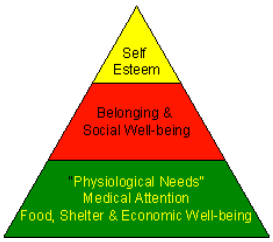
(*Author's note: If you didn't get it, that's a pimp on the commercials AARP ran over Thanksgiving 2013. Parents were asked to talk to their kids about health insurance while at diner on Thanksgiving Day. AARP and the company underwriting Obamacare will someday wake up to what they're doing. We can only hope it's sooner than later.*

> As long as Congress is controlled by those willing to pass legislation they haven't read, we'll never regain the trust we need in those elected to serve.

#2) How does Obamacare impact our needs according to Maslow's Hierarchy of Needs? *Skyrocketing premiums, escalating co-pays, and increasing deductibles all divert funds needed to put food on the table and a roof over our heads. Its limiting access to family doctors frustrates our need to belong, and its government dictates telling us what healthcare we must accept, and insurance we must buy, gives us an eerie sense we've lost control over both our healthcare and insurance.*

Abraham Maslow, a Psychology Professor at the University of Wisconsin in the 1940's, wrote about the hierarchy of needs we have when facing a life threatening disaster or life altering injury or illness.

Maslow's theory on "Hierarchy of Needs" says: "When disaster strikes, or when we're confronted with a life threatening injury or illness, victims first focus on their "physiological" needs, then their need to belong, and finally their need to get back to normal. move forward. for medical attention, a safe shelter, food, water, and stable employment on which to rebuild our lives.



Only after our physiological needs are met (our need for medical attention, safe shelter, food, water and stable employment), are we willing to focus on our need to belong (our need to seek out our family and family doctors, our trusted neighbors, our clergy and those with whom we share our faith).

Only after our belongingness needs have been met, are we ready to "self-actualize" or worry about our self-esteem (Get back to work, climb the proverbial corporate ladder, socialize, and move on with our lives).

In no small way, Obamacare fails to meet our physiological needs when it takes away insurance policies we prefer, and it fails to meet our belongingness needs when it took away insurance contracts we've relied on

for years and doctors we've relied on for a lifetime. In no small way, Obamacare has destroyed our confidence when it destroyed our trust in our Federal government. Remember, at no less than 36 campaign rallies in 2012 we heard, "If you like your doctor and hospital, you can keep your doctor and hospital."

In no small way, Obamacare has ignored the relationships built over years that, in and of themselves, could mean the difference between giving up or fighting through to recovery.

If we judge Obamacare according to Maslow's Hierarchy of Needs, it's an abysmal failure that's causing more harm than good, while providing more obstacles then help for those in need of quality healthcare.

#3) Where did the Obamacare law go wrong? *From the moment it was passed, without being read, it has threatened our freedom, restricted our liberty, and traumatized most red-blooded Americans. The three underlying symptoms of trauma are guilt for what's been done, fear not knowing what to expect, and a sense we've lost control over your future. As long as we condone elected officials who put political ideology ahead of what's in the best*

interest of our country, we'll never lockdown quality, cost effective and affordable healthcare and insurance.

The short answer is, whenever you force feed anything to anyone in a free society, eventually they get sick and die. It's that simple. However, the fundamental risk management flaw in Obamacare is, it transfers 100% of health risks into a single pool, relying on premiums collected and taxpayer subsidies to cover all administrative costs, marketing expenses, and claim settlements.

To add injury to illness (pun intended), Obamacare' empowers panels of questionably qualified political operatives to decide who has access to healthcare, what reimbursement should be paid to doctors and hospitals, as well as what companies, specialty clinics, and hospitals are allowed into their federal exchange.

To add further insult to injury, while Obamacare might authorize your General practitioner, there are no guarantees it'll allow you to choose University Hospitals or medical facilities that specialize in healthcare research and development (R&D).

In addition, the IRS is empowered to oversee Obamacare and will dictate who qualifies for tax subsidies and who is exempt from the law. Adding to the taxpayers burden, unions and corporate supporters of the Obama administration have already received compliance extensions and guaranteed subsidies.

Economists agree, as Obamacare negatively impacts the profit margins of hospitals and doctors, the quality of our healthcare will suffer as hospitals are pressured to do abortions, ignore welfare fraud, and accept ever changing government reimbursements. Additional administration costs will force many private practices to either fold or be merged into larger less personable medical bureaucracies.

The Federal and State exchanges are a bogus effort to spread the risk. They'll only force more of the lower middle class to either file false tax returns or accept larger deductibles and co-pays in order to pay what are bound to become increasingly higher premiums.

Indemnification, that's being put back to where you were prior to the loss, will require ever increasing subsidies from taxpayers. It's estimated that 44% of taxpayer revenue in Canada goes to subsidize their healthcare system.

Let's never forget, the only reason our Supreme Court authorized Obamacare to move forward was, one Justice considered it a tax. Unfortunately, it's proving to be the largest tax increase in U.S. history..

#4) If we passed the Obamacare law, why can't we just repeal it? *We can, but we need to make sure we safeguard those already insured.*

The answers are, we can, we must, and we will. We must however, meet all the risk management challenges, which include: Repealing the law, while safeguarding the insurable interest of those already insured, creating actuarially sound pools of insurance, regional underwriting, as well as, utilizing cost effective group marketing, and internet based claim settlement strategies.

It's time, actually it's past the time we should have repealed the Obamacare law, returned our healthcare system to the private sector, and reengineered our private sector health insurance industry.

It's time we recommit to internationally recognized Risk Management (RM) principles, and launch a truly affordable healthcare system, inspired by God, built by the grassroots, and anchored to our longstanding home-rule traditions. To paraphrase Abe at Gettysburg, "If our mission is under God, we shall have a new birth of freedom – a government of the people, by the people, and for the people."

#5) Does the "Law of Large Numbers" help reduce the cost of our health insurance, while improving the quality of our healthcare? *Absolutely! We need to group mass-market, in order to spread risks through reinsuring agreements, until the "Law of Large Numbers" kicks in. We also need to merge and consolidate healthcare records in order to more efficiently and thereby more effectively manage assets at brick and mortar public and private healthcare facilities.*

The more bodies in a "pool" of insurable risks, the easier it is to predict the number of claims that might be made and the total losses that might occur.

Risks are measured according to their "frequency," or how often they'll occur, and their "severity," or how sever each loss might be. For example, while a cold may not kill you, catch one every time you go outside and eventually the cost of your cough drops will add up to the loan payment for your house. Similarly, your sunburn might not kill you, but if it turns into a melanoma, it could be your kiss of death.

Using the law of large numbers, actuaries are better able to calculate just how much premium income is needed to pay claims (indemnity the insured), cover administration expenses, make a profit, and have something left over to reinvest in risk management strategies that'll reduce the frequency and severity of future losses.

The problem with Obamacare is it dumps all the sunburn victims from Florida in with the frostbite victim in Wisconsin, offers little or no incentive to reduce future losses, so by default, the only options it has left are to

raise premiums, deductibles, and co-pays that in turn require larger and larger government subsidies. That's the Obamacare plague in a nutshell.

#6) Can we afford to insure pre-existing conditions? *We can't afford not to!* *Ignoring they exist only frustrates our moral conscious, runs counter to our national character, and erodes our national honor.*

One strategy I'll recommend during operational period #3, covers them under Obamacare during a two to three year transition period out of Obamacare and into one or more of the "nationally recognized" contracts I'll be recommending. During the transition period, pre-existing conditions can also be covered by endorsement the loss ratio of which will be spread via regional reinsuring agreements capping losses at 80% of earned premium.

After which losses are underwritten by the federal government. Clear as mud? For me too. But, I'm confident we have actuaries who can make it work over a five year transition period. The first step is to get every US citizen insured.

To do that, during operational period III, I'll recommend repealing the law and replacing it with a law that require all citizens to purchase at least one of the nationally recognized contracts. That's not unlike how we require all licensed vehicle owners to carry liability insurance. Simply, the law requires us to insure the losses we can't afford to pay ourselves.

#7) How do we safeguard insurance companies from going broke underwriting pre-existing conditions. *Our strategy includes underwriting pre-existing conditions in separate pools offered as an endorsement. Separating risks into pools, allows actuaries to more accurately predict loss frequency and severity, and subsequently compute premiums needed to indemnify insured. Reaching out to a network of reinsuring companies, first regionally east to west, then north to south, and finally into a national pool underwritten by taxpayers, allows us to cost effectively spread risks, which in turn helps reduce premium, co-pays, and deductibles. . .*

An insurance company consortium would act as both a reinsurer of contracts that reached their 80% cap, and a coordinated "central" for spreading catastrophic losses, conducting R&D, and exploring a global network of companies offering reinsurance.

I have little or no sympathy for those who wait until they're sick to purchase health insurance. It's akin to waiting until you have an accident to purchase collision coverage. Historically, we guard

against that mentality, with laws requiring all licensed vehicles to carry at least a minimum limit of liability insurance. We also, safeguard against that mentality by offering uninsured and under-insured collision coverage.

With luck, and I mean pure luck, the law of large numbers should kick in within the first two years and the need to offer cover for pre-existing conditions should if not go away, at least be reduced to an insurable level. At that point, losses from pre-existing conditions should be absorbed. At that time, not unlike how two-year suicide exclusions are used when underwriting life insurance contracts, actuaries should be able to phase in some cover for pre-existing conditions buried in the initial premiums.

#8) What's an underwriter, and where did they get their name? *FYI, they'll deserve more than a shot and a beer before we lockdown cost effective and affordable healthcare and insurance.*

Do you know where underwriters got their name? The title "underwriter" was coined in a London bar early one morning back in the 15th century, when ten not too sober sailors decided they'd set sail early the next day for the "New World." Each owned a ship and cargo worth roughly $1,000. Each was equally skilled at sailing, and each promised not to drink until they were all back on dry land. All, however, realized at least one might be lost at sea. At the end of the bar was a gambler, speculating that one out of the ten would sink and the rest of the ships and cargo would all make it safely to the New World.

The gambler bid them all to bring the ship owner to the bar early the next day with ship' titles in hand and an inventory of their cargo. He agreed that if they all sailed sober and with adequate crew he'd insure their cargo for only $105 each. Early the next morning, all ship owners showed up and after inspecting each ship and crew, the gambler wrote his name under the ship owner's name on the title, collected his $1,050 premium and bid them all safe journey.

By signing his name under the name of the ship owner, he became known as London's first insurance "Underwriter." One of the ten ships sunk so after paying off the owner $1,000 for his lost ship and cargo, the businessman was able to settle his $49 bar bill and leave the bar with a buck profit in his pocket.

The underwriter went on to organize hundreds of other ship owners into "pools" based on types of cargo and style of ship. Eventually, by applying "the law of large numbers" to each pool, he was able to insure not only their cargo and ships but once he convinced the captains and crews to give up drinking he was not only able to offer better coverage at increasingly lower premiums.

It didn't take long, and he was able to offer all ship owners and crew both individual and group "Life" and "Health" insurance at an increasingly lower premium with limited deductibles and no co-pays.

By separating crew into insurance pools based on age, occupation, and their willingness to accept responsibility for their health habits and lifestyle choices, he was better able to predict how frequent and how sever his potential losses might be. The more members there were in each pool, the easier it was to predict his ratio of losses to profit. The easier it was to predict his profit and losses, the more he was able to reinvested to promote healthier life styles and longer lives, which again lead to lower deductibles and premiums for all. Eventually, every ship, captain and crew setting sail for the New World had more than affordable property, casualty and health insurance.

The glaring problems with Obamacare and for that matter all government run healthcare programs include, not only is it poorly underwritten, there are no incentives to chart a safer course through life, stay healthy, or accept responsibility for ourselves. No matter how we prop-up this train wreck, eventually it'll drain taxpayers dry, add trillions to our national debt, and leave us all no choice but to raise the debt ceiling, and drive generations yet to be born deeper and deeper in debt.

Obamacare, by forcing doctors and hospitals to accept lowered reimbursements is bound to discourage doctors from joining the profession, which in turn will decrease the number of doctors per patient, increase

the waiting time for care, and in the end increase the risk we'll not receive the care we need before we die. Obamacare gives new meaning to, "Give me liberty or give me death."

#9) Why is it better to have our health insurance industry regulated by our state, a true democracy, rather than our federal government, a constitutional republic?

Village, Town, and State governments are as close to true democracies as we can get in 2017. Every legal citizen of voting age has one vote i.e. one voice in the election of our town and village boards, as well as our governors and state representatives.
We therefore have the most control over our state government, because it's a true democracy.

Our federal government is a "representative" constitutional republic. Meaning each state elects representatives, who in-turn go to Washington to speak for the residents of their state. They and we are all bound by a constitution that, when there is a disagreement, it's enforced by our Supreme Court.

All this is fine, but when it comes to having control over the laws that govern our lives, not to mention the rules and regulations that restrict our freedom and limit our liberty, we're often forced to accept the views of those living their lives on the political extreme. Such is the case with Obamacare. Once the Supreme Court ruled it a tax, it only took a stroke of the Presidents pen to dictate what insurance we had to buy, what doctors we had to choose, and adding insult to injury, indirectly, Christians were forced to ignore church teaching and fund abortions on demand.

Yes, at the federal level, we pledge our allegiance to the flag and to the republic for which it stands. But, our founding fathers agreed to unite our states only so we could better defend our freedom, preserve our liberty, and pursue our happiness, speaking with one voice when it came conducting commerce overseas. While our founding fathers disagreed regarding the role of our republic, none sought to build a pure democracy.

Alexander Hamilton said: *"We are now forming a republican government. Real liberty is neither found in despotism or the extremes of democracy, but in moderate governments."*

James Madison said: ""It is, that in a democracy, the people meet and exercise the government in person: in a republic, they assemble and administer it by their representatives and agents. A democracy, consequently, must be confined to a small spot. A republic may be extended over a large region."

From a risk management standpoint, risks are easier to identify and measure, contracts are more accurately underwritten, and health insurance pools will become more actuarially sound, once the Obamacare law is repealed, and the governing of our health insurance industry is returned to the states.

The simple fact is, the sooner we return our healthcare and health insurance industries to the states, the sooner we'll find truly cost effective and affordable healthcare and insurance.

#10) How do we benefit from the Incident Command System (ICS) and the National Incident Management System (NIMS) going forward?

While our mission, to lock down cost effective and affordable health insurance, is clear. We could easily be blown out of the water if we can't adjust to "scope creep" during a large scale crises such as a pandemic, chemical or biological warfare, or natural disaster.

Both the Incident Command System (ICS) and the National Incident Management System (NIMS) were designed to take control over and reduce the trauma caused by life threatening events.

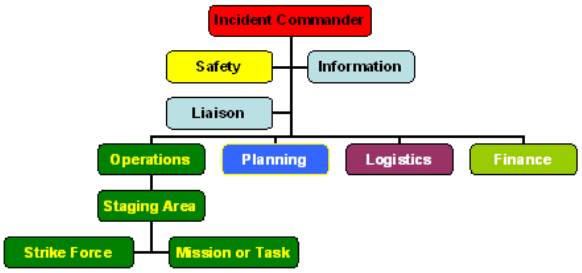
We can act as brave as we want when under duress, but no one is immune to the trauma created, when we're confronted by a sudden and unexpected injury or illness. Most of us feel we should have done something to avoid our situation. We worry about what's coming next. And, even when we're well trained, properly equipped, and combat ready, we sense we've lost control over what lies ahead.

Considering the ICS and the NIMS are required teaching in the public sector (law enforcement, fire fighters, emergency governments, and homeland security personnel). It stands to reason, we'd be well advised to use the same systems when asked to deploy a "unified" command in the private sector.

Ask any veteran, what two things they most like to hear, and they'll tell you it's "We have your back" and "Welcome home!" Both the ICS and NIMS send a clear message that we have the backs of law enforcement, fire fighters, first responders, and homeland security professionals.

The Incident Management System was introduced in the 1940s as an "Incident Command System" to fight forest fires on the West coast. As responding agencies specialized and communities signed mutual aid agreements the Incident Command System evolved into the "National Incident Management System or NIMS." It's now required training for all law enforcement, fire departments, emergency governments and Homeland Security personnel. Soon it will be required training for schools and hospital administrators and well as those in the food, transportation, medical, utilities, and other industries. The private sector through business and trade associations will be encouraged to have at least a basic Adapting Incident Command to Financial Cooperatives:

The Incident Command System (ICS) has basically seven key accountabilities overseen by the Incident Commander (IC). Use the following diagram as a template. Remember, the ICS is designed to expand and contract (concertina effect) as needed so while each will vary depending on the type of incident and scope, all unified commands will include the following seven accountabilities (Safety, Information/Communications, Liaison, Operations, Planning, Logistics, and Finance).



Incident Command System – It's a Public and Private Sector' Partnerships

One of life's fundamental principles is; "We are all ultimately responsible for our own safety, security, and well-being." Period! If we choose to ride out a hurricane or tornado when we've been given fair warning, we're going to have to accept the consequences. Another fact-of-life is the first person at the scene will be whoever might be near and that will usually be a friend, family member or neighbor. *This means to be rescued you might want to be on good terms with those close bye and do what you can to prepare them to come to your aid until the professional "public" responders have arrived.*

Challenges grow as the scope of the incident becomes a community wide event. The scope can be immediate such as when a tornado touches down or a terrorist attacks, or it can be caused by "Scope Creep" such as when a hurricane intensifies and just keeps on going or a wild fire burns out of control. It can also be when a minor health issue turns into a pandemic.

Preparing for, responding to, and recovering from large scale natural disasters and terrorist attacks requires a coordinated response from both the public and private sectors. Public to private partnerships need to be formed so as public resources are depleted a private sector response moves in to reinforce recovery efforts.

From a public sector standpoint, responsibility for citizen safety starts at the local level and moves out based on requests for aide and assistance. In the US and around the world aide must first be requested and is usually governed by a pre-approved "mutual aid" agreement. *That is why in the US and in most countries it's the local fire chief who takes command during a disaster and why, at the end of the crisis, it's the local government who'll be held responsible for picking up the tab. In most countries it's called "Home Rule." That is, in a Democracy, elected local governments rule and therefore are held accountable for the costs of recovery. This underscores why the Chief of Finance in the Incident Command System must keep accurate records of all responding assets.*

We learned much and will continue to learn from Katrina. For example, she proved that coordination of responding resources, flexibility in execution, and the ability to adjust when under fire were the three most important factors leading to mission success or failure. She also proved hurricanes trigger an increase in Pure Risks (burglaries, robberies, looting, vandalism, forgery, embezzlement, gang reprisals, kidnapping, etc.) and Speculative Risks (extortion, fraud, scams, and embezzlement in disaster relief programs). At the end of the day, she validated the credit unions approach to Disaster Recovery, Business Continuity, and Contingency Planning. And, she gave us a wake-up call telling us to refocus on event planning, incident management, and forming public to private partnerships.

It was the best of times – it was the worst of times!

Anyone in their right mind would not consider going through a hurricane as "the best of times." Yet, any experience that brings out the best in us can't be all bad. In addition to Maslow's theory on the "Hierarchy of Needs" (*Refer to my white papers*) he said, "Satisfaction is the alleviation of anxiety." Therefore the threat of a disaster offers us an opportunity before to plan with a satisfaction in a plan well written, respond during with the satisfaction in a plan well executed, and after with a satisfaction in a job well done.

For examples of his theory, I recommend you read the Best Practices – Disaster Recovery Lessons Learned published by Credit Union Magazine and Florence Roger's white paper (Florence was the CEO of the Federal Employees CU during the Oklahoma City bombing. She continues to be one of my most treasured RM mentors, a lady of great wisdom and experience).

Learning is one thing, remembering, sharing, and implementing best practices will be the real challenge. Surveys indicate the half-life of education (the time it takes to forget ½ of what we learned) is something less than six months especially when it comes to lesions that traumatized or shattered our confidence. Consequently, we need to adopt a Risk Management "Strategic Action Plan" that accurately documents what we've learned, reduces it to a language we all understand, and systematically shares appropriate response protocols community, region, country, and world-wide. The credit union movement is ideally positioned to execute such a plan through its Chapter meetings, League training programs, National and International associations and financial cooperative regulators. Credit unions have and will continue to live up to their fiduciary and philosophical duties under any circumstance no mater what the crisis.

Yet it's not just organizational structure that positions credit unions for success, it's our philosophy. Call it sharing, networking, or just people helping people. Credit unions have demonstrated throughout history that they can respond without hesitation to the physiological, belongingness, and self-actualization needs of hurricane, tsunami, earthquake, and wildfire victims. At the heart of our soul is our "Not for profit, Not for charity, But for service" traditions. Thanks to the Internet, we're now even better equipped to share best practices, respond more quickly, and act more decisively than in the past.

Lessons and "best practices" learned from Hurricanes Katrina, Rita, Wilma, Ivan and other large scale, community wide disasters:

Two primary lessons are taught during every community wide disaster. First, it is imperative to have a well-tested "disaster recovery" plan to ensure your survival, and second, it's imperative to have public to private

"business continuity" partnerships in place to support the recovery process. Katrina tested and in most cases reaffirmed the credit union' evolution from disaster recovery planning in the 70s, to business continuity planning in the 80s, contingency planning in the 90s and event planning/Incident Command training since Y2K. The credit unions that had tested branch banking, joint service center, and mutual-aid agreements in place prior to Katrina, responded more efficient and effectively and recovered more quickly than those who relied on traditional disaster recovery protocols.

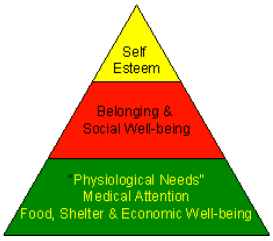
And second, if we're going to effectively identify, measure, and control healthcare risks in the "United" States, and if we're going to once and for all underwrite affordable health insurance contracts, it's going to take a grassroots, public-to-private partnership, driven by individuals, supported by their credit unions, local chapters, state leagues, affiliates, and national associations.

#11) How does competition factor into the cost of insurance and the quality of our healthcare? *In a free market, capitalist economy, competition brings the fight to the frontlines and holds the focus on our target, all while it raises the performance standards in our hospitals and quality of education in our schools.*

If you doubt the benefits of competition in a free market economy, you only need to consider the role competition plays in our college and national football leagues. It's the rivalry and fan support that pumps billions into local economies, whilel driving the quality of "player' care" and the performance standards of team doctors to new heights. It's the competition that pushes the team toward the Super Bowl.

It's the feeling that we belong to something greater than ourselves that drives veterans forward under enemy fire. Just consider the healing that's occurred since our Landing-zone (LZ) Lambeau – "Welcome Home" celebration. All we have to do, no, what we're going to do is bring that same competitive focus to our search for cost effective and affordable healthcare and insurance. Lookout drug companies, we have your inflated costs of care in our cross- hairs.

#12) Why are our Veteran Administration (VA) hospitals and clinics so important to our national health and well-being? *The answer has everything to do with Maslow's Hierarchy of Needs.*



(I wrote the following to our US Congressman Mike Gallagher after privatization of our VA hospitals, became a hot topic of discussion at my VFW Post 8337, American Legion Post 527, and AMVET Post 51 monthly meetings)

A letter to Congressman Mike Gallagher

Sir: As a marine, I'm sure you know where we're coming from, when it comes to the privatization of our VA hospitals and clinics. Ask any veteran, what are the most important words they need to hear, and they'll tell you, "Welcome home" and "We've got your back." Yesterday, at our quarterly Veteran Service Council meeting and again last night at our VFW monthly meeting, healing the VA hospitals was the hottest topic on our agenda. Specifically, should we privatize the hospitals and turn the administration over to the private sector.

To say the topic drew fire is an understatement. While none of us knew exactly why, we all were more than mission ready to shoot the idea out of the sky. While we all know deep down that it'll take the private sector to clean up the mess left behind by the Obama administration, we also know without our VA hospitals and clinics, under the command and control of seasoned combat vets, we're never going to heal the wounds of war, nor cure the nagging guilt, nor erase the memory of what had to be done fighting wars needed to secure our boarders and defend our freedom.

Understand, I couldn't tell if the fire was coming from the Army, Navy, Coast Guard, Air Force, or Marines. They were all in the room. All I know is, if Washington thinks turning our VA hospitals over to the private sector, i.e. anyone who's never served in combat is a good idea, they're blowing the heart, soul, and trust of our veterans out of the water before they have a chance to heal.

Ref: Maslow's Hierarchy of Needs: While any hospital can meet our physiological needs, it'll take a VA hospital or clinic, under the command and control of seasoned veterans to deliver our need to belong and the council on which we must depend. Please visit a website I run in memory of five fellow vets who were KIA while serving with me in Vietnam. Go to www.DoorCountyVeterans.com and consider the impact LZ Lambeau had on our healing.

Ride with me next year in the Pearly Gates Ride in Green Bay the Saturday after the 4th of July and you'll see how important belonging to our VA system is to our healing.

Ref: The Incident Command System (ICS): You're a *combat marine. You know the importance of going into combat under a "unified" command. It's no different for those of us who have to heal from the wounds of war or those who have to stand mission ready to respond to a biological or chemical terrorist attack. We need a VA hospital and clinic system pre-positioned across the country that's mission ready to respond not only to the physical wounds, but the psychological wounds left after the in-coming ends and the night sweats begin.*

#13) Why do credit unions provide the ideal business model we need to follow, if we're going to deliver cost effective and affordable healthcare and insurance? "*A short course in credit union' marketing, financial planning, money management and insurance."*

Think about it. Credit unions are financial cooperatives focused on bringing stability to family budgets, while creating economic opportunities for their members, sponsors, and everyone living or working within their field of membership.

Credit unions are best positioned to identify, measure, and control both the common and unique health risks within their field of membership. They're also well positioned to underwrite, group market, settle claims, and collect premiums via payroll deductions, direct deposits, not to mention offer gap loans, and reverse mortgages that can be paid by term and whole-life contracts at time of death.

I used the evolution of the US credit union movement as a business model, when I wrote the strategic action plan for Home-rule Healthcare and Insurance. Why? Credit unions used group marketing when they delivered the CUMIS Blanket Bond in the 60's. Dating back to the 30's, credit union have been blanket marketing Loan Protection (LP) and Life Savings (LS) insurance so debts die with the debtor, while share-savings accounts were matched by insurance, giving families a nest-egg they could use to move on. .

Another example. Credit unions designed healthcare savings accounts, gap-loans during periods of unemployment, reverse mortgages, as well as term and whole-life contracts to ensure debts incurred during life died with the debtor.

Credit unions helped pull the US economy out of the Great Depression, through two World Wars, and fend off the false promises of communism, socialism, fascism, and all the other isms that have threatened our freedom and independence. There's no doubt, credit unions will have little trouble guiding their members and sponsors along a path toward cost effective and affordable healthcare and insurance..

Unlike the architects of Obamacare, credit unions are in an ideally position to quickly identify the healthcare risks hidden within their field of membership, not to mention predict both the frequency and severity of losses they're bound to incur.

The advocates of Obamacare refuse to admit we're heading for the preverbal economic cliff. Conservative economists on both sides of the isle, estimate our 30 year total projected deficit spending will exceed $127 trillion. Considering total "private sector" US assets are estimated to be $106 trillion, insurance actuaries predict we're facing a fifteen to thirty percent annual increase in Obamacare premiums until sometime after 2020 (**Note:** *I wrote this in 2012*).

Talk to any head of the household, and you'll learn Obamacare has shaken the financial foundation of families, communities, and subsequently our entire US economy. Most Americans now consider it "One Big Academic Mistake for America," or what both sides of the isle are cynically calling an "OBAMA."

But, let's put the economic risks we've created aside. Credit union risks created range from fraud and dishonesty, internet scams, identity theft linked to not-vetted navigators uploading personal and confidential data to unsecured websites; to policies being canceled for failure to pay, access to doctors being denied, and terrorists phishing the internet to recruit and fund their war chests. Add government dictating what can be sold and what must be bought, to the invasion of the IRS into our lives, and Obamacare quickly becomes more than a risk management nightmare.

Government run healthcare has been tried many time before, all around the world. It eventually leads the rationing of poor quality healthcare at an unaffordable cost for most insureds. The only sure way to avoid the risks created by Obamacare is to repeal the law and move the contract into a competitive free market economy.

The strategy I propose will work, because, like the US credit union movement, it's built from the grassroots up, not from top down, it honors our "Home-Rule principles, adheres to Maslow's Hierarchy of Needs, and embodies our people helping people, not-for-profit, not-for-charity, but-for-service credit union philosophy. It works because it relies heavily on the character of the individual, reinforces their work ethic, and only as a last resort depends on others to help finance premiums, co-pays, and deductibles.

Equally important, the home-rule healthcare I propose holds the individual responsible for managing their own health risks, promotes sound underwriting practices, cost effective claim adjusting, which in turn creates actuarially sound pools of insurance that can be spread around the world via well negotiated reinsurance contract.

Credit unions are either state or federally chartered and organized around a "common bond" to provide economic stability within their field of membership. Faith based, postal, police, fire, military, union, and school district credit unions were some of the first organized.

From the 1930's through the 80's the number of US credit union grew to well over 22,000. Since then, they've been merged and consolidated in order to keep up with changing technologies, member services, and the benefits that come with the economy of size and scale.

A credit union's primary purpose is to provide economic stability for all within their field of membership. Consequently, credit unions are well positioned to underwrite and blanket market "field of membership" appropriate health insurance to everyone within the common bond, while at the same time providing payroll deduction, auto pay, or similar programs that'll help reduce administration costs and policy premiums.

The mission, should the US credit union movement choose to accept it, is to mobilize the grassroots, and work through its local chapters, state leagues, and national associations to once and for all deliver cost effective and affordable healthcare and insurance for every man, women, born and unborn child in America.

We'll succeed **if we reaffirm the** "people helping people," not-for-profit, not-for-charity, but for service philosophy that pulled us out of the Great Depression. We'll succeed if we use the same "blanket bond" strategy we used to provide fidelity bonds to every credit union during the 60's, and the same blanket Loan Protection (LP) and Life Savings (LS) insurance strategies that paid off outstanding loans so debts died with the debtor.

#14) Should we repeal and replace the Obamacare law, and keep the Obamacare contract? Absolutely! *Regrettably, the Obamacare law has infringed on our freedom and threatened our independence. That's not acceptable in a democratic republic and shouldn't be tolerated in a free market economy. Insureds will abandon the contract, once the Obamacare contract is exposed to professionally underwritten, actuarially sound, more cost effective and affordable competition in the free market place.*

In a free and democratic republic, laws and their requisite rules and regulations should secure our freedom, while holding us responsible for our actions and accountable for our failures. Ronald Reagan nailed it when he said, "Government exists to protect us from each other. Where government has gone beyond its limits is in deciding to protect us from ourselves." The law needs to be repealed and replaced, in order to free us from being forced to purchase only the Obamacare contract, thereby being forced to indirectly fund abortions. However, the contract should be kept for those who are still convinced it best fits their needs.

Insureds will voluntarily abandon the Obamacare contract, once its underwriting flaws are exposed.

It was the Obamacare law, not the contract, that forced our free market health insurance industry under the control of the federal government, forced Christians to indirectly fund abortions, and empowered the IRS to punish US citizens who are unwilling to purchase only the insurance dictated by the federal government.

It is because of the law, not the contract, we're no longer free to keep our doctors, or seek treatment when and where we prefer. And, it was because of the law, we were forced to turn our personal and confidential information over to not-vetted strangers, 1/6th of our national economy over to the whims of Washington, and accept the largest tax increase in US history.

Ronald Reagan was talking about the Obamacare law, not the contract, when he said: "Government exists to protect us from each other. Where government has gone beyond its limits is in deciding to protect us from ourselves." I suspect, Thomas Jefferson was talking about Obamacare, when he said "My reading of history convinces me that most bad government results from too much government.

#15) If the Obamacare contract is so flawed from an underwriting, risk management, and actuarial science standpoint, why keep it? *Far too many still hope the promises made by the Obama administration can be kept. While they can't and won't be, we can't in good conscience abandon those already insured.*

#16) What role does the credit union's "common bond" or "field of membership" play in our search for affordable healthcare and insurance, rebuilding our infrastructure, and pulling our poor out of poverty? *The credit union's "common bond" or "field of membership" keeps our mission focus on the physiological, i.e. financial and economic needs of the insured, while at the same time rebuilding the local and regional economy on which our national infrastructure depends.*

A credit union is organized around a “common bonds” that’s shared by all those living and working within their “field of membership.” When I joined the credit union movement in 1971, credit unions were, what many considered, the world’s best kept secret. By the mid 1980’s we had organized over 23,000 small credit unions all across the country, each focused on creating economic opportunities from the grassroots up. The credit union motto was, and still is, “Not for profit, Not for charity, but for service. Consumer credit of provided first based on the character of the individual, than their capacity to repay, i.e. were they employed, and finally what collateral they might offer to secure their loan.

There are credit unions organized to serve our postal workers, schools, teachers, churches, unions, branches of our military, agricultural co-ops, company employees, and those living or working in a designated community. Credit unions have been organized to serve large families, those licensed to pursue a specific career such as doctors, dentists, steel workers, and electricians. We even tried to organize prostitutes working in Nevada. We organized the Door County Community Credit Union to serve anyone living or working in Door County, Wisconsin. Our original board of directors, supervisory committee, and credit committee was elected from law enforcement, our tourist industry, works at Bay Shipyard, members of the Door County Co-op, and those working in our real estate and insurance industry.

As the number of credit unions grew, many of the smaller credit unions formed services centers so they could hire paid professionals to expand credit union services, such as offering commercial and real estate loans. FYI, there are banks in the Caribbean who’ve organized credit unions to serve the special needs of those living in poverty and those living in high crime neighborhood.

I remember organizing a credit union in Boston’s inner city, in a neighborhood known for frequent burglaries, drug buys, and bank robberies. Vandals immediately stole the credit union’s sign and vandalized their property, that is until their parents sat them down and explained the difference between a credit union, i.e. a financial cooperative owned and operated by its members, and a bank. Not only did the vandalism stop, one gang brought back the sign and offered to paint out the graffiti. CUMIS, their fidelity bonding company, and my employer at the time got their money back. The credit union is now one of the largest and most successful credit unions on the east coast.

The point I make, is in America , we might need laws to hold ourselves accountable, but we don’t need laws that dictate what it means to be responsible. We might need laws to hold parents accountable for their child’s wellbeing, but we don’t need laws that dictate what it means to be responsible.

With the advent of the internet, new technologies and the need for increased member services, many credit unions needed to be merged and consolidated into larger, better capitalized financial institutions. For example, we merged our Door County Community Credit Union into the Pioneer Credit Union and now into the Capital Credit union to better serve its members. FYI, CUNA Credit Union was organized in the 1930’s to serve credit union’ officials who were not allowed to receive loans from their own credit union. Remember the credit union motto? “Not for profit, not for charity, but for service. Credit unions have gone that extra step to avoid any conflict of interest.

FYI, the original CUNA Credit Union has been merged many times, now being part of the Summit Credit Union, with headquarters in Madison Wisconsin, which is the home office and headquarters of the world

credit union movement (The Credit Union National Association (CUNA Inc.). CUNA Mutual and Affiliates, and the World Council of Credit Unions (WOCCU).

If our mission is to create the long term meaningful employment that'll stabilize family budgets, advance the quality and skills of our healthcare providers, and deliver cost effective, and affordable healthcare at the grassroots level, we'd be well advised to promote a shop America and buy local business strategy throughout the US credit union movement. .

If our mission is to reduce premiums, co-pays and deductibles over the long haul, we'd be well advise to use the US credit union movement as a vehicle to blanket market, settle claims, and spread risks across the country and around the world.

#17) How does Obamacare helps fund the terrorist' war chests? The Obama administration used not-vetted, not licensed, not-bonded, inexperienced volunteers to upload the insureds' personal and confidential information onto public unsecured servers.

There's considerable evidence Al-Qaeda and ISIS are actively phishing, pharming, and recruiting off less than secure websites. Pharming is when hackers redirect websites to sites under their control, while Phishing refers to the "social engineering" hackers do to obtain the names, passwords, social security numbers, birthdates, zip codes, etc., of their future victims.

Encrypted phishing and pharming scams play a major role in most identity thefts, criminal fund raising scams, internet marketing schemes, and extortions. Both tactics are used to extort, bribe, and coheres employees who hold sensitive jobs within our infrastructure, top secret positions within our government, or trusted responsibilities within our private sector. Both tactics are used to lure the ignorant, the naïve, and the emotionally confused on both side of the isle into inadvertently supporting their goals

It's not that we haven't been warned. It's because we've chose to ignore the chatter in terrorist' chat-rooms during the 2012 election. When asked, "should the US expect another 9-11 terrorist attack.? Al-Qaeda operatives, referring to Barack Obama said, "Why take out a tiger when we have a Sheppard so willing to lead his flock to slaughter."

FYI, during recall campaigns, it's a safe bet Al-Qaeda operatives were downloading signed petitions from our public records, linking names, zip codes, and signatures to social media accounts, and then phishing recruits from families of the disgruntled on both sides of the isle. From a risk management standpoint, are you willing to ignore the probability that, during the Wisconsin' recall elections, Al-Qaeda was not uploading signed petitions posted by the folks at "Verify the Vote. It's frightening to think how many college graduates seeking employment in companies holding government contracts are now targets of Jihadist advocates. Statistically, those most duped by political

#18) What's Workers Compensation (WC) insurance?

Let me explain WC insurance this way. Prior to WC, when employees were injured on the job, they often hid the injury fearing they'd be fired, or laid off. Employers often refused to pick up any doctor or hospital bills fearing they'd be setting a precedent that would force them to pay for other employee injuries in the future. Enter WC insurance. The premiums paid by the employer are based on so many cents per $100 of payroll paid to the employee. It's a win-win for both employee and the employer. The employee gets compensated for their injury or illness cause by their employment, and the employer get protected from setting a precedent. Note: From an underwriting standpoint, employees are categorized according to how dangerous their job might be. For example, clerical employees are classified 8810, while janitors are classified 9015. The premium for an 8810 employee is less per $100 in payroll than it is for an employee who's classified 9015.

So how might WC insurance help underwriters lower the premiums paid for other health insurance contracts? Considering how much of our lives are spent at work, it stands to reason, when the WC carrier is on the hook, other health insurance carriers experience lower losses. Lower loss, lower administration costs, and lower claim settlement expenses, all help lower premiums on all health insurance policies involved. Considering we're just entering an age when most if not all policy administration is being done electronically, it's safe to assume, we're going to experience lower and lower and lower costs and expenses when it comes to tracking fraud and dishonesty, or for that matter, managing risks yet to be created.

#19) Why plan for the worst case senario?

Did you ever wonder why they bring a ladder truck to a car fire? They bring ladder trucks to car fires, because every thing they need to fight any type of fire, is on the truck. You never know what you're going to find, or what might happen if you don't. It's called, being prepared for the worstcase senario. Years ago, a car fire meant you'd be dealling with a gas fire, one battery, and with luck, a one car accident. Today, cars run on a variety of fuels, and there maybe more than one battery to ignite a fire.

Years ago, you could just disconnect the battery and put the fire out. Today, disconnecting the battery may or may not solve your problem. And what do you do, if after you arrive, there's a mass-car pileup? All in all, it's best to allways plan for the worst case scenario.

For example: In New York, it's rumored terrorists have planted anthrax in Time Square as well as in high rise buildings throughout the financial district. In Arizona, employees working at two of our larger stock yards are suffering from lost muscle control, intensified memory loss, and muscle spasms. we'll target Variant Creutzfeldt-Jakob disease, the human-affecting form of mad cow disease (The loss of muscle control,

intensifying memory problems and muscle spasms) indicating terrorists have successfully infected one of our southwestern stockyards with mad cow disease. In West Virginia, we'll target Coal Workers' Pneumoconiosis (CWP), also known as black lung disease or black lung, caused by long exposure to coal dust. And in Wisconsin, we'll keep a straight face, and a close eye on the members of the nude ice fishing club, who are suffering from Pneumococcal disease caused by Streptococcus pneumoniae (pneumococcus). It's a Pneumococcal bacteria that's resistant to antibiotics and we fear the craze to go ice fishing in the nude is going to spread across the lake into Michigan.

Commented [R1]:

The point I'm trying to make is, we need to focus more on avoiding and reducing critical health risks than blindly paying claims, pointing fingers, and raising premiums. This alone will unite both side of the isle, and help us move away from socialized medicine and back to the freedoms we've given up to fear. The path I propose to cost effective and affordable healthcare is the path preferred on both sides of the isle. If you doubt it, talk to Joe Biden about his commitment to find a cure for cancer. While cancer affects everyone in the US, different cancers are more prevalent in the south than in the north, and Vis versa.

20) How do we manage our health risks, when they're all concentrated in one area (Concentration Risks)?
In South Korea, we face the risk of instant peace as well as instant war.

In 2005, I was hired to assess the risks threatening Korean Credit Cooperatives in South Korea, as well as the concentration of risks insured by Cuna Mutual Group on the peninsula. Cuna Mutual and the Korean Cooperatives worried about the impact instant peace would have on the South Korean economy. The economic disparage between South and North Korea was estimated to be 13 to 1. Meaning the South Korean economy was thirteen times more stable than the economy in North Korea. FYI: The economic disparage between West and East Germany was 5 to 1 when the wall came down. The economy of East Germany collapsed with the wall resulting in increased frauds, identity thefts, plastic and internet crimes, etc. Labor unions in Poland were especially hard hit and consequently concerned.



Korea is a beautiful country with mountains covering 75% of the land mass leaving 25% of the land mass for 100% of the population. At the time I did the risk assessment, Seoul was home to roughly 25% of their population. Seoul is roughly 120 miles from North Korea. Studies indicate the KPA (Korean Peoples' Army) could destroy or at least disable Seoul in a matter of hours. Considering a simultaneous attack on our west coast will overwhelm the majority of our combat assets west of the Mississippi, we'd be well advised to expedite our efforts to secure quality healthcare and insurance for our entire population, especially those living in our inner cities, no matter socioeconomic status might be.

FYI: The Department of Homeland security is promoting a national standard in the US that requires companies to have contingency plans that allow them to stand alone (provide their own security and support for their employee groups) for at least 72 hours. That would allow national and municipal resources to be

deployed to protect our national infra-structure. I recommended a similar standard be set for community credit cooperatives in Korea.

Unfortunately, instant war or peace is not the only risk we face. There is little doubt, ISIS has embedded terrorists not only deep within our infrastructure, but they now have domestic terrorists are well positioned to take out our population concentrated on the east coast while they poison much of our unprotected food chain centered in our southwest.

The action taken during and immediate action after any major life threatening incident such as massive flood, an out of control forest fire or terrorist attack will limit the damages and reduce our losses. FYI: more vital records are lost due to mold than fire and more lives are lost due to our failure to provide appropriate first aide and quality healthcare to the affected population.

#21) What's the difference between a credit union and a bank, or a "Mutual" Insurance Company and a stock owned company? Credit unions and "Mutual" Insurance Companies are owned and controlled by their members and policy owners, while stock companies are owned and controlled by their stockholders. The more we take ownership of and control over our healthcare decisions and policy options, the more likely it'll be we'll drive down the costs of our healthcare while driving up the quality of care we have access to when needed.

#22) What's the difference between a health insurance contract and a fidelity bond? An insurance contract is a two party contract. We purchase a health insurance policy from an insurance company, so when we suffer from an injury or illness the insurance company will "indemnify" us, or put us back a similar condition we were before the loss. A bond is a three party contract. For example, a credit union will purchase a fidelity bond so when an employee embezzles funds out of a members account, the bonding company will indemnify the member.

I bring this up, because in my opinion, we the taxpayers should purchase a bond from us the government, to indemnify we the taxpayers if the insured fails to purchase at least one nationally recognized health insurance policy. If we take this approach, all we need do is create cost effective and affordable insuring options. Clear as mud? You'll better understand after you read through operational period #3.

#23) Why can't we just raise premiums to cover pre-existing conditions? We can, but that's not fair to insureds who are young and health, or those who never get sick and if they do, chose not to seek medical attention. Obamacare premiums went through the roof, because insureds with pre-existing conditions represented 5% of earned premiums, yet they filed 50% of the claims paid. That's no way to run a railroad.

#24) Is Obamacare the illness or just a symptom of a much deeper national concern?

Our Founding Fathers warned us. *"Obamacare is only the tip of the iceberg."* It's the start of our slide away from a free democratic republic toward socialism. England's Prime Minister Margaret Thatcher warned us. *"The problem with European Socialism is eventually you run out of other people's money."*

Every U.S. President since the Great Depression has tried and failed to merge our U.S. free market health insurance industry into a government run form of socialized medicine. They fail, not because of their good

intentions, they fail, because the waste and inefficiency in federal one-size fits all healthcare can't compete in a free market, capitalist, private sector economy. Obamacare, like all the rest is destined to fail, because you can't force free thinking, independent, red-blooded Americans to blindly jump into one large national pool, no matter how many lies are told or government subsidies are offered. We all know, taxpayer pockets have never been, nor will they ever be deep enough to keep government managed healthcare pipedreams afloat.

Obamacare, like all the rest failed because there's little or no meaningful underwriting, while it ignores virtually all Risk Management (RM) principles and practices. Obamacare, for example, dumps everyone into one large national risk' pool, assuming everyone needs let alone wants to be insured. In the real world, older women seldom need or want maternity coverage, most Christians will refuse to pay for abortions, and faith-healers know they'll never need to see a doctor. Obamacare advocates assume, that by forcing everyone on board, eventually the law of large numbers will kick in and their ends will justify their means. That's just not how it works in the real world, let alone our free democratic republic.

Trivial litigation is a leading cause of high cost healthcare and insurance. We need a healthcare law that looks out for the best interest of the insured, while discouraging frivolous law suits filed simply to intimidate good doctors and hospitals into settling out of court. The healthcare laws we pass should impose significant consequences for the ambulance chasing law firms known for filing frivolous, often bogus law suits, filed only to intimidate insurers into settling out of court. This is particularly a problem for work-comp carriers, because companies, especially national chains like McDonald's will settle just to keep their name out of the nightly news.

Relax! We're not going to throw the baby out with the bathwater nor the Obamacare contract out with the law. Rather, for those who prefer Obamacare, we'll do our best to slow its skyrocketing deductibles, co-pays, and premiums, while we develop competitive, free market, cost effective and affordable alternative contracts to consider.

Thomas Jefferson nailed it, when he said: *"To compel a man to furnish funds for the propagation of ideas he disbelieves and abhors is sinful and tyrannical."* Yet that's precisely what the Obamacare law has done. It's the law, not the contract that forced us to purchase the only health insurance contract approved by our federal government, subsequently forcing us to fund abortions. It's the law, not the contract that deprives us the freedom to choose our own doctors, and the right to rule over our own healthcare decisions. It's the law, not the contract that imposed the largest tax increase in US history, turning 1/6 of our economy over to the whims of Washington. And, it's the law, not the contract that underscores the pitfalls of "socialized" medicine.

The longer the Obamacare law is on our books, the deeper we'll drive ourselves in debt, mortgaging the future for generations yet to be born. The longer we allow the Obamacare law to threaten our freedom, limit our independence, and dampen our liberty, the faster we'll be pushed down the slipper slide toward Socialism.

Obamacare has proven to be a big mistake for America. It fails to adhire to even the most basic risk management principles, ignores sound underwriting practices, and violates vertually every law of actuarial science we've used to guide our insurance industries for centuries. Consequently, if it's not quickly cured, it'll

continue to create enourmous risk for every man, women and child in America, erode the quality of our heathcare, and eventually bankrupt our economy.

Equally frustrating, it's destroyed our trust in those we sent to Washington, because seasoned polititians, on both sides of the isle, turned what would be a simple accademic challenge for our private sector insurance industry into a Washington style political nightmare.

Obamacare was doomed from the beginning. It was passed soley by the left side of the isle, without being read, nor given the time needed to realize the enormous risks they were about to create, the damage they were doing to our healthcare system, or the disruption they were about to cause in our free market health insurance industry.

It only became law after the Supreme Court ruled it the largest tax increase in US history, thereby turning 1/6th of our national economy over to the whims of the White House. It only survived efforts to repeal it, because a Democrat' controled Senate imposed the "neuclear option" to block any oposition. They than launched a rash of wavers, delayed mandates, extentions, and executive orders to delay any negative impact until after the 2016' elections. Fortunately, that didn't work!

It's time we wake up and fight back! We've been lied to, cooersed, and deceived by those in Washington who have neither the courage nore the will-power to restore our freedom of choice nor the God given right of self-determination.

Are all hands on both sides of the isle clean? Absolutely not. Far too many on both side have lacked the courage to reign in spending, cap our national debt, or make the tough calls necessary to right our economy, ensure our independence, and reclaim our right to "home-rule." Far too many have bent to the intimidation of union bosses rather than fight for what's in the best interest of union memebers.

It's time, no it's past the time we forgo the political correctness that's stiffeing our independence, while convincing far too many to accept a future of appathectic mediocraty.

The "home-rule" healthcare and insurance I propose takes us back to our future, reaffirms our commitment to the Home-rule doctrine, and pledges our allegiance to proven risk management methods, sound underwriting guidelines, actuarially sound contracts, cost efficient and effective group marketing, while spreading our healthcare risks and rewards through a network of national and international reinsuring agreements.

Where to begin? Students of Credit Union Risk Management! Review the history and evolution of the world credit union movement. That'll give you a course outline for "Home-rule Healthcare and Insurance – A Risk Management Cure for Obamacare. Allow me to start you with a short review of what you learned at CUNA Management Schools, chapter risk management workshops, and risk management presentations I made at state, national, international, and out to sea credit union conferences.

Credit unions are non-profit, volunteer financial cooperatives chartered to serve a defined "field of membership." We have credit union chartered to serve our police and fire departments, unions, teachers, churches, postal works, and each branch of our military. Navy Federal is one of our largest. By the 1980's the

number in the US credit unions had grown to over 23,000. From the beginning, they've provided risk management training through local chapters, state leagues, national associations and the World Council of Credit Unions (WOCCU). Since the 80's US credit unions have been going through mergers and consolidations in order to create the critical mass of capital needed to compete in an ever expanding economy. In the US, after forming the Credit Union National Association (CUNA Inc.), credit union leagues chartered the CUMIS Insurance Society, to provide blanket fidelity bonds featuring no deductibles coverage and premiums based on asset size so even the smallest credit union could compete in a growing economy.

In the US, the Credit Union National Association (CUNA Inc.), chartered in 1934, launched CUNA Mutual (1935), a life and health insurance company so credit union could offer Loan Protection (LP) and Life Savings (LS) insurance to every credit union member in the United States. In the beginning, the credit union paid all premiums. When a member died, Loan Protection insurance paid off all outstanding loans, giving rise to the slogan, "The Debt Shall Die with the Debtor." All Life Savings (LS) premiums were also paid by the credit union. When a member died, Life Savings insurance matched what the member had in their savings account. And in 1960, CUNA Mutual formed CUMIS, Inc. to provide the no deductible blanket bonds for all state and federal chartered credit unions in the US. In that credit union board, supervisory, and credit committee members are all volunteers, CUMIS fidelity bond premiums were paid for by the credit union.

I'm America' proud and confident our US credit union movement is better positioned, than any other organization, anywhere in the world, anytime in history to strengthen family' budgets, stabilize local economies, restore lost confidence in our democracy, as it mass markets cost effective and affordable healthcare and actuarially sound, nationally recognized health insurance contracts.

The Risk Management (RM) cure is a "method of management" that involves three distinct steps (Identify, Measure and Control). In step #1, we'll "identify" all of our health risks. In step #2 we "measure" the predicted frequency and potential severity of our loss, should the risks occur. We measure risks so we can focus on those that are most important. Finally, in step #3, we use five control tools (Avoid, Reduce, Spread, Assume, and Transfer) to reduce our losses and in turn cut the cost of our healthcare and insurance.

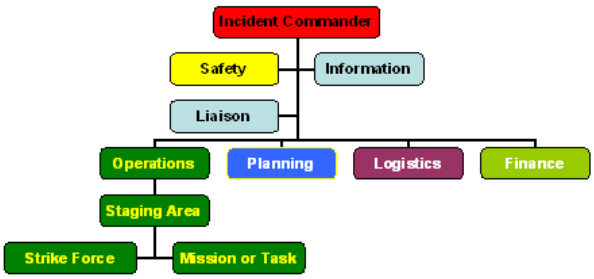
Author's Note: *Remember! Insurance is the fifth risk management control used to transfer the health risks we can't avoid, reduce, spread, or assume. The reason socialized medicine fails is Socialists use it as a one stop cure all, tax funded solution to their healthcare needs. That's why, England's Prime Minister Margaret Thatcher warned: "The problem with European Socialism is eventually you run out of other people's money."*

When responding to any large scale, life threatening event, law enforcement, fire fighters, first responders, and homeland security personnel all use the Incident Command System (ICS) to deploy in three operational cycles or "periods." During Operational Period #1 (OP#1) they take control and order in assets they'll need at the scene. During Operational Period #2 (OP#2), depending on the size, scope, and potential for "scope-creep," they'll order up a "unified" command and set up staging area for assets to be held until needed. OP#2 usually last up to three days (72 hours). If the incident hasn't been fully resolved after the third day, they'll move into Operational Period #3, which can last for weeks, even months and years. When it comes to our healthcare risks, we've had pandemics that have lasted for decades.

#25) Before we move into Operational Period #3, can you offer a general overview of our mission?

I named the replacement for Obamacare "Home-Rule Healthcare and Insurance," because every healthcare decision and every decision to purchase health insurance, is made by the head of the household. If we're going to once and for all find cost affective and affordable healthcare and insurance, we're going to have to:

- Repeal and replace the law. The new law should focus on a requirement that all citizens be insured, all insurance representatives by licensed and bonded, all insuring companies be adequately capitalized, and all contracts be actuarially sound and financially profitable
- Launch a "Home Rule Healthcare and Insurance," initiative that's controlled by the grass roots, driven by the US credit union movement, and regulated by state, and governed by our constitution
- Deploy healthcare' missions immune to political sabotage, supported by pre-approved mission' statements, and launched to serve the healthcare needs of those most vulnerable to financial ruin.
- Return to our future with a reengineering of our health insurance industry, a renewed commitment to our veterans, and a positive attitude
- Launch a unified command focused on rooting out fraud, dishonesty, and frivolous law suits from our U.S. healthcare system and health insurance industry.
- Teach the Incident Command System (ICS) and launch three operational periods following Maslow's Hierarchy of Needs. The first operational period should focus on physiological and belongingness needs, the second on recovery, and the third on long-range reconstruction of our U.S. healthcare and insurance industries.



OPERATIONAL PERIOD TIMELINE

  - Operational Period #1 (first three months): Focus on repealing the law, managing the trauma created by Obamacare and indemnifying, i.e. putting U.S. citizens/victims of Obamacare back in the same or similar position they were prior to the law. This period allows time for insurance companies to rehire personnel, file and reissue policies, and honor claims filed during the Obamacare gap. Note: Government subsidized reinsurance should be used when reinstated policy loss ratios exceed 85% of revenue earned.

- Operational Period #2 (First six months): Focused on salvaging Obamacare assets, to include taxpayer investments in the government website. And, reengineering the website to be a brokerage site navigating the uninsured to licensed agents in the private sector.

    - During Operational Period #2, We'd create a consortium of U.S. chartered banks, credit unions, and health insurance companies to focus on "spreading" and "transferring" healthcare risks into an international reinsurance pool.

    - Each State should be represented by two "experienced" risk managers, two health insurance underwriters, and two experienced actuaries, required to meet annually to benchmark the U.S. healthcare and insurance industry' goals and objectives.

      (Their primary goal is to provide affordable healthcare to every U.S. citizen from conception until death. Written benchmark reports should be submitted to Congress annually; accompanied by Strategic Action Plans (SAP), written to influence U.S healthcare and health insurance mission statements for the coming year.)

- Operational Period #3 (First 24 months): *The goal is to create actuarially sound pools featuring reasonable deductibles and caps geared to losses paid from the pools. While the pool may need government subsidies in the beginning, over time consortium goals should be to make reinsurance pools actuarially sound and supported exclusively by the private sector.*

#26) What does it mean to SPAR? With few exceptions, credit union board of directors, supervisory and credit committees, chapter and league meetings, as well as most national and international credit union functions all start with a short prayer. Most ask God to bless those in attendance, the business about to be conducted, and the members at home who've fallen on hard times. SPAR stands for Stop and Pray. Assure yourself you understand both sides of each argument, and Rest assured you don't have all the right answers. Nobody does!

You're now be ready for the final operational period. Get ready for a cultural shift. As shift from viewing the cost of your healthcare and insurance as an expense to viewing both as an investment in your future.

Authors' Note: *The major differences between the Obamacare contract and Home-rule contracts are: Home-rule contracts afford coverage from conception until natural death, replace abortion coverage with adoption coverage, and offer abortion coverage by endorsements. Home-rule contracts offer coverage for pre-existing conditions via separately underwritten endorsements. After two to three years of uninterrupted coverage (under a nationally recognized, actuarially sound policy), pre-existing conditions are phased into the basic contract. Once covered under any Home-rule contract, pre-existing conditions are potable as long as coverage remains uninterrupted.*

Clear as mud? Have faith? If you don't choose to have faith in God, put a little faith in your fellow Americans. You'll be happy you did! All we really need do is get the government out of the way and stop dumping all risks into one large, unmanageable pool. While insureds with pre-existing conditions represented 5% of earned premiums, they resulted in 50% of the claims paid. That's no way to run a railroad, no matter who's in the White House.

FYI, the "Home-rule" cure for Obamacare I propose reinsures excess losses back to the government, which in affect safeguards insurance companies from going bankrupt. When they go broke, we all lose. Instead of our taxes subsidizing the cost of insurance on the frontend, they're used to bailout the insured, after all other risk management efforts they've tried have failed.

Most important, the Home-rule cure for Obamacare puts the insureds, not the government, in control of all healthcare decisions, as well as decisions to purchase the health insurance contracts of their choice. That's how we do things in Wisconsin. That's how we do things in America.