

Loose Change | Reliance workers need advocate, too

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As the Pennsylvania Insurance Department tries to collect hundreds of millions of dollars from ex-executives of Reliance Group Holdings Inc. and their insurers to help pay the failed company's claims, some ex-Reliance workers in Philadelphia are wishing the state had an advocate for them.

(Reliance Group is not related to Reliance Standard Life Insurance Co., a profitable Philadelphia health insurer.)

When Reliance sold its Commonwealth Land Title Insurance Co. arm to LandAmerica Financial Group Inc. four years ago, many of the 4,000 Commonwealth workers had their 401(k) retirement money invested in Reliance stock, says Jim DiStefano, vice president at Commonwealth successor LandAmerica (and no relation to this writer).

Workers below age 55 were barred from selling the stock. They could have traded it for LandAmerica shares; some did. "But a lot of us had faith in [Reliance] and kept it there," said Commonwealth veteran Jim Sindoni, now head of LandAmerica's Pennsylvania arm.

Reliance shares peaked in 1998 at nearly \$20 per share. "When it went south, so did six figures of my money," said Sindoni. "I lost \$100,000."

Sindoni's story isn't unusual, according to DiStefano. "We recognize that Pennsylvania consumers have to pay [higher] premiums to make [ex-Reliance] policyholders whole," he said. But "that experience pales in comparison to the real losses suffered by literally thousands of people who were relying on those moneys for their retirement."

Reliance retiree James P. Little Jr. of Mount Laurel also lost part of his savings in the company's collapse. But he is most concerned about the cancellation of Reliance's drug plan last spring by the Insurance Department, which is liquidating Reliance's insurance assets. Little says he is now scrambling to pay his diabetes and heart drugs plus the

\$3,000 he needs each month for medicine for his wife, Donna, 48, who has multiple sclerosis.

Under state law, Little can get his health benefits back only if Pennsylvania can first pay off the claims of Reliance's policyholders, said department spokeswoman Rosanne Placey.

Little faults the department for not doing a better job "protecting citizens" like his family from Reliance's failure.

Also left in the lurch, at least for now, is Terry Gawlinski, one of 340 unlucky Reliance workers whose severance pay was canceled by the state Insurance Department because they happened to lose their jobs in the months just before the state takeover.

Gawlinski says it is ironic that the department is now accusing Reliance's board of wrongfully paying dividends to the ex-chairman, Saul Steinberg. It was the department that "gave the green light to put this money into Saul Steinberg's hands" by not objecting sooner, Gawlinski says.

A bill to restore the severance, sponsored by State House Majority Leader John Perzel (R., Phila.), is currently stalled in committee.

Brokerage complaints

Among the nation's biggest brokerage firms, Prudential Securities, Ameritrade and US Bancorp Piper Jaffray were most likely to be named in customer complaints to the National Association of Securities Dealers, while Fidelity Brokerage, Credit Suisse First Boston and Edward D. Jones provoked the fewest, according to a four-year survey of National Association of Securities Dealers data by Florida-based Weiss Ratings Inc.

From 1997-2001, Pru, Ameritrade and Piper were each cited for more than 60 complaints for every million customers; at Jones, CSFB and Fidelity, the rate was less than 10 per million.

The report did not track arbitrators' findings or payouts.

Ace climbers in Africa

Gregory Kelder, 41, who normally labors as an assistant vice president in the claims department of Ace INA's Philadelphia headquarters office, wasn't in Center City for the fireworks July Fourth.

The Devon resident and Rutgers-trained lawyer was in Africa, planning a holiday ascent of 19,000-foot Mount Kilimanjaro in Tanzania as part of an expedition of Ace workers committed to raising \$250,000 for the Isis Foundation, a health charity for children in Africa and Asia. That foundation is based - like Ace parent **Ace Ltd.** - in Bermuda.