

TERROR COVER: Insurers adapt policies to changing modes of attack - PAGE 4

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Terrorism insurance market adapts

BY MATTHEW LERNER

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The terrorism insurance market is evolving, and demand for coverage is changing as terrorists adapt their tactics and modes of attack.

Insurers in the stand-alone terrorism market, which previously had concentrated on property coverage for large single events, are now offering a variety of coverages, including contingent business interruption and active assailant insurance, and the range of policyholders buying the coverage is expanding, insurers and brokers say. In addition, capacity is increasing, and some sources expect prices to rise, too.

Stand-alone terrorism insurance is a policy providing coverage for an act of terrorism that is not part of the federal backstop program (see related story).

"I would say the conversation may have changed a bit," said Wendy Peters, executive vice president of financial solutions-terrorism and political violence for Willis Towers Watson P.L.C. in New York. "The dialogue has changed to some of the more current events, which have shown a tendency to move from mass casualty events to using weapons like a truck, which is something we hadn't contemplated until Nice two years ago."

There have been several recent attacks involving motor vehicles or knives, including in August when a van plowed into a crowd in Barcelona, killing 13 and injuring more than 130; the 2017 knife and van attacks in London; and the July 2016 truck attack in Nice, France, which killed 86 and injured 458.

Over the past 12 to 18 months, interest has grown in specialty products such as loss of attraction coverage, which offers contingent business interruption protection, said Chris Parker, political violence kidnap and ransom underwriter, political accident and contingency, at Beazley P.L.C. in London. "We're seeing an awful lot of inquiries for that and clients buying that cover."

A traditional stand-alone property terrorism policy has a physical damage trigger, but loss



REUTERS

Floral tributes near the scene of an attack in London in June 2017. The attack was one of several in recent years where attackers have used motor vehicles and knives.

of attraction coverage for lost income/revenue may be related to causes such as a lack of access without damage to a policyholder's property, Mr. Parker said. "Clients are seeing that as the area where they can have potentially more exposure than a terrorism attack directed at them," he said.

The shift in attacks has also attracted a wider variety of insurance buyers, said Ben Tucker, head of U.S. terrorism and political violence insurance for XL Group Ltd. in New York. "We would not have expected to see churches and schools two years ago, but we're seeing lots of those types of occupancies today," he said.

Such clients may be interested in more recently introduced coverages, such as active assailant coverage, but buy a package that also includes stand-alone property terrorism coverage, Mr. Tucker said. "When we looked at the actual numbers recently, about 75% of the active assailant policies we write are as a sub-limit to a terrorism policy," he said.

In early September, Hiscox Ltd. released its R5 package of terrorism insurance coverage. "If someone comes to us and wants traditional terrorism and sabotage, we will give them a

quote for that and can also include an option to add on active shooter or nuclear" or another coverage, said Jennifer Rubin, vice president for war, terrorism and political violence for Hiscox in New York. Customers are biting, "especially the active shooter component," she said. "The terrorism product end market has evolved as a result of the activity that we've seen with attacks in the past couple of years," Ms. Rubin said, adding that submissions are up 20% over this time last year.

Capacity in the stand-alone terrorism insurance market tops out at about \$4 billion per risk, sources say. However, capacity is more limited for significant exposures in tier 1 cities such as New York, Chicago and San Francisco, mainly due to risk concentration concerns.

"People throw around numbers between \$3.5 billion and \$4 billion of global (sabotage and terrorism) market capacity," said Mark Leverick, U.S. property terrorism leader for Aon Risk Solutions in New York.

The maximum capacity available for New York City was long thought to be around \$1 billion, but it appears to have risen.

"We just went through an exercise in New York to try to put together the maximum amount of capacity on a specific project, and the market topped out at about \$1.5 billion," Willis Towers Watson's Ms. Peters said.

Pricing for terrorism coverage may see increases, sources say. Record industry catastrophe losses, estimated by Swiss Re Ltd. to be in excess of \$130 billion for 2017, may lead to some firming even in markets without losses, possibly including terrorism.

"All insurance companies evaluate their pricing based on their current book of business and spread increases over multiple lines. Terrorism may be caught in that overall uplift effort," said Tarique Nageer, terrorism placement and advisory practice leader for Marsh USA Inc. in New York.

GROUNDWORK BEGINS FOR TRIA RENEWAL

With the federal terrorism insurance backstop program set to expire at the end of 2020, insurers and brokers are beginning to consider steps to take should any changes occur.

In November 2002, President George W. Bush signed into law the Terrorism Risk Insurance Act. The program was extended three times, most recently in January 2015 under the Terrorism Risk Insurance Program Reauthorization Act, which extended the backstop until Dec. 31, 2020.

"It's definitely on our minds," said Jennifer Rubin, vice president for war, terrorism and political violence for Hiscox Ltd. in New York. "When we're writing multiyear deals now, we have to take that into consideration. Of course, no one knows what will happen, but we're putting things into place now so that if it were to go away, our policies would respond."

Policyholders with longer-term projects must make sure they are covered.

"It's just started to get some attention, mainly now in the construction industry for large infrastructure-type projects or for any project running through the expiration of TRIA," said Ben Tucker, head of U.S. terrorism and political violence insurance for XL Group Ltd. in New York.

Any extension of the backstop program could include changes to the terms of the coverage.

Mark Leverick, U.S. property terrorism leader for Aon Risk Solutions in New York, said he thinks TRIA will be extended rather than allowed to expire in 2020, but "that doesn't mean to say there won't be a different mechanism or different methodology."

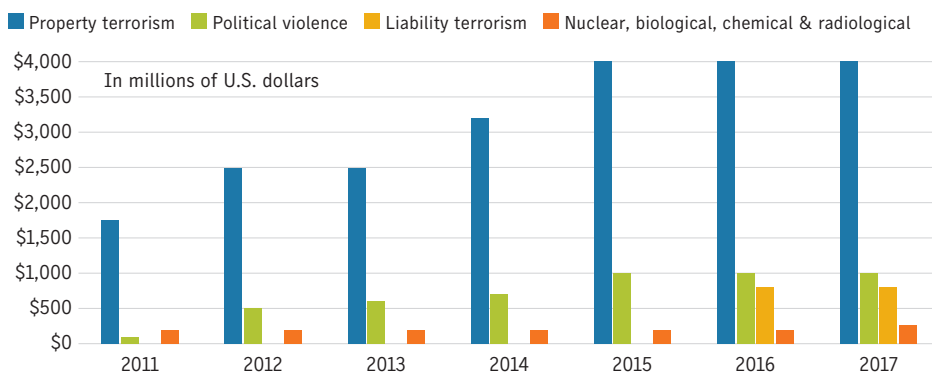
One variable yet to play out is the U.S. midterm congressional election in November.

"It is being discussed, but in terms of having a real view, I think we need to get past the 2018 elections," said Tarique Nageer, terrorism placement and advisory practice leader for Marsh USA Inc. in New York.

Matthew Lerner



TERRORISM MARKET CAPACITY



Source: Willis Towers Watson P.L.C.



DECISIONS OFTEN SIDES WITH COMPANIES

Court rulings on the issue of whether employers must permit undefined and/or extended leaves of absence differ.

In the “con” category is *Raymond Severson v. Heartland Woodcraft Inc.*, in which the 7th U.S. Court of Appeals in Chicago held in its pro-employer September ruling that “a multi-month leave of absence is beyond the scope of a reasonable accommodation under the (Americans with Disabilities Act).”

In October, the 7th Circuit again ruled in the employer’s favor in *Marytza Golden v. Indianapolis Housing Agency*, in a case where the doctor of a worker suffering from breast cancer could not say when she would be able to return to work.

Other courts that have issued pro-employer rulings include the 11th U.S. Circuit Court of Appeals in Atlanta, which held in its October ruling in *Roderick Billups v. Emerald Coast Utilities Authority* that an employee with an injured shoulder was “essentially requesting indefinite leave.”

In addition, in *Grace Hwang v. Kansas State University*, a 2014 ruling written by future U.S. Supreme Court Justice Neil Gorsuch, the 10th U.S. Circuit Court of Appeals in Denver said the answer to the question of whether employers must offer more than six months’ sick time “is almost always no.”

However, in its May ruling in *Echevarria v. AstraZeneca Pharmaceutical L.P.*, the 1st U.S. Circuit Court of Appeals in Boston ruled against an employee who asked for 12 months of leave in addition to the five months she had already taken, but also held that extended leaves of absence can be a reasonable accommodation if they are “facially reasonable.”

Meanwhile in September, the U.S. Equal Employment Opportunity Commission filed suit in *EEOC v. Blood Bank of Hawaii*, stating the Honolulu-based blood bank’s “rigid” maximum leave policy limited employees to the 12 weeks required provided by the Family and Medical Leave Act.

Judy Greenwald

Leave ruling favors employers

BY JUDY GREENWALD

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A significant appeals court ruling that says employers are not obligated to provide indefinite leave under the Americans with Disabilities Act offers a welcome relief to employers within the court’s jurisdiction.

But the ruling in *Raymond Severson v. Heartland Woodcraft Inc.* does not comply with the U.S. Equal Employment Opportunity Commission’s position and disagrees with other courts, say experts, who believe the issue may ultimately be considered by the U.S. Supreme Court.

“The ADA is an antidiscrimination statute, not a medical leave entitlement,” says the Sept. 20 ruling by the 7th U.S. Circuit Court of Appeals in Chicago, which involves a worker who sought additional leave beyond the 12 weeks available under the Family and Medical Leave Act to recover from back surgery (see sidebar). “A long-term leave of absence cannot be a reasonable accommodation.”

The issue of administering leave has been a challenge for employers because of the uncertainty it creates as to when the employees will return to work, experts say.



“The EEOC has long taken the position that a long-term leave of absence is an appropriate, reasonable accommodation, and they have leveraged very significant actions and settlements on this theory,” he said. “This is a direct refutation of the EEOC’s position” and a coup for employers, said Mr. Pearlman. The EEOC filed a brief supporting Mr. Severson in the 7th Circuit case.

The ruling distinguishes between accommodations that permit the employee to return to work and perform the job’s essential functions versus those that “essentially excuse the employee from doing any work,” and is a welcome ruling for employers who struggle with this issue, said Rufino Gaytán III, an associate with Godfrey & Kahn S.C. in Milwaukee.

“It paves the way for other courts to now follow in the 7th Circuit’s footsteps,” and says it agrees that months of leave of absence “may not be a reasonable accommodation,” said Ms. Causgrove. “Over the next few years, we could see more circuits turning to this case in particular.”

“It changes the dynamic,” and in at least some jurisdictions means employers will be able to analyze the issue from a different standpoint,” said David J. Rowland, a partner with Seyfarth Shaw L.L.P. in Chicago.

The EEOC’s position remains an issue, though.

“The EEOC’s been very aggressive about attacking any employer policy” that says a worker’s leave can be terminated at any fixed point in time, said Frank C. Morris Jr., a member of law firm Epstein Becker Green L.L.P. in Washington.

“While the EEOC doesn’t have guidelines as to how long the leave must be, there have been cases in the past where several months and even close to a year and beyond has been considered a reasonable accommodation,” Ms. Causgrove.

Sage Knauff, a partner in Orange County,

California, with WFBM L.L.P., which does business as Walsworth, said the EEOC’s position may change now that it operates under a Republican administration, but we “just don’t know how fast” that may happen. “It’s been ingrained for so long that I don’t know it’s something that’s going to change on a dime,” he said.

The decision also “leaves open the question of what happens if you have intermittent time off for a short leave — what if it’s a couple of days or a couple of weeks?” said Mr. Pearlman.

“Eventually, it’s going to percolate to the Supreme Court,” said attorney Michael Soltis, a Ridgefield, Connecticut-based solo practitioner.

Observers say there may also be state and/or local laws that set different standards than the 7th Circuit’s. The rule is likely pre-empted, for instance, in California, where “disability discrimination claims aren’t even filed under the ADA because the state law is so strong and employee-friendly,” Mr. Knauff said.

Michael Starr, a partner with Holland & Knight L.L.P. in New York, said he advises employers to consider permitting longer leaves of absence as an accommodation, “but to manage it very carefully so it doesn’t become burdensome.”

Mr. Soltis said he has advised employers for years that if employees are still unable to return to work at the end of their leave because of a medical issue, their approach should be: “Come see us and we’ll have a discussion.”

Experts also note that, in some cases, alternatives to time off such as light duty could satisfy both employer and employee.

Transfer to a vacant position or light duty “can be an accommodation,” said Brian L. McDermott, a shareholder with Ogletree, Deakins, Smoak & Stewart P.C. in Indianapolis.

MAXIMUM LEAVE POLICIES

The U.S. Equal Employment Opportunity Commission says:

- Employers can have policies that set a maximum amount of leave, but may have to grant additional leave to employees who require it because of a disability.
- The Americans with Disabilities Act requires employers to make exceptions to their maximum leave policies in order to provide a reasonable accommodation.
- Policies do not have to be modified as a reasonable accommodation if it causes the employer undue hardship.

Source: Employer-Provided Leave and the Americans with Disabilities Act, U.S. Equal Employment Opportunity Commission.

This is particularly true for employers with workers in multiple states who are faced with the tasks of requesting medical documentation, updating files as they keep track of when employees can return to work and determining whether they need to hire temporary or permanent replacements, say experts.

Employers have been left “struggling to fill positions left temporarily vacant without knowing when is the right time to say ‘OK, it’s an undue burden,’” said Jessica D. Causgrove, an associate with Fisher & Phillips L.L.P. in Chicago.

“This is a very significant ruling — not just in the 7th Circuit, but it has reverberations around the country,” said Steven J. Pearlman, a partner with Proskauer Rose L.L.P. in New York.

Cyber risks crowd the friendly skies

BY ROB LENIHAN

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As airlines become more connected to the internet, insurance and risk management experts warn they are becoming more exposed to cyber risk.

Deborah Lee James, former secretary of the U.S. Air Force, warned that “at present, there is an absence of clear or strong foundations in aviation cyber security to adequately prepare for and counter emerging threats across aircraft, unmanned aircraft systems, air traffic management, airports and their supply chains,” according to a report released last month by the Washington-based Atlantic Council’s Brent Scowcroft Center on International Security, which provides security analysis.

Potential cyber risks come at a time when air travel is booming. In February, the International Air Transport Association said full-year global passenger traffic in 2016 jumped 6.3% over the previous year as 3.7 billion people took to the skies. The passenger list is expected to grow to 7.2 billion by 2035, the association said.

“Every bit of technology that every airline uses is under constant threat,” said Bob Parisi, New York-based cyber product leader for Marsh L.L.C. “Large companies are starting to view cyber risk as a strategic risk, as an enterprise risk, and it’s something they need to manage. It’s not something they can just simply buy a new piece of technology for. It’s part of their operational day-to-day thinking.”

Steven Anderson, Dallas-based vice president and product executive for privacy and network security with QBE North America, a unit of Australia’s QBE Insurance Group Ltd., said airlines are more exposed than other businesses “because they have so many target points, whether it’s procurement, maintenance, operations.”

Pilots now carry tablets rather than the old-time flight bags that carried charts, operational manuals and other items, Mr.



Anderson said. “Makes sense, right? But that’s more exposure. They have to have access to a network, that’s another device that someone can break into. The commercial airlines now have in-flight entertainment systems, WiFi, so that anything from the movies that are being streamed to the wireless we have, that’s another access point that commercial airlines didn’t have to deal with 10 years ago. And now they’re having to deal with it,” he said.

Steve Bridges, Chicago-based senior vice president for the cyber and errors and omissions practice, with JLT Specialty USA, a subsidiary of Jardine Lloyd Thompson Group P.L.C., said commercial airlines face a twofold cyber threat.

“One is the data breach threat,” Mr. Bridges said. “Commercial airlines have lots of personally identifiable information, credit card numbers, etc., of their passengers. Like any retailer, they have that threat of a hacker getting into their systems, stealing that information, and all the costs and losses that would arise out of a data breach. And given the amount of data they have, that’s a big issue for them.”

The other big risk is the attack that leads

to a system outage such as denial of service, or ransomware, where airlines cannot operate for a period of time, Mr. Bridges said.

“They’ve got all sorts of lost-revenue issues,” he said. “They can’t fly their planes for a period of time, they lose the revenue during that period of time, they’ve got incredible amounts of extra expense, baggage fees, putting people up in hotels, moving planes — so their business interruption loss exposure is also really big.”

Airlines are also dependent on other organizations’ technology, such as global distribution systems for bookings, said Jamie Monck-Mason, London-based

executive director of cyber and technology, media and telecommunications at Willis Towers Watson P.L.C. “If you’re an airline,” he said, “all of your bookings one way or another are going to come through a global distribution system, which is a software system. There are only a handful of companies that provide this system.”

Mr. Monck-Mason stressed the importance of cyber security as a cultural issue with companies. “What is so important is making sure that people feel senior management is buying into that whole process so that it is part of the culture of the organization as a whole,” he said. “It’s something cyber insurers are increasingly aware of and increasingly interested in.”

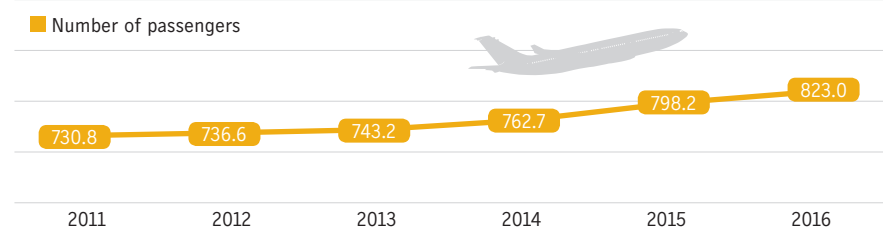
In September, Geneva-based information technology company Société Internationale de Télécommunications Aéronautiques released its Air Transport IT Trends Insights 2017 report, which said that airlines around the world will spend a total of \$24.3 billion, or 3.3% of their revenue, on IT in the current calendar year.

SITA said 95% of airlines and 96% of airports plan to invest in major programs or research and development on cyber security initiatives over the next three years.

“It’s a heightened awareness by the boards,” Mr. Anderson said. “It’s heightened awareness by CEOs, it’s heightened awareness by risk managers, and we’re seeing that in the submissions we get and the large commercial airlines that we look at.”

ANNUAL PASSENGERS ON ALL U.S. SCHEDULED AIRLINES

Domestic and international (2011-2016), in millions



Source: U.S. Department of Transportation’s Bureau of Transportation Statistics

AIRCRAFT CYBER RISKS SEEN AS LOW BUT POTENTIALLY CATASTROPHIC

A reported incident of a Boeing 757 being hacked has raised concerns about the vulnerability of planes to cyber attacks, even though risk management experts believe the risk is relatively low.

During the November CyberSat17 Conference on security in aerospace in Tysons Corner, Virginia, Robert Hickey, aviation program manager at the Cyber Security Division of the U.S. Department of Homeland Security’s Science and Technology Directorate, was quoted as saying he had remotely hacked into a narrow-body twin-engine jet airliner in 2016. While not going into details for security reasons, news accounts said Mr. Hickey said his team gained access

into the aircraft through the 757’s “radio frequency communications.”

A DHS spokesman said in an email that “while certain details of the assessment remain classified, the comments made during the 2017 CyberSat Summit lack important context, including an artificial testing environment and risk reduction measures already in place.”

“Along with our federal and industry partners, DHS takes aviation cyber security seriously and works with both researchers and vendors to identify and mitigate vulnerabilities in the aviation sector,” the spokesman said.

In 2015, the U.S. Government Accountability Office said the Federal

Aviation Administration “has taken steps to protect its (air traffic control) systems from cyber-based threats.” However, “significant security-control weaknesses remain that threaten the agency’s ability to ensure the safe and uninterrupted operation of the national airspace system,” the GAO said in its report. “FAA has agreed to address these weaknesses.”

The Boeing 757 is no longer in production, though many are still in service. Chicago-based Boeing Co. said in a statement that “we firmly believe that the test did not identify any cyber vulnerabilities in the 757, or any other Boeing aircraft.”

Steve Bridges, Chicago-based senior

vice president of the cyber and errors and omissions practice with JLT Specialty USA, a subsidiary of Jardine Lloyd Thompson Group P.L.C., said hacking into an airplane is something that’s “more theoretical than in practice.”

“We’ve seen white hat hackers go and prove they can get into a system,” Mr. Bridges said, “so in theory, yes, it could happen. When you think about the result, the losses are horrific. I’m sure the manufacturers and the airlines are doing everything they can to address that issue, but it’s a lot of work because it’s probably not something they considered years ago when these systems were built.”

Rob Lenihan

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Space close - 11/21
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More safety penalties set for review

BY GLORIA GONZALEZ

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The Occupational Safety and Health Review Commission may be ready to tackle some of the toughest workplace safety issues now that it has three commissioners after years of being short-staffed.

The lack of a full panel created a litigation backlog that has frustrated employers' efforts to resolve contested citations and proposed fines from the U.S. Occupational Safety and Health Administration in dozens of major cases.

But following Senate confirmations earlier this year, employer representatives are looking to the review commission to provide critical guidance on the applicability and scope of OSHA's authority in several areas, particularly its use of the general duty clause to cite employers and its process safety management, or PSM, program.

The review commission has been without a third commissioner 71% of the time during the five-year period starting with fiscal year 2013, according to its draft strategic plan, on which comments were due Nov. 17. A short-handed review commission is a major challenge because affirmative votes of two commissioners are needed to decide a pending case. But even with two commissioners, it can be more difficult to reach an agreement to dispose of a pending case, as both must agree on all the issues.

That could change following the Aug. 28 swearing in of James Sullivan, who had 37 years of experience representing employers in labor, employment and occupational safety and health law issues. This followed the nomination and confirmation of Heather MacDougall, a 20-year veteran in representing employers in labor,



employment and occupational safety and health law, to chair the commission. Cynthia Attwood, nominated by President Barack Obama in 2009, is the third commissioner and had previously served in multiple positions at the U.S. Department of Labor.

Thomas Wilson, a Houston-based partner in the labor and employment practice of Vinson & Elkins L.L.P., said he hopes the new commissioners, given their practitioner backgrounds, will focus on adding as much clarity as possible to the interpretation of OSHA standards and regulations so employers are able to comply "without playing a guessing game."

"When you don't know how a standard is going to apply, it's difficult to do the right thing when it comes to compliance," he said.

However, employers should not assume that future decisions will be in their favor, even with Mr. Sullivan on board, legal experts say.

"While we expect every decision to be made in an objective fashion, I think that employers can know there is somebody on the panel that

may have argued and looked at these decisions before from the perspective of the employer," said Punam Kaji, a Dallas-based attorney in the labor and employment and OSHA practices of Haynes and Boone L.L.P. "(But) I don't think it's advisable for us to take for granted that because we now have someone with an employer-friendly resume on the panel that we are guaranteed to get more employer-friendly outcomes."

Employers and their representatives will be watching how the review commission weighs in on OSHA's use of the general duty clause, which the agency has increasingly relied on to cite employers in the absence of OSHA standards covering particular risks. For example, the review commission will consider the agency's use of the general duty clause in one case where an employer was cited for an employee drowning during a sea lion training exercise, and another in which a 24-year-old social service coordinator was stabbed to death by a mentally ill client.

"I've had a number of fights with

OSHA over (the general duty clause's) application because I've had some circumstances where something happens and, yes, it's a tragedy, but it's not something that was either necessarily foreseeable or such a hazard that it really should be addressed in terms of this type of citation," Mr. Wilson said.

The review commission is also expected to decide a case that could strengthen or weaken OSHA's efforts to expand the scope of its process safety management program — a case that arose out of a 2012 incident at an Oklahoma refinery in which a boiler exploded, killing two employees. In *Secretary of Labor v. Wynnewood Refining Co. L.L.C.*, an administrative law judge held that a boiler that was not itself a PSM-covered process was still subject to the standard based on an expansive theory of interconnectivity to covered processes, according to Katie Bennett Hobson, Austin, Texas-based associate with Katten Muchin Rosenman L.L.P.

Under the Obama administration, OSHA had a stronger enforcement posture than some previous administrations, so the review commission's guidance on the scope of the agency's authority is crucial, legal experts say.

"It wouldn't be surprising if OSHA under (President Donald) Trump was less interested in the enforcement side," said Ilana Morady, a San Francisco-based associate at Seyfarth Shaw L.L.P. "I think OSHA was just very active in the past years, issuing a lot of citations, and then you had a lot of employers contesting those citations. OSHA still seems to be in full force these days, but it's possible in the next few years that the agency might stop issuing as many citations, or citations might get resolved more easily at the informal conference level rather than having to litigate."

GRIDLOCK

The Occupational Safety and Health Review Commission has been dealing with a stubborn backlog of pending cases involving contested citations and penalties issued against employers by the U.S. Occupational Safety and Health Administration — with the oldest case directed for commission review in November 2011.

Total cases pending before the review commission at the end of each year

2017*

29

2016

27

2015

35

2014

32

2013

38

*November was the last month for which data is available

Source: Occupational Safety and Health Review Commission

EMPLOYERS CONTEST SAFETY CITATIONS FOLLOWING INCREASE IN FINES

The U.S. Occupational Safety and Health Administration's increased penalty structure is contributing to a backlog of contested citations at the Occupational Safety and Health Review Commission.

The review commission is closely monitoring the effect of the 2016 statutory penalty increase, in which the previous maximum fine of \$70,000 per violation for willful and repeat violations rose to \$124,709.

Recent indications are that the employer contest rate — the percentage of OSHA

investigative findings being challenged by the regulated community — has significantly increased in recent months, according to the review commission's draft strategic plan.

Employers are more willing to contest even citations with relatively small penalties for a variety of reasons, including the potential reputational risk and the possibility of being hit with a repeat citation if a similar violation is found during a subsequent inspection, leading to higher penalties, legal experts say.

"It sometimes seems strange that employers are probably paying much more in legal fees than they would if they pay the citation, but I think a big part of what drives that is OSHA's policies for repeat citations," said Ilana Morady, a San Francisco-based associate at Seyfarth Shaw L.L.P. "Employers are becoming a little more savvy that way. If you think that there's a defense to the citation, then you should try to get rid of it because that will reduce your potential liability in the future."

Even on a relatively small citation, the

cost of abatement could be a lot higher than the penalty, or the required abatement could disrupt the way employers do business, said Punam Kaji, a Dallas-based attorney in the labor and employment and OSHA practices of Haynes and Boone L.L.P.

"At the end of the day, some employers feel that OSHA got it wrong. And even if it's a small fine and it's just a matter of paying that check, they'd rather get that clarified and properly stated in the citation narrative or get it withdrawn," she said.

Gloria Gonzalez

Comp risks follow workers home

JOYCE FAMA KINWA

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Technology advancements are leading to changes in the workplace as more employees work outside of the traditional office space, but employers need to consider how to protect workers in this new environment because telecommuting does not eliminate workplace safety risks.

Employees are taking advantage of remote working opportunities, with 3.9 million U.S. employees working from home at least half of the time, according to a 2017 report by FlexJobs, a Boulder, Colorado-based telecommuting job listings company.

“We are in a digital age right now — technology enables us to work from home, so I think we will see a rise in this dynamic of a redefined workplace that stretches beyond a brick-and-mortar store or four walls of an office,” said Christopher Earley, a Boston-based personal injury and workers compensation attorney.

Mr. Earley cited *Mary S. Sandberg v. J. C. Penney Co. Inc.*, a 2011 case in Oregon that involved a woman who worked as a custom decorator. The employer had a studio where work was performed, but the employee would also work from home from time to time. While working at home, the employee tripped over her dog on the driveway while moving employer fabrics from her personal van to her garage. The court ruled workers compensation coverage was available to the employee.

When workers telecommute, employers do not always consider the need for workers compensation insurance to cover employees working from home, co-working spaces or other venues not controlled by the business, according to experts.

“The employer can’t control the work environment of the remote worker like he can in a conventional dynamic where the employee comes to work every day ... any type of liability situation that can cause injury could create problems,” said Mr. Earley.

Employers who choose not to address telecommuting workers take a risk, experts say.

“Employers who provide work from home or telecommuting accommodations may increase their risk of work-related injuries given the



employer has in essence added a number of work locations by doing so,” said Richard Ives, Hartford, Connecticut-based vice president of claims at The Travelers Indemnity Co. “An employer has much less, if any, knowledge of the conditions and risks of each employee’s remote work location.”

Employers are responsible when workers who telecommute are injured at home or other venues, experts say.

“It doesn’t really matter where an employee works,” said Sandra Rappaport, a San Francisco-based partner at Hanson Bridgett L.L.P. “It’s about whether their injury or illness ... occurred during the course of employment. The question about whether the injury is compensable under workers comp is if it arises out of the employment and occurred during the course of employment. It doesn’t matter where the injury happened. If I’m an employee who goes out to a client and does a presentation and I get hurt there, I’m there doing a presentation for my employer ... my injury is covered even though I’m not in my office.”

If an employee is working from home and engaged in work at the time they are injured, they are covered under workers comp, said Ms. Rappaport. But there are exceptions. “If someone is out in the backyard playing with their kids and gets hurt, it would be hard to count that as a compensable injury even if it’s during their work hours,” she said.

It is difficult to control what goes on in an employee’s home workspace, but experts say employers should implement best practices that could help avoid injuries. These include providing a clear-cut job description and expectation of duties that describes the entire scope of the employee’s activities, clearly defining the boundaries of the home office or work space, setting specific work hours, and if possible, setting a break schedule.

“We find that when employers don’t have best practices in place, you put the ball in the employees’ court,” said Gail Hamilton, New York-based, assistant vice president at brokerage NFP Corp. “It is much harder to defend a workers compensation claim when you don’t have specific parameters in place.”

“Ensure that the employees’ home is safe for business,” said Jana Wilson, a Portland, Oregon-based member of the American Society of Safety Engineers and the National Ergonomics Council. “Even if you are not going to go visit, you ask the questions: Do you have a designated space in your home? Do you have a home office? Do you have all of the equipment you need? Do you have an ergonomic keyboard? Are you set up in a way where you feel comfortable at your desk?”

“Whether working at home, in an office or while traveling, ergonomic risk from working at a computer can be reduced with proper posture, good work habits and appropriately adjusted equipment,” said Mr. Ives.

Employers should consider hiring ergonomics experts to visit workers’ homes to ensure workspaces are safe and ask employees to take photos of their workspaces, said Ms. Wilson.

If privacy questions arise, telecommuters must remember that “telecommuting is a privilege, not a right,” meaning employers can set guidelines, policies and procedures for the home work environment, she said. Because these are their homes, employees can refuse to allow the employer inside to conduct an ergonomic evaluation. “But ... the employer has every right, in turn, to withdraw the privilege.”

OSHA OFFERS GUIDANCE ON REMOTE SAFETY

The U.S. Occupational Safety and Health Administration has provided a checklist to help employers with telecommuting workers analyze safety risks.

GENERAL SAFETY

- Is the workstation arranged to be comfortable without unnecessary strain on backs, arms and necks?
- Are heating, ventilation and air conditioning systems adequate for assigned tasks and in good repair?
- Is the lighting adequate for assigned tasks?
- Are cabinets, shelves or furniture greater than 5 feet high secured to prevent toppling during an earthquake?
- Are books and supplies stored to prevent falling during an earthquake?
- Are wheels on rolling files or other mobile equipment free from binding when rolled?
- Can the wheels be locked to prevent rolling?
- Are cords, cables or other items arranged to prevent a tripping hazard?

FIRE SAFETY

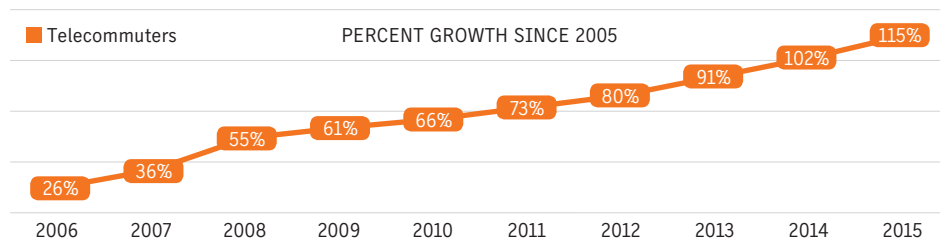
- Are fire exits clearly defined and unobstructed?
- Is there a charged and accessible dry chemical fire extinguisher?
- Is there a working smoke detector covering the designated workspace?
- Is the workspace kept clean from trash or other combustible materials?

ELECTRICAL SAFETY

- Are all electrical plugs, cords, panels and receptacles in good condition and free of exposed conductors or broken insulation?
- Are circuit breakers or fuse panels properly labeled and accessible?
- Are three-wire grounded outlets or circuit breaker power strips used?
- Is there sufficient ventilation for electrical components?

TELECOMMUTING ON THE RISE

The number of telecommuting workers continues to grow. Telecommuting has grown 115% over the past 10 years, and 43% of the U.S. workforce now works remotely at least occasionally.



Source: U.S. Census data analyzed by Global Workplace Analytics

Alternative pain therapies face hurdles

BY LOUISE ESOLA

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As the workers compensation industry steps away from opioid prescribing for pain management, it is counting on a menu of alternative therapies to help injured workers grappling with chronic pain that require the patient to do much more than take a pill.

Many of the therapies, including physical therapy, chiropractic care, yoga and moderate exercise, can be beneficial for patients, but often come with a side effect of temporary pain as the patient gets accustomed to movement. Other mindful therapies, such as cognitive behavioral therapy and meditation, can be met with skepticism if the injured worker has never heard of them being used to manage pain, according to experts.

And then there's the issue of immediate relief, a hallmark of pain medications and lacking in alternative therapies that promise relief over time, according to Jean Brajuha, vice president of operations for Owings Mills, Maryland-based Restore Rehabilitation, which provides nurse case managers for injured workers navigating the road to recovery.

"People want immediate relief and they have been used to pain products to treat; they want that instant gratification," she said, adding that it's common for an injured worker to skip a scheduled physical therapy session if they deemed the last one too painful.

The patient compliance problem is worse for older claims, according to Beth Wood, Kansas City, Missouri-based vice presi-



dent and senior claims costs control consultant for Lockton Cos.

"If you are looking at alternative therapies and you are dealing with a person whose perception is that the (workers comp) system has failed them, they tend to not be motivated," she said.

Legal issues also pose challenges, said Darrell Brown, Long Beach, California-based chief claims officer and executive vice president for Sedgwick Claims Management Services Inc. "If you have an injured worker who has an attorney, there are limits to what you can do," he said. "We would have to work with the attorney and the physician (to urge the workers to try alternative therapies.)"

The treating physician who doesn't buy into alternatives and won't suggest them to a patient is another roadblock, according to Jeffrey White, Towson, Maryland-based

senior vice president and product manager of workers compensation for Gallagher Bassett Services Inc.

"I think one of the most challenging things is the limited ability to impact provider practices," he said. "I think what's exciting about today is there's more research that's coming out on using cognitive behavioral therapy to reshape the mind (when dealing with pain). But how do you get a physician with misaligned incentives, related to dispensing (drugs), to help?"

Ultimately, experts say, the answer is in the advocacy approach: working with patients one-on-one through the recovery process and motivating the injured worker to get better.

"We have to explain all the benefits," said Mr. Brown.

"The best approach is when there is a partnership between the injured worker,

the employer and the physician," he said. "The reality is at some point... we have given them advanced notice that we can no longer authorize (medicine). (We spend) a lot more time on this especially since the opioid crisis. We have other resources and we have to say, 'we would really like to try this... if that doesn't work, let's brainstorm something that might work.'"

The injured worker is the "wild card," he added.

"This is the root of the issue; there is not a lot you can do if the individual doesn't want to help themselves," said Mr. White.

"You have to develop trust and have conversations," said Ms. Wood, adding that the employer can also help motivate the injured worker. "When it comes to alternative therapies and motivating the worker, the relationship between the employee and

AVERAGE COSTS FOR ALTERNATIVE THERAPIES

PHYSICAL THERAPY \$50-\$350 per session	MASSAGE \$85-\$125 per session
ACUPUNCTURE \$75-\$95 per session	NATUROPATHY \$200-\$400 for initial session
BIOFEEDBACK STRESS THERAPY \$35-\$85 per session	COGNITIVE BEHAVIORAL THERAPY \$125-\$200 per session

the employer is paramount. Our model builds rapport with the employee, and when you have that going on, the employee is motivated for recovery and discussing alternative treatments."

After motivation, there's coaching, according to Ms. Brajuha, whose company stresses the importance of follow-up phone calls to a worker who went to physical therapy, for example, or a check-in call to a person who missed an appointment. Under the company's business model, nurse care managers are notified if an appointment is missed, she said.

"We might be talking to them two times a week or more," she said. "They worry they are going to get further hurt or that something doesn't feel the way they think it should because they just don't know. A lot of it comes down to constant communication and support."

The key is regular communication, said Ms. Wood.

"It's a simple, careful conversation about the fact that what that physical therapist is going to ask that injured worker to do may hurt, but it isn't designed to be harmful," she said. "That's true with any modality and you have to say, 'this may hurt, but it is not designed to be harmful.'"

NATURAL MEDICINE SEEN AS VIABLE PAIN TREATMENT TOOL

As interest widens in non-pharmacologic treatment options for pain, experts say there's growing interest in the field of naturopathy, a branch of modern medicine that can zero in on the causes of musculoskeletal pain such as inflammation and how to remedy the pain with food, supplements and exercises.

"Natural approaches are not as easy or not as quick acting, but the goal is deep change," said Amy Rothenberg, a licensed naturopathic doctor who has been in private practice since 1986 and is the founder of the Naturopathic Health Care in Enfield, Connecticut. "At the heart of naturopathic medicine is the doctor acting as teacher, educating the patient."

The American Association of Naturopathic Physicians describes the practice as that which emphasizes prevention, treatment and optimal health by using therapeutic methods and substances that encourage a patient's "inherent self-healing process."

Workers compensation regulations in some states deem naturopathy a viable treatment, much like acupuncture or chiropractic care. In Oregon, for example, naturopathic doctors must be certified with the state's Workers' Compensation Division to practice. In California, naturopathy is permitted following a utilization review.

Ms. Rothenberg points to research on pain management and naturopathy as proof that the practice has its place reducing reliance on opioids. For example, a study published in *Arthritis & Rheumatology* medical journal found that naturopathic therapies decreased chronic pain related to rotator cuff tendinitis by over 54% in Canadian postal workers. One study published in the journal *Alternative Therapies in Health and Medicine* found that naturopathic therapies were estimated to save close to \$1,000 per patient with lower back pain. The study also found that missed work due to illness diminished by 6.7 days under naturopathic care.

"One of the most important things, I

tell patients, is to understand that most pain is due to some sort of inflammation," she said, adding that she tends to put them on an anti-inflammatory diet of mostly vegetables and fruit, lean meats and proteins. "I leave off the refined sugars, processed foods and alcohol, which worsens inflammation."

She also considers botanical supplements such as ginger and turmeric, which reduce inflammation. Exercise is also usually part of the prescription.

"We know exercise works in several ways; it increases and enhances one's ability to experience stress and pain, and exercise helps to dissipate the stress that we have related to the pain."

"How do you motivate a sedentary person in chronic pain? I try to set very reasonable goals," she added.

Aiming to gradually increase how many steps a person takes a day using a pedometer is a simple way to encourage activity, she said.

Louise Esola

PROFILE: SINGAPORE

44

GLOBAL
P/C MARKET
RANKING

Singapore ranks among the world's most sophisticated financial markets and is the leading regional banking and insurance center. It also is a major commercial center and is home to the world's fifth-largest port. The city-state exhibits a strong insurance market penetration in comparison with its near ASEAN neighbors, given the market's maturity generally, and advanced financial services and specialist niche-market industrial and economic development. As of October 2017, there were 55 direct general insurers, seven composites, 72 captives and the Lloyd's Asia Scheme syndicates, which have limited access to the local market.

MARKET SHARE

PA & HEALTHCARE WRITTEN BY NON-LIFE COMPANIES

MARINE, AVIATION & TRANSIT

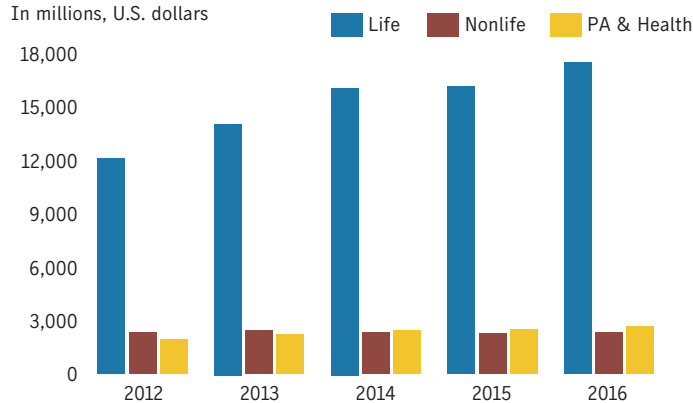
MISC.

SURETY, BONDS & CREDITS

LIABILITY

MARKET GROWTH

In millions, U.S. dollars



Source: Axco Global Statistics/Industry Associations and Regulatory Bodies

COMPULSORY INSURANCE

- Auto third-party bodily injury and property damage
- Aviation liability
- Work injury compensation
- Shipowners liability for marine oil pollution
- Professional indemnity for individual lawyers and legal firms, architects, accountants, some fund managers, financial advisers and insurance and reinsurance brokers.

NONADMITTED

There is nothing in the legislation to prevent insurance buyers from placing their business with nonadmitted insurers abroad, with the exception of some compulsory coverages, provided that they do not employ the services of a Singapore-licensed insurance broker, unless that broker has received special authorization from the regulatory authority to place the business with a nonadmitted insurer. In the event of a loss under a nonadmitted policy, nonadmitted insurers may remit claims payments into Singapore.

INTERMEDIARIES

Insurance brokers have to be licensed to do insurance business, and insurance agents must operate on the basis of an agreement with a registered insurer. Intermediaries are not allowed to place business with nonadmitted insurers except for reinsurance, risks located outside Singapore and other cases as specified by the regulatory authority.

MARKET PRACTICE

In practice, most insurance buyers place their coverages in Singapore, as the market is able to meet most insurance requirements, including those of foreign multinationals. By arranging insurance in Singapore, policyholders receive first-hand service and are able to deduct premium costs as a business expense for tax purposes.

MARKET DEVELOPMENTS

Updated December 2017

- The Monetary Authority of Singapore, or MAS, continues to exert its supervisory powers over the insurance and reinsurance sector through the enabling legislation currently in place, which regulates all aspects of daily business. While generally regarded both at home and abroad as transparent and forward-looking, some consider that the size of the market does not warrant such a level of hands-on management.
- MAS's thrust for its supervised companies has become one of enhanced corporate governance, coupled with a sound risk culture, based on the use of new technologies. As a result, cyber exposures and personal data protection are now at the forefront of insurers' boards' deliberations and provision for the future.
- Despite ever-increasing capacity in the property/casualty market for Singapore Insurance Fund business of all classes, new underwriters continue to register for licenses, as well as reinventing themselves from specialist underwriters to broaden their product base. For example, ECICS, the formerly government owned export credit guarantee carrier, is now privately owned by a venture capital company and writing all classes of business.
- In a surprise move, Mitsui Sumitomo Insurance Group (MSIG) bought Fairfax Group's 97.7% share of First Capital Insurance Co. Ltd. purely as an investment, and will allow the current management to operate the company in a different space from MSIG's present market-leading general insurance operation. Other merger and acquisition activity rumors abound, but no concrete plans have been announced.



AREA

270

square miles

POPULATION

5.7

million

MARKET CONCENTRATION

43.2%

market share of top five insurers

2017 GDP CHANGE (PROJECTED)

2.5%

Information provided by Axco Insurance Information Services.
www.axcoinfo.com

Shareholder suit filed over WTW broker merger

■ A Massachusetts city pension fund filed a class action lawsuit against Willis Towers Watson P.L.C., its chief executive and others, charging that investors were misled into accepting the massive 2016 merger deal that created the insurance broking giant.

Cambridge Retirement System v. Willis Towers Watson & Co., Willis Group Holding P.L.C., Towers Watson & Co., ValueAct Capital Management, John J. Haley, Dominic Casserley, and Jeffrey W. Ubben was filed Nov. 21 in the U.S. District Court for the Eastern District of Virginia and alleges the merger of Willis and Towers Watson violated the Securities Exchange Act of 1934. The \$18 billion deal was finalized in January 2016.

“The merger required the approval of a majority of Towers shareholders,” the complaint said, “and it became immediately apparent that many Towers shareholders were dissatisfied with the consideration they would receive in the deal.”

“Haley, however, had an economic incentive for the deal to be consummated, and when he recognized that Towers shareholders would likely reject the deal, Haley conspired with Willis executives and a major Willis shareholder, ValueAct, to secretly help them execute this transaction,” the complaint said. It alleges that Mr. Haley decided to “sell out” Towers Watson shareholders in exchange for an undisclosed promise of a three-year, \$165 million pay package when he became CEO of the merged company. In return, the complaint said, Mr. Haley did not negotiate to maximize the value of Towers shares.

A Willis Towers Watson spokesman declined to comment on the lawsuit; ValueAct did not respond to a request.

Builder agrees to pay \$625,000 to settle racial harassment suit

■ A Brooklyn construction firm charged with permitting black laborers to be subjected to years of racial harassment has agreed to pay \$625,000 to settle a U.S. Equal Employment Opportunity Commission class action race harassment and retaliation lawsuit.

The EEOC said that for years, Laquila Group Inc., a prominent construction firm, subjected black laborers to the regular and open use of slurs, and that the harassment continued even though managers observed this behavior and some of the workers complained.

One worker who complained was laid off soon after and not rehired for other proj-

ects, the EEOC said.

“The racial harassment at Laquila ran rampant for far too long,” said Jeffrey Burstein, New York-based EEOC regional attorney, in a statement.

In addition to paying \$625,000 to six victims, Laquila must establish a complaint hotline, distribute a policy prohibiting racial harassment and retaliation, conduct anti-discrimination training for managers, post a public notice about the settlement and report all racial harassment and/or retaliation complaints to the EEOC.

The company’s attorney had no comment.



Officer fired over Taser training can take case to jury

■ The 11th U.S. Circuit Court of Appeals in Atlanta restored race, gender and disability discrimination claims filed by a fired police officer who was terminated after she asked to be excused from Taser training because of a heart condition.

According to the December ruling in *Jacqueline Lewis v. City of Union City, Georgia, et al.*, Ms. Lewis, an African-American, suffered a small heart attack in January 2009 but returned to work without any restrictions.

Ms. Lewis was scheduled for Taser training, but in June 2010 her doctor sent a note stating the Taser’s electrical current could cause her heart undue stress, and recommended it not be used on or near her. She was placed on administrative leave without pay two days later and terminated the next month. Ms. Lewis sued Union City charging disability discrimination under the Americans with Disabilities Act, and race and gender discrimination under Title VII of the Civil Rights Act of 1964. The District Court dismissed the charges.

A divided three-judge appeals court panel reinstated the charges, saying the case should be decided by a jury. “In the last analysis, the evidence before the district court properly might have yielded any of a number of conclusions,” said the majority opinion.

AIG not on the hook for equipment firm’s Ponzi scheme losses

■ An American International Group Inc. unit doesn’t have to provide crime cover-

age to a company that became victim of a Ponzi scheme because the firm no longer owned the funds it had loaned the criminals, the 5th U.S. Circuit Court of Appeals in New Orleans ruled.

Cooper Industries Ltd., an electrical equipment supplier that has since been acquired by Dublin-based Eaton Corp., became the victim of a Ponzi scheme operated by Paul Greenwood and Stephen Walsh when it loaned some of its employees’ pension plan funds to entities they operated, according to the ruling in *Cooper Industries Ltd.; Cooper US Inc. v. National Union Fire Insurance Co. of Pittsburgh, Pa.*

National Union, a unit of AIG, had issued commercial crime insurance policies to Cooper that covered the plans.

National Union denied coverage and Cooper filed suit in U.S. District Court in Houston, which granted the insurer’s motion for summary judgment.

The court “held that Cooper could not recover under its policy with National Union because the claimed loss occurred only after Cooper loaned its funds to the fraudsters, at which point Cooper did not own either the earnings, or the principal as required under the policy,” said the ruling.

On appeal, a three-judge appeals court panel agreed with the lower court.

Insurer wins case over harassment claim deductibles

■ A Zurich Insurance Group unit has prevailed in litigation over the settlement of sexual harassment litigation, with a court concluding its policyholder must pay three deductibles, not one, in connection with cases involving three door-to-door vacuum cleaner saleswomen who had been harassed by a co-worker.

The three employees of The Scott Fetzer Co. alleged in a lawsuit filed against the Cleveland-based firm that they had been sexually harassed and assaulted by a co-worker while selling vacuums door to door.

Among other charges, the women said the firm had failed to inform them of the harasser’s criminal history and “sexually deviant activities” with other employees.

Scott Fetzer and its insurer, Schaumburg, Illinois-based Zurich American Insurance Co., settled the three cases. One of the settlements reached or exceeded the company’s deductible, and Zurich paid a portion of that settlement.

But it did not reimburse Scott Fetzer for the other two settlements because it applied new deductibles, treating each plaintiff’s claim as a separate occurrence.

The court ruled in Zurich’s favor. Each plaintiff “was assaulted under different circumstances, at different locations, at different times, and sometimes in different policy years,” said the ruling.

DOCKET



INSURANCE AGENT SERVES TIME FOR COMP SCAM

James C. Kooy, Lake Stevens, Washington, will serve 60 days in jail for claiming he was too disabled to work while running his own insurance agency. He pleaded guilty and was sentenced in Snohomish County, Washington, Superior Court on one count of first-degree theft for wrongfully receiving more than \$233,000 in workers compensation payments from the state’s Department of Labor & Industries. “This case was truly outrageous. He worked for at least five years in his own business without telling us or his doctors,” L&I assistant director Elizabeth Smith said in a statement.

EXECUTIVE FIRED FROM FAILED INSURER SETTLES LAWSUIT

Dennis Lowry, former chief financial officer of failed Missouri insurer Galen Insurance Management Co. Inc., reached a confidential settlement in St. Louis County Circuit Court after charging the firm fired him for saying it violated the law by hiring disbarred lawyer Howard Wittner, who had been jailed for his role in a prepaid funeral company Ponzi scheme. “It is a felony for any person or entity involved in the insurance business to allow a person convicted of any felony involving insurance fraud to participate” in that business, Mr. Lowry said in his complaint.

COURT PAVES WAY FOR CLIMATE CHANGE SUIT FILED BY FARMER

A German court will hear evidence in a lawsuit against energy utility RWE, boosting a Peruvian farmer in a test case that centers on whether a company can be held financially responsible for the contribution of its carbon dioxide emissions to climate change in other parts of the world. Saúl Lliuya argues emissions from RWE’s plants are partly to blame for melting an Andean glacier that is threatening flooding and damage to his house. RWE says a single emitter cannot be held responsible for global warming.

Reuters

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JANUARY 31 - FEBRUARY 2, 2018

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Celebrating its 27TH year, the **2018 World Captive Forum** will address new and emerging risks facing companies and organizations worldwide, demonstrating how captives can offer solutions that may not be available in the traditional insurance marketplace. A domicile-neutral conference, the **World Captive Forum** provides in-depth, high-caliber educational content to risk managers, benefit managers and financial executives whose organizations have risks insured by a captive or who are exploring the formation of one. Educational content will be presented on three separate tracks: General, Property/Casualty and Benefits.

SESSION HIGHLIGHTS:

- Captives 201: The Fundamentals and Recent Developments (Pre-conference Workshop)
- Brexit, BEPS and Other International Regulations
- Global Employee Benefit Programs: Are They Still Worth It?
- Medical Stop-Loss: Structuring the Risks
- Pooling in Microcaptives
- Reinsurance in the Aftermath: Impact of 2017 Storms and Quakes
- Growing Your Captive with Voluntary Benefits
- Multiple Captives — Why and How?
- Cell Company Overview and Innovative Applications
- The World of RRGs (Risk Retention Groups)



OPENING KEYNOTE

**SPACE WEATHER: ITS IMPACT
ON OUR TECHNOLOGICAL WORLD**

Dr. C. Alex Young
NASA Heliophysicist

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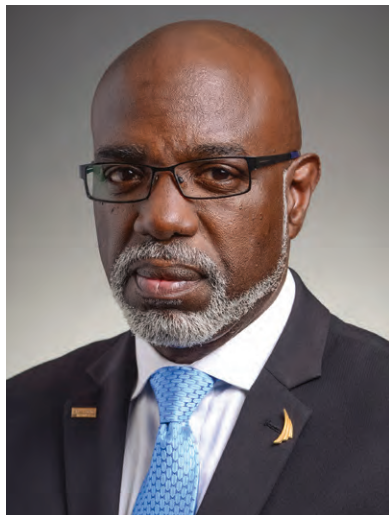


GOLD



SILVER





Legacy and diversity are going to be major themes during Robert Cartwright Jr.'s yearlong presidency of the Risk & Insurance Management Society Inc. The Exton, Pennsylvania-based safety and health manager of Bridgestone Retail Operations L.L.C. discussed his 2018 goals, as well as legislative and risk management priorities such as the National Flood Insurance Program and cyber threats, with *Business Insurance* Deputy Editor Gloria Gonzalez. Edited excerpts follow.

Robert Cartwright Jr.

RISK & INSURANCE MANAGEMENT SOCIETY

Q What led you to the RIMS presidency, and what made you decide you wanted to take on the role?

A Risk management is my passion, learning more about what things are going to affect an organization. You try to find ways to identify risks before they happen, try to assess the uncertainty. Especially now in the 21st century, risk professionals are looking for information that's critical to them, that shows their value-add to their organization. My goal was not to become president. My goal was to get experience and knowledge, (but) when you volunteer for something, you volunteer because you have a passion for it. It's definitely a privilege and an honor to serve as the president for 2018.

Q What would you say are the key lessons you've learned as you've made this transition up through the ranks?

A I would say that you really have to step outside of your own comfort zone. A lot of times we are pigeonholed by industry. My industry is more safety and compliance, environmental. (But) you need to have risk managers in finance. You have risk managers in (information technology). You need to have risk managers in (human resources) and safety. What I've learned is that there's a lot more to risk management than just insurance. It's really isolating and identifying any problems that you have with an organization, and then becoming the person that helps solve that problem.

Q I'm curious how you've seen RIMS evolve in your time with the organization, and also how your involvement with RIMS has evolved.

A Sometimes we think that this is just a national organization, and it's not. It's a global organization. And the reason why it's a global organization is because risk managers are affected by issues that are happening worldwide. There are a lot of threats that most risk managers don't know about — and if they do, where are the resources to find out information on how to resolve that and take it back to their company? (RIMS's) focus is on trying to make sure that each risk manager has what they need to bring their value-add to their

company, and also the resources to resolve issues and the network.

The thing that I have the most passion for is from the legislative standpoint. I chair the political action committee. That's something that I take a lot of pride in, in being able to say that RIMS now has the ability to have a seat at the table when it comes to meeting with lawmakers and affecting legislation. And as you know, we were very successful with the (Terrorism Risk and Insurance Act), and right now we're focusing on the National Flood Insurance Program. This past October, we had a very successful fundraiser with a couple of senators that I was able to partake in.



Q Is the NFIP the top priority from a legislative perspective? And what are the implications if reform or a long-term extension doesn't happen?

A NFIP right now is at the top of the list only because the expiration dates keep getting pushed back. And the extension is OK, but there are all kinds of ramifications if there is no bill in place. For the simple fact that there is no coverage for flood-prone areas, businesses don't have the opportunity to set the standard for what it is they need to do, and the insurance carriers are unsure about where they will set their rates, and the floodplain mapping is uncertain. Come up with something that's going to be beneficial, because if we don't it's going to be disastrous for all stakeholders.

Q What are the other priorities for you and RIMS?

A The next one up would be cyber. The cyber issue is very onerous, and as it exists right now there are 48 different ways of interpreting a singular law. The person who's the risk manager for a company that ends up having a breach, they're going to have to be the ones to try to resolve that issue. We need to get ahead of that and to say let's have a single legislative format of how we're going to handle a cyber issue — and then we can start talking about how we're going to do insurance and how we'll put other legislation in place.

Q Aside from cyber, what do you see as the biggest risk for risk managers these days, and how has that evolved?

A It's a small world after all, as they say at Disney, and with globalization and the regulation that comes with that, there are all kinds of risks. You've got the political risk, you've got terrorism, you've got mass violence. Workplace ethics — that's a big issue right now in the news. Who would have foreseen that we were going to have such a massive repercussion of workplace ethics? Those are just some of the emerging risks, and we're constantly scoping the landscape and trying to identify what the next emerging risk is.

Q On the flip side of that, what are the biggest opportunities for risk managers?

A From my perspective, I would say diversity. A lot of risk managers, as we look around the landscape right now, we have a tendency to look a specific way. The inclusiveness of other groups is going to be key for us to move forward. Organizations have adopted that same philosophy, and they've realized that diversity, whether it's gender or culture, adds a different perspective and allows the organization to be much more flexible, much more nimble.

My theme for 2018 is going to be legacy, looking at our legacy, and saying where are we coming from and where are we going? And so, my challenge to risk managers is what imprint are you going to make in the world of risk management? And it's not for making a name for yourself. It's how do we identify things collectively as a risk management community and figure out what the best thing is, and move forward that way.

"It's a small world after all, as they say at Disney, and with globalization and the regulation that comes with that, there are all kinds of risks. You've got the political risk, you've got terrorism, violence."

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Gavin Souter, editor

BI TOP 100*

Brokers ranked by brokerage revenue generated by U.S.-based clients

2017 rank	2016 rank	Company	2016 U.S. brokerage revenue	% increase (decrease)	2017 rank	2016 rank	Company	2016 U.S. brokerage revenue	% increase (decrease)
1	1	Marsh & McLennan Cos. Inc. ¹	\$6,614,500,000	4.5%	52	55	Marshall & Sterling Enterprises Inc. ¹	\$70,591,449	10.6%
2	2	Aon P.L.C. ¹	\$6,065,933,500	0.2%	53	59	Horton Group Inc. ¹	\$65,408,104	9.7%
3	3	Willis Towers Watson P.L.C.	\$3,733,440,000	(6.2%)	54	57	Lawley Service Inc. ¹	\$65,162,058	5.2%
4	4	Arthur J. Gallagher & Co. ¹	\$2,888,409,000	6.5%	55	63	TrueNorth Cos. L.L.C. ¹	\$63,777,000	20.9%***
5	5	BB&T Insurance Holdings Inc. ¹	\$1,809,175,000	7.9%	56	60	Houchens Insurance Group ^{1,6}	\$62,774,780	7.8%
6	6	Brown & Brown Inc. ¹	\$1,762,787,105	6.4%	57	58	Huntington Insurance Inc.	\$59,290,110	(1.4%)
7	8	Hub International Ltd. ¹	\$1,286,060,100	12.1%	58	54	Key Insurance & Benefits Services Inc. ⁷	\$59,139,783	(9.4%)
8	10	Lockton Cos. L.L.C. ²	\$1,054,685,740	5.8%	59	68	Towne Insurance Agency L.L.C.	\$54,228,923	14.6%
9	9	USI Insurance Services L.L.C. ¹	\$1,030,124,263	0.2%	60	66	M3 Insurance Solutions Inc.	\$54,228,830	8.4%
10	7	Wells Fargo Insurance Services USA Inc.**	\$980,800,000	(25.5%)	61	76	ABD Insurance & Financial Services Inc.	\$52,241,938	21.8%
11	12	Alliant Insurance Services Inc. ¹	\$966,769,832	17.0%	62	64	William A. Graham Co., dba The Graham Co.	\$52,137,792	2.6%
12	11	NFP Corp.	\$930,815,040	6.8%***	63	61	Sterling & Sterling L.L.C., dba SterlingRisk	\$51,456,000	(2.3%)
13	13	AssuredPartners Inc. ¹	\$820,926,226	47.7%	64	67	James A. Scott & Son Inc., dba Scott Insurance	\$51,103,000	2.9%
14	14	Acrisure L.L.C. ¹	\$639,312,851	55.7%	65	62	Bowen, Miclette & Britt Inc.	\$50,611,066	(3.7%)
15	15	BroadStreet Partners Inc.	\$423,200,000	25.7%	66	69	LMC Insurance & Risk Management Inc. ¹	\$50,269,372	6.4%
16	16	Jardine Lloyd Thompson Group P.L.C. ^{1,3}	\$248,062,526	(5.1%)	67	73	Parker, Smith & Feek Inc.	\$49,904,000	11.1%
17	20	Edgewood Partners Insurance Center, dba EPIC Insurance Brokers & Consultants ¹	\$245,359,350	25.5%	68	72	Starkweather & Shepley Insurance Brokerage Inc.	\$49,592,000	9.6%
18	19	Leavitt Group ¹	\$225,272,000	4.3%	69	65	Frost Insurance Agency Inc.	\$48,477,224	(3.4%)
19	18	CBIZ Benefits & Insurance Services Inc. ¹	\$222,700,000	1.0%	70	70	Poms & Associates Insurance Brokers Inc.	\$47,215,000	2.3%
20	17	Integro Group Holdings L.P. ¹	\$221,052,800	(0.2%)	71	71	Riggs, Counselman, Michaels & Downes Inc.	\$46,833,209	3.0%
21	23	Paychex Insurance Agency Inc. ⁴	\$207,000,000	21.7%	72	75	Moreton & Co.	\$46,529,000	7.4%
22	27	Risk Strategies Co. Inc. ¹	\$198,285,654	39.2%	73	78	Bolton & Co.	\$45,353,147	8.2%
23	21	Hays Group Inc., dba Hays Companies	\$193,400,000	5.5%	74	79	M&T Insurance Agency Inc.	\$44,760,000	14.2%
24	25	Insurance Office of America Inc. ¹	\$177,353,744	23.7%	75	74	The Mahoney Group	\$41,979,934	(3.5%)
25	24	Crystal & Company	\$163,102,500	3.9%	76	82	Gowrie Group ¹	\$40,990,950	13.9%
26	28	Holmes Murphy & Associates Inc. ¹	\$159,141,215	15.8%	77	81	Bouchard Insurance Inc., dba Roger Bouchard Insurance Inc.	\$40,331,910	10.6%
27	31	Higginbotham ¹	\$155,052,063	17.5%	78	NR	Professional Insurance Associates Inc.	\$40,000,000	N/A
28	26	Meadowbrook Insurance Group Inc.	\$153,680,869	7.9%	79	80	Robertson Ryan & Associates Inc.	\$38,698,598	5.0%
29	36	Digital Insurance Inc., dba OneDigital Health and Benefits ¹	\$147,907,507	27.0%	80	87	Lovitt & Touche Inc. ¹	\$36,921,430	14.2%
30	35	Cottingham & Butler Inc. ¹	\$146,503,000	16.5%	81	105	Baldwin Risk Partners ¹	\$36,453,898	49.7%
31	29	The IMA Financial Group Inc.	\$146,308,389	9.7%	82	85	Armfield, Harrison & Thomas Inc., dba AHT Insurance	\$36,389,118	8.1%
32	33	Cross Financial Corp., dba Cross Insurance ¹	\$144,000,000	12.3%	83	84	James G. Parker Insurance Associates ⁴	\$35,800,000	3.5%
33	32	Regions Insurance Group Inc.	\$141,823,035	8.4%	84	83	Charles L. Crane Agency Co.	\$35,088,000	0.2%
34	44	RKH Specialty ^{5,6}	\$136,241,499	42.6%	85	98	PacWest Alliance Insurance Services Inc.	\$34,517,760	27.0%
35	34	Wortham Insurance & Risk Management ¹	\$126,757,030	0%	86	93	Ansay & Associates L.L.C. ¹	\$34,488,898	16.9%
36	38	Hylant Group Inc.	\$120,554,989	7.7%	87	86	The Loomis Co.	\$33,418,000	3.3%
37	42	Woodruff-Sawyer & Co. ¹	\$119,150,000	13.3%***	88	90	Tolman & Wiker Insurance Services L.L.C.	\$33,141,582	7.3%
38	37	BancorpSouth Insurance Services Inc. ¹	\$113,798,569	(0.7%)***	89	88	SullivanCurtisMonroe Insurance Services L.L.C.	\$32,940,000	2.6%
39	43	PayneWest Insurance Inc.	\$109,144,450	10.9%	90	97	R&R Insurance Services Inc. ¹	\$31,600,000	12.1%
40	40	Heffernan Group ¹	\$105,001,120	(2.5%)	91	NR	Sterling Seacrest Partners Inc. ¹	\$31,555,000	N/A
41	45	Assurance Agency Ltd.	\$99,568,112	13.1%	92	NR	People's United Insurance Agency Inc.	\$31,431,000	7.6%
42	47	Ascension Insurance Inc. ¹	\$89,027,000	7.6%	93	89	Haylor, Freyer & Coon Inc. ⁸	\$30,816,432	(0.9%)
43	46	Insurica Inc. ¹	\$86,782,717	1.4%	94	96	MJ Insurance Inc. ⁸	\$29,901,423	3.3%
44	50	Prime Risk Partners Inc. ¹	\$86,507,000	13.0%	95	92	PSA Financial Services Inc. ^{1,2}	\$29,667,702	0.4%
45	NR	The Hilb Group	\$84,799,495	N/A	96	94	Tompkins Insurance Agencies Inc.	\$29,295,000	1.8%***
46	48	Insurors Group L.L.C.	\$81,600,000	4.9%	97	95	Rich & Cartmill Inc.	\$29,197,164	(0.4%)
47	49	Associated Benefits and Risk Consulting	\$80,993,794	4.9%	98	100	Shepherd Insurance L.L.C. ¹	\$28,447,325	7.8%
48	51	Frenkel Benefits L.L.C., dba Frenkel & Co.	\$76,472,000	5.4%	99	101	Kapnick Insurance Group	\$28,032,000	7.3%
49	52	Eastern Insurance Group L.L.C. ¹	\$74,779,865	6.2%	100	91	Underwriters Safety & Claims Inc., dba The Underwriters Group	\$27,835,830	(7.6%)
50	53	Oswald Cos. ¹	\$72,369,000	9.9%					
51	56	Propel Insurance	\$70,844,000	14.1%					

*Companies that derive more than 49% of their gross revenue from personal lines are not ranked; **USI Insurance Services L.L.C. acquired Wells Fargo Insurance Services USA Inc. on Nov. 30, 2017; ***2015 restated; NR = Not ranked in 2016; N/A = Not available

¹Reported U.S. acquisitions in 2016; ²Fiscal year ending April 30; ³British pound = \$1.2337; ⁴Fiscal year ending May 31; ⁵British pound = \$1.3015; ⁶Fiscal year ending Sept. 30; ⁷Formerly First Niagara Risk Management Inc.; ⁸Fiscal year ending Aug. 31

Source: BI survey

DATA & RANKINGS

FASTEST GROWING BROKERS

Rank	Company	Percent increase
1	The Hilb Group	130.4%
2	Acrisure L.L.C.	55.7%
3	Baldwin Risk Partners	49.7%
4	AssuredPartners Inc.	47.5%
5	ABM Insurance & Benefit Services Inc.	42.9%
6	Risk Strategies Co. Inc.	39.2%
7	Tricor Inc.	38.9%
8	Edgewood Partners Insurance Center, dba EPIC Insurance Brokers & Consultants	31.8%
9	Digital Insurance Inc., dba OneDigital Health & Benefits	27.0%
9	PacWest Alliance Insurance Services Inc.	27.0%

Source: BI survey

MOST PRODUCTIVE BROKERS

Rank	Company	Brokerage revenue per employee
1	Alliant Insurance Services Inc.	\$348,260
2	Crystal & Company	\$346,842
3	Frenkel Benefits L.L.C., dba Frenkel & Co.	\$318,633
4	The Graham Company	\$308,508
5	M&T Insurance Agency Inc.	\$306,575
6	NFP Corp	\$285,176
7	Jardine Lloyd Insurance Group P.L.C.	\$283,954
8	Wells Fargo Insurance Services USA Inc.*	\$280,229
9	Woodruff-Sawyer & Co.	\$275,173
10	RKH Specialty	\$272,920

*USI Insurance Services L.L.C. acquired Wells Fargo Insurance Services USA Inc. on Nov. 30, 2017.
Source: BI survey

LARGEST PRIVATELY OWNED BROKERS

Rank	Company	2016 broker revenue
1	Hub International Ltd.	\$1,648,795,000
2	Lockton Cos. L.L.C.	\$1,425,251,000
3	USI Insurance Services L.L.C.	\$1,030,124,263
4	NFP Corp.	\$969,599,000
5	Alliant Insurance Services Inc.	\$966,769,832
6	AssuredPartners Inc.	\$841,112,936
7	Acrisure L.L.C.	\$639,312,851
8	BroadStreet Partners Inc.	\$423,200,000
9	Integro Group Holdings L.P.	\$276,316,000
10	Edgewood Partners Insurance Center, dba EPIC Insurance Brokers & Consultants	\$258,273,000

Source: BI survey

WORLD'S LARGEST INSURANCE BROKERS

Rank	Company	2016 brokerage revenue
1	Marsh & McLennan Cos. Inc.	\$13,229,000,000
2	Aon P.L.C.	\$11,605,000,000
3	Willis Towers Watson P.L.C.	\$7,778,000,000
4	Arthur J. Gallagher & Co.	\$4,186,100,000
5	BB&T Insurance Holdings Inc.	\$1,809,175,000
6	Brown & Brown Inc.	\$1,762,787,105
7	Hub International Ltd.	\$1,648,795,000
8	Jardine Lloyd Thompson Group P.L.C.	\$1,550,390,790 ¹
9	Lockton Cos. L.L.C. ²	\$1,425,251,000
10	USI Insurance Services L.L.C.	\$1,030,124,263

¹ British pound = \$1.2337; ² Fiscal year ends April 30.
Source: BI survey



LARGEST U.S. INSURERS

Rank	Company	2016 direct premium written	Market share
1	State Farm	\$62,192,505,000	10.2%
2	Berkshire Hathaway Inc.	\$33,137,909,000	5.4%
3	Allstate Corp.	\$30,875,771,000	5.1%
4	Liberty Mutual Holding Co. Inc.	\$30,670,144,000	5.0%
5	Progressive Casualty Insurance Co.	\$23,928,838,000	3.9%
6	Travelers Cos. Inc.	\$23,809,331,000	3.9%
7	Chubb Ltd.	\$20,167,188,000	3.3%
8	Nationwide Mutual Insurance Co.	\$19,753,756,000	3.2%
9	Farmers Insurance Group of Companies	\$19,677,601,000	3.2%
10	United Services Automobile Association Insurance Co.	\$18,267,228,000	3.0%

Source: National Association of Insurance Commissioners

LARGEST U.S. COMMERCIAL RETAIL BROKERS

Rank	Company	2016 U.S. commercial retail brokerage revenue
1	Marsh & McLennan Cos. Inc.	\$3,043,000,000
2	Aon P.L.C.	\$2,571,000,000
3	Arthur J. Gallagher & Co.	\$1,094,054,000
4	Brown & Brown Inc.	\$998,671,764
5	Willis Towers Watson P.L.C.	\$957,000,000
6	Hub International Ltd.	\$739,854,000
7	Alliant Insurance Services Inc.	\$694,168,814
8	Lockton Cos. L.L.C.	\$665,880,000
9	BB&T Insurance Holdings Inc.	\$549,838,000
10	USI Insurance Services L.L.C.	\$500,527,551

Source: BI survey



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Workers Compensation Claim Form



LARGEST WORKERS COMPENSATION INSURERS

Rank	Company	2016 direct written premium	Market share
1	Travelers Cos. Inc.	\$4,427,997,000	7.1%
2	Hartford Fire & Casualty Group	\$3,328,753,000	5.4%
3	AmTrust Financial Services Inc.	\$3,109,385,000	5.0%
4	Zurich Insurance Co.	\$2,835,537,000	4.6%
5	Berkshire Hathaway Inc.	\$2,669,994,000	4.3%
6	Chubb Ltd.	\$2,490,183,000	4.0%
7	State Insurance Fund	\$2,437,552,000	3.9%
8	Liberty Mutual Holding Co. Inc.	\$2,404,050,000	3.9%
9	Washington State Fund	\$1,963,909,000	3.2%
10	American International Group Inc.	\$1,864,297,000	3.0%

Source: National Association of Insurance Commissioners

LARGEST BENEFITS BROKERS

Rank	Company	2016 employee benefits revenue
1	Marsh & McLennan Cos. Inc.	\$4,323,000,000
2	Willis Towers Watson P.L.C.	\$3,908,000,000
3	Aon P.L.C.	\$2,762,000,000
4	Arthur J. Gallagher & Co.	\$893,547,000
5	NFP Corp.	\$546,000,000
6	USI Insurance Services L.L.C.	\$455,160,360
7	Lockton Cos. L.L.C.	\$425,840,000
8	Hub International Ltd.	\$380,364,000
9	Jardine Lloyd Thomson Group P.L.C. ¹	\$370,480,110
10	Brown & Brown Inc.	\$277,499,821

¹ British pound = \$1,2337
Source: BI survey



LARGEST MEDICAL PROFESSIONAL LIABILITY INSURERS

Rank	Company	2016 direct written premiums	Market share
1	Berkshire Hathaway Inc.	\$1,044,921,000	11.2%
2	The Doctors Co.	\$672,775,000	7.2%
3	CNA Financial Corp.	\$465,072,000	5.0%
4	ProAssurance Corp.	\$453,032,000	4.9%
5	Medical Liability Mutual Insurance Co.	\$392,252,000	4.2%
6	Medical Professional Mutual Insurance Co.	\$390,070,000	4.2%
7	NORCAL Mutual Insurance Co.	\$293,393,000	3.2%
8	MCIC Vermont, a Reciprocal Risk Retention Group	\$288,167,000	3.1%
9	Physicians' Reciprocal Insurers	\$287,759,000	3.1%
10	MagMutual Insurance Co.	\$246,843,000	2.7%

Source: National Association of Insurance Commissioners

DATA & RANKINGS

WORLD'S LARGEST REINSURANCE BROKERS

Rank	Company	2016 gross revenue*
1	Aon Benfield Group Ltd.	\$1,356,000,000
2	Guy Carpenter & Co. L.L.C.	\$1,141,224,000
3	Willis Re	\$787,470,000
4	JLT Reinsurance ¹	\$321,815,369
5	UIB Holdings (UK) Ltd. ¹	\$54,144,125

*Includes all reinsurance revenue reported through holding and/or subsidiary companies;

¹ British pound 2016 = \$1.2337; 2015 = \$1.4746

Source: BI survey

WORLD'S LARGEST REINSURERS*

Rank	Company	2016 gross reinsurance premium written
1	Swiss Re Ltd. ¹	\$30,950,000,000
2	Munich Reinsurance Co. ²	\$29,363,050,400
3	Hannover Re S.E. ²	\$17,256,740,800
4	Scor S.E. ²	\$14,589,195,200
5	Lloyd's of London ^{1,3}	\$11,606,649,600
6	Berkshire Hathaway Reinsurance Group ⁴	\$8,288,000,000
7	Korean Reinsurance Co. ¹	\$5,690,800,000
8	General Reinsurance Corp. ⁴	\$5,629,000,000
9	PartnerRe Ltd. ¹	\$5,357,000,000
10	Everest Re Group Ltd. ¹	\$4,246,900,000

*100% life reinsurers are not included; ¹ From annual report; ² Euro 2016 = \$1.0552; 2015 = \$1.0859;

³ British pound 2016 = \$1.2337; 2015 = \$1.4746; ⁴ Based on net reinsurance premiums written

Source: BI survey





LARGEST MGAs/UNDERWRITING MANAGERS/ LLOYD'S COVERHOLDERS*

Rank	Company	2016 premium volume
1	Risk Placement Services Inc.	\$3,200,000,000
2	Burns & Wilcox Ltd.	\$1,500,000,000
3	AmRisc L.L.C.	\$835,807,481
4	Victor O. Schinnerer & Co. Inc.	\$658,200,000
5	Appalachian Underwriters Inc.	\$458,000,000
6	Johnson & Johnson Inc.	\$415,801,846
7	K&K Insurance Group Inc.	\$344,000,000
8	The Sullivan Group-Wholesale Operations	\$187,250,000
9	Midlands Management Corp.	\$159,000,000
10	DMI Insurance Services Inc.	\$18,000,000

*Companies that derive more than 50% of their wholesale premium from property/casualty placements acting as a managing general agent, underwriting manager or Lloyd's of London coverholder.
Source: BI survey

LARGEST PROPERTY/CASUALTY WHOLESALERS*

Rank	Company	2016 premium volume
1	AmWINS Group Inc.	\$9,902,159,750
2	CRC Insurance Services Inc.	\$7,366,873,768
3	Ryan Specialty Group L.L.C.	\$5,132,000,000
4	All Risks Ltd.	\$1,534,000,000
5	Brown & Riding Insurance Services Inc.	\$655,702,672
6	Worldwide Facilities L.L.C.	\$649,372,030
7	U.S. Risk Insurance Group L.L.C.	\$640,000,000
8	ARC Excess & Surplus L.L.C.	\$632,000,000
9	Program Brokerage Corp.	\$374,500,000
10	RIC Insurance General Agency Inc.	\$220,000,000

*Companies deriving more than 50% of their premium volume from wholesale brokerages.
Source: BI survey



LARGEST U.S.-BASED SURPLUS LINES INSURERS

Rank	Company	2016 nonadmitted premium	Rank	Company	2016 nonadmitted premium
1	Lexington Insurance Co.	\$3,072,090,784	6	Liberty Mutual Holding Co. Inc. ³	\$1,206,000,000
2	Nationwide Excess and Surplus ¹	\$1,677,321,986	7	Steadfast Insurance Co.	\$1,075,923,941
3	Chubb Ltd. ²	\$1,486,045,491	8	Indian Harbor Insurance Co.	\$928,755,594
4	AEGIS (Associated Electric & Gas Insurance Services Inc.)	\$1,236,475,000	9	National Fire & Marine Insurance Co.	\$901,676,070
5	Markel Corp.	\$1,234,126,766	10	AIG Specialty Insurance Co.	\$724,617,049

¹ Formerly Scottsdale Insurance Co. and Western Heritage Insurance Co.;

² Includes Westchester Surplus Lines Insurance Co., Illinois Union Insurance Co., Chubb Custom Insurance Co. and Executive Risk Specialty Insurance Co.;

³ Acquired Ironshore Specialty Insurance Co.

Source: BI survey



DATA & RANKINGS



LARGEST CYBER SECURITY INSURERS* (STAND-ALONE POLICIES)

Rank	Insurers	2016 direct written premium	Market share
1	National Union Fire Insurance Co. of Pittsburgh, Pa.	\$204,778,099	22.2%
2	Indian Harbor Insurance Co.	\$84,331,908	9.2%
3	Beazley Insurance Co. Inc.	\$75,739,682	8.2%
4	Greenwich Insurance Co.	\$75,650,370	8.2%
5	Travelers Casualty & Surety Co. of America	\$65,217,723	7.1%
6	BCS Insurance Co.	\$32,184,550	3.5%
7	Federal Insurance Co.	\$25,331,257	2.8%
8	Lexington Insurance Co.	\$23,546,943	2.6%
9	Steadfast Insurance Co.	\$22,898,926	2.5%
10	Allied World Assurance Co. US Inc.	\$22,473,796	2.4%

*Not including surplus lines
Source: National Association of Insurance Commissioners

LARGEST CYBER SECURITY INSURERS* (PACKAGE POLICIES)

Rank	Insurers	2016 direct written premium	Market share
1	Ace America Insurance Co.	\$43,837,039	10.1%
2	Illinois Union Insurance Co.	\$43,500,551	10.0%
3	Continental Casualty Co.	\$27,419,007	6.3%
4	BCS Insurance Co.	\$23,226,014	5.4%
5	Travelers Casualty & Surety Co. of America	\$18,105,093	4.2%
6	Endurance American Insurance Co.	\$11,181,634	2.6%
7	Columbia Casualty Co.	\$9,312,028	2.1%
8	Axis Insurance Co.	\$9,149,390	2.1%
9	Beazley Insurance Co. Inc.	\$8,168,311	1.9%
10	Liberty Insurance Underwriters Inc.	\$7,687,733	1.8%

*Not including surplus lines
Source: National Association of Insurance Commissioners

LARGEST THIRD-PARTY ADMINISTRATORS

Rank	Company	2016 gross revenue
1	Sedgwick Claims Management Services Inc.	\$1,755,449,012
2	Crawford & Co./Broadspire	\$1,177,588,000
3	York Risk Services Group Inc.	\$750,000,000
4	UMR Inc.	\$724,212,000
5	Gallagher Bassett Services Inc.	\$718,100,000
6	CorVel Corp.	\$513,000,000
7	Meritain Health	\$384,600,000
8	ESIS Inc.	\$359,900,000
9	Helmsman Management Services L.L.C.	\$206,358,000
10	HealthSmart Holdings Inc.	\$194,208,300

Source: BI survey



LARGEST COMMERCIAL AUTO INSURERS

Rank	Company	2016 direct written premium	Market share
1	Progressive Casualty Insurance Co.	\$2,625,929,000	8.0%
2	Travelers Cos. Inc.	\$2,104,315,000	6.4%
3	Nationwide Mutual Insurance Co.	\$1,735,614,000	5.3%
4	Zurich Insurance Co.	\$1,621,340,000	4.9%
5	Liberty Mutual Holding Co. Inc.	\$1,588,503,000	4.8%
6	Old Republic Insurance Co.	\$1,123,042,000	3.4%
7	Berkshire Hathaway Inc.	\$951,775,000	2.9%
8	AmTrust Financial Services Inc.	\$929,405,000	2.8%
9	American International Group Inc.	\$855,069,000	2.6%
10	Auto Owners Insurance Co.	\$739,495,000	2.2%

Source: National Association of Insurance Commissioners



LARGEST CAPTIVE MANAGERS¹

Rank	Company	2016 total captives
1	Marsh Captive Solutions	1,215
2	Aon Captive & Insurance Management	1,191
3	Willis Towers Watson Global Captive Practice	385
4	Strategic Risk Solutions	268
5	USA Risk Group	218
6	Artex Risk Solutions Inc. ²	200 ³
7	JLT Insurance Management	164
8	AMS Insurance Management Services Ltd.	115 ³
9	R&Q Captive Holdings Ltd.	114
10	Atlas Insurance Management	86

¹ Captives electing to operate under Section 831(b) of the U.S. Tax Code are not included; ² Artex Risk Solutions Inc. acquired Kane's Insurance Management operations in March 2016. They also acquired Quest Holdings (Gibraltar) Ltd. and Hexagon Insurance PCC Ltd. in 2016; ³ BI estimate. Source: BI survey



LARGEST CAPTIVE DOMICILES

Rank	Domicile	Total number of captives at end of 2016
1	Bermuda	776
2	Cayman Islands	711
3	Vermont	593
4	Utah	462
5	Delaware	385
6	Guernsey	321
7	Anguilla	287 ¹
8	Nevis	285
9	Barbados	246
10	Luxembourg	208

¹ BI estimate
Source: BI survey

COMMENTARY

Bermuda market faces tax changes

It took nearly 20 years of lobbying, but U.S. insurers finally managed to close the so-called Bermuda tax loophole last month.

A provision in the wide-ranging tax reform measure that President Donald Trump signed into law in December will impose higher taxes on transactions with foreign affiliates.

Several large U.S. insurers, led by the late Dean O'Hare of Chubb, argued since the turn of the century that some overseas insurers with U.S. affiliates enjoyed an unfair tax advantage over their competitors because they could reinsure significant amounts of business offshore into low- or no-tax domiciles avoiding much of the corporate tax that their U.S. competitors paid.

The combination of the Base Erosion and Anti-Abuse Tax in the tax law and the significant lowering of the U.S. corporate tax rate would reduce or eliminate that perceived advantage.

For an equally long time, Bermuda advocates have argued that they already paid extra tax on the ceded business and that the effective tax rate of U.S. insurers was so much lower than the headline rate that the alleged tax advantage was minimal.



Gavin Souter
EDITOR

Whatever the rights and wrongs of the tax argument, Bermuda insurers and reinsurers will have to adapt to the new environment created by the new U.S. tax law. And they surely will.

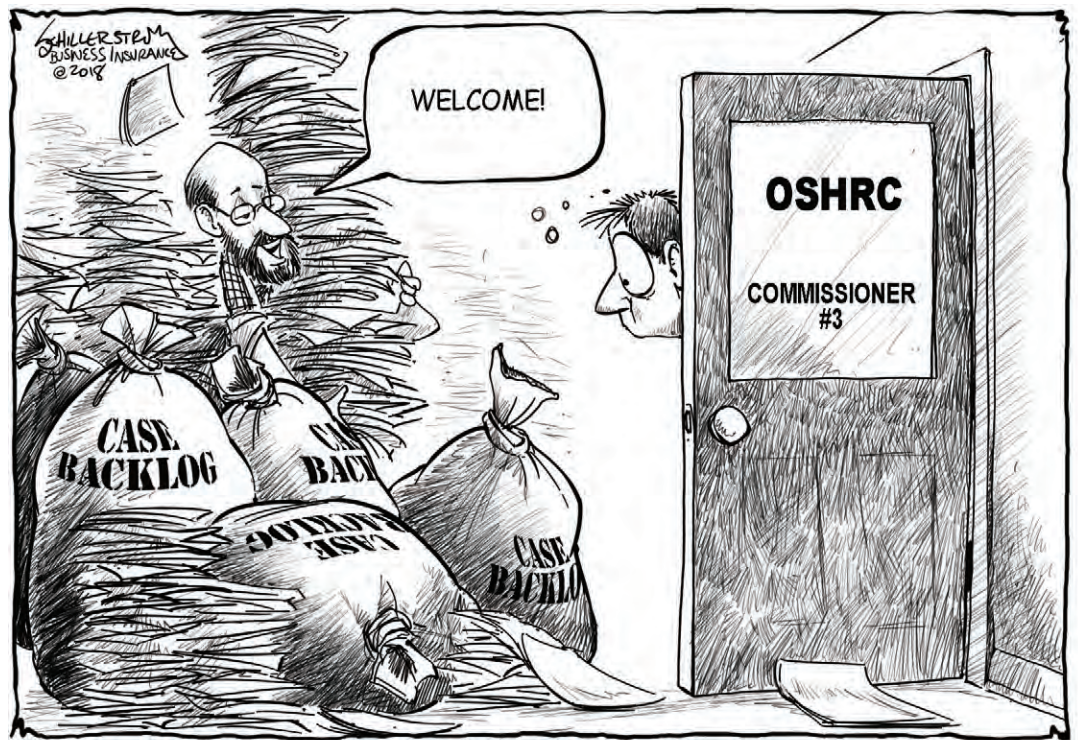
The success of the Bermuda market over the past half century has been based on its ability to innovate and offer solutions to U.S. policyholders that are not being met elsewhere. While low taxes have undoubtedly been a factor in the development of those solutions, a flexible regulatory environment and a focus by the island's business and political leaders on making sure its insurance and reinsurance sector is positioned to quickly take advantage of new opportunities have been major contributors.

From its development as a captive domicile in the 1960s and its growth as a liability market in the 1980s to its position as prime location for a new breed of catastrophe reinsurers in the 1990s and a domicile of choice for insurance-linked securities products in the 2000s, Bermuda has been at the head of the pack chasing new business opportunities in the insurance sector.

While it has faced competition in many areas as it has matured as a market due to developments such as the huge growth in the number of U.S. captive domiciles and the attractions of European Union domiciles for some of its insurers and reinsurers, Bermuda remains a key insurance and reinsurance resource for global buyers. And it continues to attract startups looking to jump in and take advantage of market developments.

The capacity and products developed in the Bermuda market have benefited insurance buyers of all sizes in the U.S. for years, and they will be relying on the deep expertise in Bermuda to keep the pipeline of solutions full regardless of the challenges the market faces.

SCHILLERSTROM



VIEW FROM WASHINGTON

Action on harassment vital

Sexual harassment is a pervasive and intractable problem. But the U.S. Congress, which is clearly not immune to and is, in fact, a contributor to the problem, can do something about it.

Sen. Kirsten Gillibrand, D-N.Y., on Dec. 6 introduced the Ending Forced Arbitration of Sexual Harassment Act of 2017, which would void forced arbitration agreements for sexual harassment and discrimination claims. Sen. Lindsey Graham, R-S.C., is one of six Senate co-sponsors, while a companion bill was also introduced in the U.S. House of Representatives by a bipartisan group of legislators, including Reps. Elise Stefanik, R-N.Y., and Cheri Bustos, D-Ill. No action has been taken to date as Congress has contended with multiple priorities, including its contentious tax reform bill, which was signed into law last month.

Mandatory employment arbitration procedures are a widely used tool in the United States, with 56.2% of private-sector nonunion employees subject to such policies; extrapolating that to the overall workforce means 60.1 million U.S. workers do not have access to the courts to protect their legal employment rights, according to the Washington-based nonprofit think tank Economic Policy Institute.

Mandatory arbitration clauses in employment contracts and employee handbooks do have significant business advantages, including limiting the potential for costly and lengthy litigation, and can protect the privacy of employees. In the sexual harassment and assault context, however, they have been wielded by harassers and the companies they work for to victimize the female and male casualties of harassment twice and prevent them from warning others about the dangerous situations they may unknowingly be placed in.

On Dec. 19, Microsoft Corp. became the first Fortune 100 company to endorse the bipartisan legislation. But the Seattle-based technology company went even further after a review of its employment agree-

ments found contractual clauses requiring predispute arbitration for harassment claims for some employees. Even though Microsoft has never enforced an arbitration provision relating to sexual harassment, the company is walking the walk by immediately waiving its contractual requirement for arbitration of sexual harassment claims in its arbitration agreements, according to a blog post by President and Chief Legal Officer Brad Smith.



Gloria Gonzalez
DEPUTY EDITOR

"We appreciate that many companies and business associations believe that the opportunity for private arbitration is sufficient," Mr. Smith said. "A great many responsible companies — Microsoft among them — have put in place a variety of internal processes so employees can escalate concerns. Arbitration alone has seemed reasonable to sup-

plement these processes, and for most issues that seems appropriate. But as each new story about sexual harassment demonstrates, current approaches in this area have proven insufficient. Because the silencing of voices has helped perpetuate sexual harassment, the country should guarantee that people can go to court to ensure these concerns can always be heard."

I hope more employers voluntarily follow Microsoft's lead and eliminate forced arbitration provisions related to sexual harassment and discrimination in their employment contracts and employee handbooks. But given that some employers will not act unless they are forced to, Congress should move forward and pass this legislation with the bipartisan support and attention that such a devastating and troublesome issue in our society deserves.

Captive investments scrutinized following key tax court ruling



Philip Karter is a shareholder and head of the Philadelphia office of Chamberlain Hrdlicka, where he specializes in representing companies in federal civil tax audits, administrative appeals and tax litigation. He may be reached at 610-772-2320 or pkarter@chamberlain.com.

Katherine Jordan is an associate attorney in the Philadelphia office of Chamberlain Hrdlicka. She is a member of the tax controversy and litigation practice and focuses on representing clients in audits and administrative appeals before the IRS. She may be reached at 610-772-2328 or kjordan@chamberlainlaw.com.

Captive insurers qualifying as small captives or “microcaptives” that are eligible for the tax benefits of Internal Revenue Code 831(b) have long had targets on their backs. This year, however, marked the first time a court has added its voice to the simmering dispute between the IRS and taxpayers over the use of microcaptives.

On Aug. 21, the U.S. Tax Court in *Benjamin Avrahami and Orna Avrahami v. Commissioner of Internal Revenue* issued its first decision in a case involving a micro-captive, and it went badly for the taxpayers. Deductions claimed for insurance premiums were disallowed, but the Tax Court concluded that no penalties should be imposed because the taxpayers still “acted reasonably and in good faith” in relying on the advice of their professional advisers.

Despite the potentially chilling effect of *Avrahami*, taxpayers engaging in micro-captive transactions should remain confident that their captive arrangements will be respected where such transactions reflect:

- bona fide insurable risks with a reasonable likelihood of generating claims (or a history of actual claims);
- arm’s length, commercially reasonable policy terms;
- defensible premium pricing that roughly correlates to premiums charged in the commercial insurance marketplace for comparable coverages; and
- a sound, well-documented, nontax business purpose for undertaking and maintaining insurance coverage.

Even then, secondary aspects of a micro-captive transaction still can give rise to arguments that the transaction was carried out primarily for tax avoidance and failed one or more judicially defined tests, such as the economic substance, step transaction, substance over form or sham transaction doctrines.

An example might be a situation in which a transaction is perceived to involve a circular flow of funds that puts deductible payments back into the hands of either the payer or a related party. Circular cash flows can take a variety of forms, such as loans from the captive insurer to the insured or another affiliated entity, or, as in the case of *Avrahami*, the flow of funds from the insured to a risk pool that then pays premiums to the insured’s captive through a reinsurance arrangement.

Another common captive transaction that has been scrutinized by IRS auditors is the direct or indirect investment of surplus capital by a captive in life insurance policies on the lives of related parties, such as an owner of a captive insured. The IRS could argue that the premiums collected by the captive and the premiums paid for the life insurance are little more than a single payment by a business owner to obtain a deduction they could not otherwise take if they were to purchase life insurance directly.

But does an investment by a captive in such policies really represent nothing more than a conduit for claiming a deduction for the purchase of life insurance, and should this affect whether the insurer-insured relationship is respected?

Life insurance policies consist of two components — an insurance or death benefit component, and an investment or cash value component. When a purchaser of life insurance pays an annual premium, the portion that is not allocated to the cost of funding the policy’s death benefit is invested in an income-earning vehicle. Income that is earned inside the policy’s investment account grows tax-free, and no tax is incurred upon payout of the cash value to the policy beneficiary as part of a death benefit. This is similar to the tax treatment of a Roth IRA, with the only distinction that the tax-free nature of life insurance requires death of the insured, while the tax-free nature of a Roth requires a holding period of at least five years and withdrawal after age 59½.

So why does the IRS appear to be bothered by captive-owned life insurance? Certainly, it cannot be because such policies do not represent bona fide investment assets of the captive. The benefits of an equity-indexed universal insurance policy are primarily as an investment vehicle rather than an insurance vehicle, as evidenced by the fact that banks and large public companies invest large portions of their cash reserves in life insurance.

There are no grounds to create an artificial distinction between captive investments in life insurance as opposed to other investment assets.

It also cannot be that the purchase of captive-owned life insurance is just another questionable flow of cash from one related party to another, allowing transfers of wealth that produce unintended tax benefits. There is no pass-through of deductible captive insurance premiums to fund life insurance policies because there is no correlation between captive and life insurance premium amounts or the timing of payments on policies. The premiums paid on life policies purchased by captives are not captive premium dollars; they merely represent an investment of the captive’s investable surplus as determined by the laws of the jurisdiction in which the captive is based.

Finally, it cannot be because it represents a way to generate a deduction with funds that can be used to purchase assets that are never taxed again. The proceeds from the death benefit must still at some point

be distributed from the corporation to its shareholders, and any distributions are taxable to the extent of the shareholder’s gains.

The taxation of the death benefit received by the captive’s shareholders is thus comparable to a “buy and hold” investment in an appreciating asset such as marketable securities or real estate. Each of these alternative investments has the potential to grow in value over time without generating recognized income. Like any asset, the tax on the appreciated value of a life insurance policy may be deferred, but it ultimately will be paid when distributed by the captive.

Of course, the investment returns on a life insurance policy can be taxed sooner than the point at which they are distributed by the captive if the captive draws upon the policy’s cash value prior to the insured’s death. In that case, the captive will be taxed to the extent that the withdrawals exceed the captive’s basis in the life insurance policy. Such treatment is no different than the treatment accorded any number of alternative appreciated assets such as stocks or other securities, treasuries, municipal bonds, real estate or collectibles.

For each of these alternative types of investment assets, there are ways to avoid a corporate level of taxation by borrowing against the asset rather than distributing it and paying tax on the appreciation. For instance, the captive can borrow against its stock holdings (margin borrowing) or take a loan on the equity in an appreciated real estate asset. Similarly, the captive can borrow against the life policy and avoid the tax that would otherwise apply to an outright distribution. All of these scenarios demonstrate that a captive investing in life insurance should not be treated any differently than a captive investing in other types of assets, assuming it meets requirements imposed on insurance companies by the jurisdiction in which it operates.

In sum, there are no grounds to create an artificial distinction between captive investments in life insurance as opposed to other investment assets. On the other hand, there are a number of laws, such as the McCarran-Ferguson Act, the Gramm-Leach-Bliley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, that reaffirm it is not the province of the U.S. Department of the Treasury to exercise general supervisory or regulatory authority over how insurance companies invest their surplus capital, but rather the province of the local jurisdiction.

Captives should remain free to make decisions about how to invest their surplus capital, including the purchase of an asset long considered a safe and highly flexible investment choice, without fear that it might lead to an IRS challenge to the legitimacy of the underlying captive insurance arrangement.

Berkshire offers financial institution policy for Asia

■ Berkshire Hathaway Specialty Insurance Co. introduced a financial institution professional indemnity insurance policy in Asia.

The Professional First FIPI policy is designed to cover a range of claims, from allegations of failure to disclose information to misleading financial advice and breaches of contract, Boston-based BHSI said in a statement.

It combines coverage for civil liability, pre-investigations, mitigation expenses, bail bond costs, court attendance and loss of documents, among other coverages.

Berkshire said the policy is designed for medium to large financial institutions, including securities dealers, regional banks, insurance and reinsurance companies, diversified institutions and financial technology and corporate advisory firms.

A spokesman said in a statement that “this product is tailored to the Asian environment including coverage offers such as mitigation costs, pre-investigation costs and court attendance costs.”

Brit introduces reinsurance platform Sussex Capital

■ Specialty insurer and reinsurer Brit Ltd. said it is launching Sussex Capital, a Bermuda-domiciled collateralized reinsurance platform.

London-based Brit said in a statement it had slated a Jan. 1 launch for Sussex with an expected initial capacity of \$100 million.

Through Sussex Re, a Bermuda-domiciled special purpose insurer, Sussex Capital will write direct collateralized reinsurance and collateralized reinsurance for Brit’s reinsurance portfolio, the statement said.

In collateralized reinsurance, the policy limit is fully collateralized with funds held or on deposit.

“We are excited to launch Sussex Capital and further enhance Brit’s client and broker proposition with Sussex Re writing direct collateralized reinsurance,” Brit CEO Matthew Wilson said in the statement.

ESIS product aims to help injured worker advocacy

■ ESIS Inc. said it has launched its worker advocacy model, ESIS Care, which aims to eliminate barriers in the workers compensation process for injured workers.

The product is designed to help streamline the claims process, enabling employers to reduce associated legal costs and helping employees return to work quick-



AIG offers model to benchmark cyber risks

■ American International Group Inc. has created a cyber benchmarking model that quantifies and scores policyholder cyber risk.

The model evaluates a policyholder’s cyber security maturity against 10 common attack patterns across 11 commonly used technology devices, AIG said in a statement.

It incorporates security data such as current threat intelligence from multiple sources, effectiveness of an organization’s cyber controls, potential impact of a cyber breach on an organization, and insights gained from the thousands of cyber claims handled by AIG.

AIG cyber policyholders, who provide the required information, can receive a report detailing security scores, peer benchmarking and key risk mitigation controls to help quantify cyber risk.

ly after a work-related incident, Whitehouse, Philadelphia-based ESIS, a workers comp arm of Chubb Ltd., said in a statement.

ESIS Care intends to keep the employee at the center of the claims process, “fostering more confidence for employees going through the workers compensation claims process while helping to establish a transparent relationship with the employer,” according to the statement.

Employers and employees will have access to a network of intake, clinical and claims representatives, according to the statement.

Hanover expands product recall coverage

■ The Hanover Insurance Group Inc. expanded its product recall coverage to include additional expenses and liability coverage. Coverage extension options include repair, replacement or repurchasing coverage, customer’s lost profit coverage and good faith advertising coverage, the insurer said in a statement.

In addition, Hanover now offers product recall liability coverage, which differs from its general liability insurance policy in that it offers protection if a company is sued for costs associated with a recall and covers claims for damages and legal representation costs, according to the statement.

The insurer’s product recall coverage currently offers reimbursement for expenses incurred to remove a defective product from the marketplace, according to the statement.

Travelers offers digital self-service comp tool

■ Travelers Cos. Inc. launched MyTravelers for Injured Employees, a digital self-service product that aims to streamline the process for workers compensation claims.

MyTravelers for Injured Employees is a web-based tool that gives injured employees information they need to manage their claims on a mobile device or computer.

It includes search capabilities to find health care providers, notifications of status updates, information related to reimbursement for lost wages and real-time electronic communication between injured employees and claim professionals, Travelers said in a statement.

MGA extends cyber policy to cover computer crime

■ Specialist managing general agent Ascent Underwriting L.L.P. expanded its CyberPro Regulatory Billings product to cover social engineering and computer crime, and now offers its cyber modules of coverage with no deductible, the London-based firm said.

CyberPro was launched in December 2013 to offer financial protection against U.S. health care billing and coding regulation violations. The product now covers losses arising from phishing and other fraudulent attempts to mislead policyholders into transferring monies or assets to criminals, Ascent said in a statement.

Ascent’s crime cover includes traditional fraud arising from theft of electronic funds, fraud causing loss of a policyholder’s tangible product or merchandise, or compromise of a trade secret or nontangible asset that results in lost revenue.

DEALS & MOVES

USI finalizes Wells Fargo deal

USI Insurance Services Inc. closed its acquisition of Wells Fargo Insurance Services USA Inc. on Nov. 30.

Announced in June, the deal combined two brokers with roughly \$1 billion in revenue apiece. Terms were not disclosed.

The transaction included the insurance brokerage and consulting, employee benefits and property/casualty national practices of Wells Fargo, along with its Safehold Special Risk, small business insurance, student insurance, individual health and private risk management insurance business lines, USI said in a statement.

Gallagher acquires Illinois agency

Arthur J. Gallagher & Co. acquired Wayne, Illinois-based Weiss Insurance Agencies Inc. for an undisclosed amount.

Weiss, founded in 1905, provides a full range of employee benefits, property/casualty, financial and retirement products and services, and human resource consulting services to clients in Illinois and throughout the country, Gallagher said in a statement.

Weiss has a team of over 30 people, according to its website.

Navigators to acquire Belgian insurer

Navigators Group Inc., in Stamford, Connecticut, will pay €35 million (\$41.1 million) in cash to acquire the shares of Assurances Continentales-Continental Verzekeringen N.V., which specializes in marine and property/casualty insurance, and its underwriting agency, Bracht, Deckers & Mackelbert N.V. Both are based in Antwerp, Belgium.

As part of the transaction, which is expected to close in 2018’s first half, Navigators will also acquire all the shares of Canal Re S.A., a Luxembourg reinsurer that is a wholly owned subsidiary of ASCO.

Allianz plans to buy rest of Euler Hermes

Allianz S.E. plans to buy the shares in French credit insurance firm Euler Hermes it does not yet own for around €1.85 billion (\$2.2 billion).

Allianz said it struck a deal to buy 11.3% of Euler Hermes’ stock for €122 per share in cash, taking its holding to 74.3% of shares. It plans to make a public takeover offer for the remaining stock, excluding treasury shares, at the same price.

Reuters



The greatest challenge is harnessing the wealth of data that exists in each of our organizations. Whether it's premiums, carrier appetite, exposure information or claims, our industry houses a tremendous amount of data.

UP CLOSE

Shawn Ram

NEW JOB TITLE: San Francisco-based head of insurance for Coalition Inc.

PREVIOUS POSITION: San Francisco-based executive managing director at Crystal & Company.

LOOKING FORWARD TO: Seeing our industry evolve. Working in a startup culture has caused me to look at every experience as an opportunity to push the bounds of what is possible.

GOALS FOR NEW POSITION: Cyber risk is the most pervasive risk of our generation. My goals are centered around solving that risk, first by bringing brokers the opportunity to offer clients the most comprehensive coverage available and cyber security services that are currently out of reach.

ON LEADERSHIP: Vision — the ability to capture the magnitude of the opportunity ahead of your organization while keeping focus on the personal growth and aspirations of the individuals within your stewardship.

CHALLENGES FACING INDUSTRY: The greatest challenge is harnessing the wealth of data that exists in each of our organizations. Whether it's premiums, carrier appetite, exposure information or claims, our industry houses a tremendous amount of data.

CRYSTAL BALL: Insuretech has become somewhat of a buzzword that I believe will fade over time, as all insurance companies will embed technology as a driver to innovation and growth.

FIRST INDUSTRY JOB: A rotational training program at a large brokerage firm.

WHAT SURPRISED ME: I was surprised at the unique opportunity to interact with so many different clients. Our industry asks us to learn about multiple industries while speaking with clients with unique personalities ... all in one day. How cool!

ADVICE: Work hard. Strive for excellence. Have integrity.

FAVORITE QUOTE: "Where performance is measured, performance improves. Where performance is measured and reported, the rate of improvement accelerates."

OUTSIDE THE INDUSTRY, A DREAM JOB: High school football coach

HOBBIES: Playing pick-up basketball, doing CrossFit or barbecuing.

PETS: I married an animal lover, so both cats and dogs.

THING MOST PEOPLE DON'T KNOW ABOUT ME: I speak French and Hindi fluently.

DON'T LEAVE THE HOUSE WITHOUT: Phone

BIGGEST OBSTACLE FOR WORK-LIFE BALANCE: Work is always at my fingertips.

WHEN I RETIRE: I'll be volunteering with my wife in a community in an obscure place of the world.

FAVORITE MEAL: Texas barbecue

FAVORITE BOOK: "Blue Ocean Strategy" by Renée Mauborgne and W. Chan Kim

CAN'T-MISS TELEVISION SHOW: "Stranger Things"

BEST CITY: Suva, Fiji

ON A SATURDAY AFTERNOON: My wife and I are generally doing chores outside or attending one of our three children's sports.

Visit www.businessinsurance.com/ComingsandGoings for a full list of this month's personnel moves and promotions. Check our website daily for additional postings and sign up for the weekly email. *Business Insurance* would like to report on senior-level changes at commercial insurance companies and service providers. Please send news and photos of recently promoted, hired, or appointed senior-level executives to editorial@businessinsurance.com.

ON THE MOVE



American International Group Inc. has named former Berkshire Hathaway Specialty Insurance Co. Europe chief and Lloyd's of London executive **Tom Bolt** as chief

underwriting officer, general insurance, effective January. Based in New York, he will take on responsibilities currently overseen by Madhu Tadikonda.



Ascot Group Ltd. has launched Bermuda reinsurer Ascot Reinsurance Co. Ltd. and named **John Berger** as its chief executive, effective January. Mr. Berger

most recently served as CEO of Third Point Reinsurance Ltd., London-based Ascot said in a statement.



Chuck Dangelo will retire as president and CEO of Starr Insurance Holdings. Starr executive **Steve Blakey** has been



promoted to replace him. Mr. Dangelo, who has been in the insurance industry for nearly a half century, worked at American International Group Inc. and he spent 24 years at CNA

Financial Corp. before joining Starr.



Markel CATCo Investment Management Ltd. has named **Alissa Fredricks** to the newly created position of CEO, Bermuda, effective

immediately. Previously Markel CATCo's chief risk officer, Ms. Fredricks will assume responsibility for all operations at its registered offices in Bermuda.



XL Group Ltd. has promoted **Jay Lefkowitz** to president of its global risk management business in North America, effective immediately.

Based in New York, he assumes the position formerly held by Ken Riegler, who recently left to join American International Group Inc., an XL spokeswoman said in an email. Mr. Lefkowitz was previously head of XL's U.S. risk management team.

SEE MORE ONLINE



Auto rates grow with marijuana laws

With legalized recreational marijuana on the rise, people aren't the only ones getting high: Car insurance rates are also going up, the radio station New Jersey 101.5 reported.

The Highway Loss Data Institute, a research group funded by auto insurers, in June 2017 released a study showing that legalization of recreational pot in Colorado, Oregon and Washington resulted in a rate of collision claims that were about 3% higher.

"We are seeing rates go up, and one cause of rates climbing in these states is the presence of recreational marijuana," James Lynch, chief actuary for the Insurance Information Institute Inc., told the station.

Meanwhile, a survey released by the Property Casualty Insurers Association of America in December shows that while 91% of people believe driving under the influence of pot is dangerous, only 40% believe it is contributing to more crashes.

Safety concerns boost Viagra

To help eliminate the dangerous practice of purchasing counterfeit Viagra from the internet, Britain's Medicines and Healthcare Products Regulatory Agency, in a risk management move, announced in December that it will permit the over-the-counter sale of the popular prescription male-impotency drug, according to The Guardian news site.

Prescriptions of Viagra and other erectile dysfunction drugs containing sildenafil have tripled in Britain in a decade, creating a large black market in which \$22 million worth of unlicensed and counterfeit Viagra was seized, the news outlet reported. The decision was made after a safety assessment, advice from the Commission on Human Medicines and positive responses to a public consultation in 2017, according to the news site.

UNDERCOVER AGENTS SEND FRAUDSTER UP THE RIVER



A three-day kayaking adventure with undercover federal agents helped crack the case of a U.S. Postal Service employee who claimed total disability, collecting more than half a million dollars in workers compensation benefits.

Deborah Durand, 55, was sentenced in U.S. District Court to 15 months in prison for fraudulently obtaining more than \$683,000 in benefits from the U.S. Department of Labor from 2006 to 2016, the Great Falls Tribune reported. She was ordered to pay more than \$900,000 in restitution and criminal forfeiture, according to the newspaper article.

The U.S. attorney's office told reporters that Ms. Durand suffered a back injury while at her job at a post office and later had back surgery. She was unable to work for a period of time; however, instead of returning to work after her recovery, she filed for total disability status and received benefits for about 10 years.

Federal agents, meanwhile, sent Ms. Durand a fake survey in December 2014, asking her hobbies. She listed kayaking and camping as part of her outdoor activities — tipping off investigators, the article reported.

The agents then posed as representatives of a marketing company and informed her she had won a free kayak trip.

Apparently not wanting to leave room for doubt, the agents then went on a three-day kayaking tour with Ms. Durand, which included kayaking for about four to seven hours a day.

In a follow-up survey, she said the demands of the trip were not difficult because "I'm fairly strong," the paper reported.

Hoops fan spies illegal team tactics

The National Basketball Association's Golden State Warriors have found themselves on another court: U.S. District Court.

A judge in the Northern District of California has ordered the team to trial over its smartphone application, which allegedly recorded fans' conversations while providing team stats and game scores, according to an article posted on the Daily Beast.

While fans were watching the game, the app was watching them, plaintiff LaTisha Satchell claimed in her lawsuit, as reported on the news site.

The app allegedly turns a user's phone microphone on and records happenings within earshot, relaying data back to the Warriors and a tech company, possibly in violation of wiretap laws, the lawsuit contends.



Driver's license suspended 'til 2057

Caught 28 times driving without insurance cost one Irish driver 40 years of legal driving privileges, the U.K.'s Metro news site reported.

Sean Coss, 25, has 121 driving offenses on record, including the multiple driving-without-insurance charges that cost him 1.4 years of legal driving per count, putting him behind the wheel legally no earlier than 2057 — when he's 65.

It wasn't supposed to be that way.

A judge in Ireland initially sentenced Mr. Coss to five months of prison and a 20-year ban, the site reported. But in December, Mr. Coss appealed the sentence. The judge responded by doubling the driving ban at the appeal hearing, according to the site.

"He's not a fit person to ever hold a license ... 28 convictions for no insurance? That must be a record," the judge reportedly said.

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U.S. Insurance Awards | March 8

New York | BusinessInsurance.com/conference/USIA

Workers Compensation Conference* | May 22-24

Westin Chicago River North | BusinessInsurance.com/conference/WC



Break Out Awards | June 2018

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Construction Conference* | September 26-28

Chicago Marriott Downtown Magnificent Mile | BusinessInsurance.com/conference/Construction



Diversity & Inclusion Institute | Dates TBD

Regional events | Businessinsurance.com/conference/diversityinclusion

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New York | BusinessInsurance.com/conference/RMR



Innovation Awards | October 10

New York | BusinessInsurance.com/conference/Innovation

Cyber Summit* | October 10-11

New York | BusinessInsurance.com/conference/Cyber



Women to Watch Conference & Awards EMEA* | November 15-16

London | BusinessInsurance.com/conference/WomentoWatchEMEA

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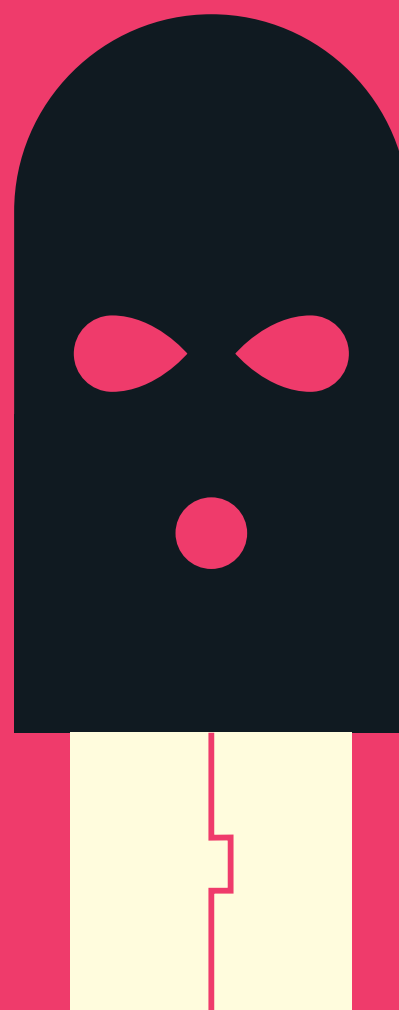
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