

GUN SAFETY: Arming teachers raises workers comp, liability concerns - **PAGE 10**

BUSINESS INSURANCE®

www.businessinsurance.com

MAY 2018

**SPECIAL
REPORT**

**CLAIMS
MANAGEMENT**

PAGE 19



**Caution!
Wet Floor**

RISK MANAGING SLIPS, TRIPS AND FALLS

Retail sector searches for new methods
to curb persistent, frequent exposure

PAGE 16

trustworthy

INSURANCE PARTNER

Casualty

Executive & Professional

Healthcare Professional

Homeowners

Medical Stop Loss

Property

Programs

Surety

Travel



Berkshire Hathaway
Specialty Insurance®

www.bhspecialty.com

Asheville | Atlanta | Boston | Chicago | Houston | Indianapolis | Irvine
Los Angeles | New York | San Francisco | San Ramon | Seattle | Stevens Point
Auckland | Brisbane | Dubai | Dublin | Düsseldorf | Hong Kong | Kuala Lumpur
London | Macau | Melbourne | Perth | Singapore | Sydney | Toronto

CEO
Adam Potter

PUBLISHER
Peter Oxner
(Chicago)
poxner@businessinsurance.com

EDITOR
Gavin Souter
(Chicago)
gsouter@businessinsurance.com

DEPUTY EDITOR
Gloria Gonzalez
(Washington)
ggonzalez@businessinsurance.com

SENIOR REPORTER
Judy Greenwald
(San Jose)
jgreenwald@businessinsurance.com

REPORTER
Louise Esola
(New Orleans)
lesola@businessinsurance.com

REPORTER
Joyce Famakinwa
(Chicago)
jfamakinwa@businessinsurance.com

REPORTER
Rob Lenihan
(New York)
rlenihan@businessinsurance.com

REPORTER
Matthew Lerner
(New York)
mlerner@businessinsurance.com

COPY CHIEF
Katherine Downing
(Chicago)
kdowning@businessinsurance.com

COPY EDITOR
Brian Gaynor
(Portland)
bgaynor@businessinsurance.com

ART DIRECTOR
Jeremy Werling
(Cincinnati)
jwerling@businessinsurance.com

DIRECTOR OF RESEARCH,
PLANNING AND INSIGHTS
Andy Toh
(Chicago)
atoh@businessinsurance.com

MAJOR ACCOUNTS DIRECTOR -
MIDWEST & WESTERN U.S.
Keith Kenner
(Chicago)
kkenner@businessinsurance.com

MAJOR ACCOUNTS DIRECTOR -
NORTHEASTERN U.S. & INTERNATIONAL
Ron Kolgraf
(Boston)
rkolgraf@businessinsurance.com

HEAD OF SALES - EVENTS &
WORKERS COMPENSATION MAGAZINE
Jeremy Campbell
(Cincinnati)
jcampbell@businessinsurance.com

DIGITAL OPERATIONS MANAGER
Kate Lichnerska
(Chicago)
klichnerska@businessinsurance.com

MARKETING MANAGER
Katie Kett
(Portland)
kkett@businessinsurance.com

REPRINT SALES MANAGER
Lauren Melesio
(New York)
lmelesio@businessinsurance.com

SUBSCRIPTIONS & SINGLE COPY SALES
membership@businessinsurance.com
954-449-0736

Business Insurance is published by
Business Insurance Holdings.



COVER STORY

In an era of ever-evolving political and cyber risks, the humble tumble remains a major exposure for the retail sector. Slips, trips and falls occur with more frequency than severity, although some jury awards can be significant. Retailers and their insurers are deploying the latest in liability mitigation methods and safety programs in order to rein in costs. **PAGE 16**

INSIDE



SPECIAL REPORT: CLAIMS MANAGEMENT

Strife with supervisors can hurt workers compensation claims; technology helps the claims process as disasters stretch adjusters thin; accommodating disabilities is seen as the path of least resistance; third-party administrators data and statistics. **PAGE 19**

NEWS ANALYSIS

FOR BREAKING NEWS
COVERAGE, VISIT

businessinsurance.com

RISK MANAGEMENT

Concerns about the scope of PFAS exposures has led some environmental insurers to exclude coverage. **PAGE 4**

WORKERS COMP

Arming teachers to thwart school shooting has implications for workers comp and workplace safety. **PAGE 10**

INTERNATIONAL

The Turkish property/casualty market is underdeveloped, and insurance penetration remains low. **PAGE 12**



PERSPECTIVES

Laura Foggan and Jack Thomas of Crowell & Moring discuss the evolution of cyber attacks and the policies designed to cover them. **PAGE 27**

VIEW FROM THE TOP

MICHAEL PESCH

Michael R. Pesch, the president of U.S. retail property/casualty brokerage operations at Arthur J. Gallagher & Co., manages the day-to-day operations of Gallagher's retail brokerage business in the United States. In this issue, he discusses Gallagher's growth over the past year, its strategy for the future, the outlook for broker mergers and acquisitions and conditions in the property/casualty insurance market. **PAGE 14**



- ▶ **LEGAL BRIEFS**
Recent court opinions **PAGE 13**
- ▶ **OPINIONS**
Insurance sector's technology investments pay off. **PAGE 26**
- ▶ **MARKET PULSE**
Products, deals and more **PAGE 28**
- ▶ **PEOPLE**
Insurance industry moves **PAGE 29**

OFF BEAT

Finding a niche, one insurer offers a program that replaces Fido's favorite chew toy. **PAGE 30**



Growing toxic risks catch insurers' eyes

BY GLORIA GONZALEZ

ggonzalez@businessinsurance.com

Insurers are monitoring the evolving regulatory and litigation landscape for a group of potentially harmful chemicals long used in products ranging from nonstick cookware to microwave popcorn bags, pizza boxes and candy wrappers.

Concerns about the scope of potential exposure — which some observers liken to asbestos, given the widespread use of the chemicals — and the difficulty in managing the risks associated with them has led some environmental insurers to exclude coverage, brokers say.

Per- and polyfluoroalkyl substances, known as PFAS, are chemicals manufactured and used in various industries since the 1940s, according to the U.S. Environmental Protection Agency. Perfluorooctanoic acid, or PFOA, and perfluorooctanesulfonic acid, or PFOS, have been the most extensively produced and studied of the chemicals and are very persistent in the environment and in the human body, meaning they don't break down and can accumulate over time. They have been found in drinking water supplies, and epidemiological studies have uncovered associations between PFOA exposure and health conditions such as cancers, thyroid disorders and pregnancy-induced hypertension and pre-eclampsia, although these connections are still being examined.

"We just don't have a thorough understanding, so we don't know if all of them should be banned or if some may be appropriate for certain uses," said AnnMarie Sanford, Detroit-based senior attorney in the environment and energy practice group at Pepper Hamilton L.L.P.

Maplewood, Minnesota-based 3M Co., the sole U.S. manufacturer of PFOS, primarily completed a voluntary phase-out by the end of 2002, while eight major companies in the PFAS industry agreed to phase out production of PFOA and PFOA-related chemicals by 2015. But the



HIDING IN PLAIN SIGHT

Per- and polyfluoroalkyl substances, known as PFAS, are a complex family of more than 3,000 man-made fluorinated organic chemicals, although not all are in current use or production. Commercial and consumer products containing PFAS include:

- Paper and packaging
- Clothing and carpets
- Nonstick cookware
- Cleaning agents and fabric softeners
- Latex paints, varnishes, dyes and inks
- Personal care products such as shampoo, hair conditioners, sunscreen, cosmetics, toothpaste and dental floss

Source: Interstate Technology and Regulatory Council

EPA is concerned about ongoing uses of PFOA-related chemicals, which are available in existing stocks and from companies not voluntarily phasing them out.

Some states are taking more concrete actions than the federal government to address the risks posed by the chemicals, experts say. For example, Washington state adopted a bill on March 21 to ban the manufacture, sale or distribution of food packaging to which PFAS chemicals have been intentionally added beginning Jan. 1, 2022, and once safer alternatives have been identified and assessed.

"I think carriers are going to be watching for any movement in that regulatory environment that could result in increased exposures," said Christopher Smy, Atlanta-based global practice leader for Marsh L.L.C.'s environmental practice.

Litigation involving the chemicals is rising as states, nonprofit organizations, private citizens and other businesses sue over such pollution, leading to major claims.

In February 2017, Wilmington, Delaware-based DuPont Co. settled multidistrict litigation in the U.S. District Court for the Southern District of Ohio involving about 3,550 lawsuits related to personal injury claims arising from environmental releases of PFOA from the Washington Works plant in West Virginia, according to the company's securities filings. The total settlement amount was \$670.7 million.

Robert Horkovich, a New York-based managing shareholder with Anderson Kill P.C., has not yet seen policyholder litigation related to the chemicals, but called the prospect "terrifying" given the widespread use of products containing these chemicals in the home. "If they're facing adverse health effects, it could be a ginormous exposure," he said. "We're talking about a potential range like asbestos."

Policyholders with policies featuring pollution exclusions will find it more difficult to make claims, but the "big risk" is policies issued before these exclusions were introduced, Ms. Sanford said. "It's just like the first wave of Superfund," she said. "When they wrote those policies, nobody was contemplating (the Comprehensive Environmental Response, Compensation, and Liability Act)."

Insurers are reacting to the increasing litigation exposure, brokers say.

"For markets today, that is an emerging issue that they're focused on and where there could be restrictions or cost increases," said Glynis Priester, USI Insurance Services L.L.C.'s national environmental practice leader based in Washington.

"What makes PFOAs and PFOS of particular concern to the insurers is not just the existence of an unknown scope of exposure, it's that there have been claims that have been very catastrophic in nature," said Tony Sandfrey, Atlanta-based environmental practice leader of Integro Insurance Brokers. "The insurers have to stop the bleeding."

Mandatory exclusions are emerging for properties where there is a known or historical exposure, but some underwriters are excluding coverage when there is a potential contamination risk, meaning there "doesn't have to be a definitive or conclusive risk," he said. But risk managers whose operations have no known exposure can still find insurers willing to cover the risk, given the competitiveness of the environmental insurance market, he said.

Risk management is challenging because of detection and cross-contamination issues, Ms. Sanford said. Supply chains could also be problematic, as exposure could occur via goods imported from countries where the chemicals are still used and unregulated, especially China, and it may be difficult to trace the original source.

But the risk "can't be actively managed," which will make it "a focal point for insurers for years to come," Mr. Sandfrey said.

OSHA RULES ON TOXIC SUBSTANCES SEEN AS HAVING LIMITED EFFECT ON LIABILITY

Workplace safety regulations lowering exposure thresholds to certain toxic substances are not expected to have a significant effect on the insurance market for these risks despite the potential for additional third-party litigation.

The U.S. Occupational Safety and Health Administration's regulations decreasing the permissible exposure limits for silica and beryllium are aimed at improving workplace safety and are seen as more of a workers compensation liability issue. But workers

comp does not bar injured employees from suing third parties, which could create liability for companies via third-party action over claims. "Here in Texas, you're not required to carry comp," said Mark Gaskamp, managing director for insurance brokerage Wortham L.L.C. based in Austin, Texas. "So if you have a subcontractor that was doing something they shouldn't have, you could get some kind of backdoor liability case through an employee action over claim."

Construction projects may involve

sandblasting or other activities that would expose workers employed by another contractor or individuals living or working near construction sites to silica dust, said Robert Adams, a Vancouver, Washington-based principal with global environmental and engineering consulting firm Ramboll.

"I think there is some third-party risk that can occur to people who ... might be present but aren't the people OSHA was targeting," he said. "We definitely see the potential for these kinds of community exposures."

General liability policies may provide coverage for action over claims, but many policies have had silica exclusions for years, said Jeff Slivka, president of New Day Underwriting Managers L.L.C. in Hamilton, New Jersey. "I don't think from an insurance standpoint there is going to be any change, because we've either excluded it under the general liability for years or we've accepted it under your contractors' pollution liability policies for years," he said.

Gloria Gonzalez



YOUR CLIENTS MAY NOT HAVE THE MULTINATIONAL COVERAGE THEY THINK THEY DO.

Simply having multinational coverage may not be enough. Even good coverage can leave businesses exposed in unexpected ways. Our research shows that most mid- to large-size businesses are uninsured, underinsured or improperly insured.¹ We partner with businesses and their agents and brokers to create global risk solutions that meet their specific business and risk finance needs. Give your clients the multinational coverage they think they have. Visit [thehartford.com/multinational](https://www.thehartford.com/multinational).

Together We Prevail™

¹ The Hartford's Second Quarter 2017 Pulse Survey
The Hartford® is The Hartford Financial Services Group, Inc. and its subsidiaries. 18-0321 © March 2018 The Hartford



Business Insurance
Employee Benefits
Auto
Home

Parametric triggers simplify claims

BY MATTHEW LERNER

mlerner@businessinsurance.com

Parametric coverage, once confined largely to the realm of reinsurance and insurance-linked securities, is seeping into the primary insurance market, observers say.

The index-based contracts often are used to cover exposures excluded in conventional policies or to cover primary deductibles and they offer the benefit of a quick, simple claims payment process, they say.

Parametric triggers have for several years been included in various reinsurance contracts, such as industry loss warranties or ILS products. The coverage is based on data and the achieving or exceeding some agreed-upon measurement, such as wind speed or rainfall.

Although, the coverage may require some proof of property damage, claims are paid once the agreed upon trigger has been reached and paid without the need for extensive proof of loss.

"Parametric products are migrating into the retail side," said Gary Marchitello, New York-based head of property broking for Willis Towers Watson P.L.C. "We as a company have probably done a dozen or so placements of that type in the past year or two."

"The popularity has taken off rather dramatically," said Robert Nusslein, New York-based head of innovative risk solutions, Americas, at Swiss Re Corporate Solutions Ltd. "There are a lot of corporates not only interested in the cover but closing different transactions with us."

Ten years ago, parametric insurance was rare but Swiss Re Corporate Solutions closed more than two dozen parametric natural catastrophe contracts globally in 2017, with the vast majority covering policyholders in North America, he said.

Parametric coverage offers several advantages and can be used to complement traditional property coverage, experts say.

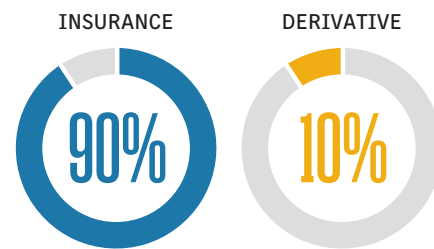
"You don't have to get involved in a long, protracted claims adjudication process. Simply exceed the index, have some element of property damage, and you can get paid."

Duncan Ellis, Marsh L.L.C.

"The goal of parametric insurance is to offer risk transfer for exposures for which it is historically difficult-to-impossible to obtain risk transfer," said Evan Glassman, CEO of Fort Lauderdale, Florida-based New Para-



PARAMETRIC COVERAGE: INSURANCE VS DERIVATIVE



Parametric coverage can be delivered in insurance or derivative form. Swiss Re, which closed more than two dozen deals in 2017, says clients most often use the insurance form of parametric coverage.

digm Underwriters L.L.C., "difficult exposures such as losses below traditional insurance deductibles; losses excluded within the policy; or exposures historically not insurable, such as transmission and distribution power lines, landscaping or beach erosion."

"Where these parametrics have become useful has typically been on the very high end, such as clients having very large and complicated time element losses, or on the low end, where clients may be seeking to cover primary deductibles or excluded property," said Duncan Ellis, U.S. property practice leader for Marsh L.L.C. in New York. "Parametrics provide supplemental-type coverage to the all-risk property coverage without the traditional requirement for the rigorous degree of proving loss."

Excluded risks that can be covered via a parametric policy might include trees, shrubs or golf courses, Mr. Ellis said.

The coverage often addresses catastrophe

perils such as windstorms and earthquake.

"They tend to be mainly hurricane- or named storm-driven products where the trigger is wind speed," Mr. Marchitello said.

Excess rainfall, storm surge and excess snowfall can also be covered, said Mr. Nusslein of Swiss Re.

"Eighty-eight percent of businesses are directly affected by the weather," said Kurt Cripps, London-based managing director of Aon P.L.C.'s innovation and solutions team, citing a figure from the Weather Risk Management Association in Washington. "For many businesses, it's the largest unknown variable, so clients ask us how they can mitigate that risk."

"Almost every industry — construction, energy, agriculture, aviation, retail, mining — they all have different weather exposures," said Karsten Berlage, New York-based managing director for Allianz Global Corporate & Specialty's alternative risk transfer unit. If one component in a supply chain is affected by weather, for example, manufacturing processes can be delayed.

Claims can often be settled much more easily and quickly with parametric coverage because it is index-based, experts say.

"The real attractive part of these is that you don't have to get involved in a long, protracted claims adjudication process," Mr. Ellis said. "Simply exceed the index, have some element of property damage, and you can get paid."

"Payment is made 30 days from the event and, for parametric insurance, usually 12 to 24 months later there is a simple certification of losses by the insured," Mr. Nusslein said.

Some parametric policies offer even shorter timeframes.

"Once a policy is in place and there is a claim, payment is scheduled for 14 days afterward," Mr. Cripps said. "There is no loss adjusting here. There is no claims haggling."

DATA SOURCES MULTIPLY

The development of better data is helping to further enable parametric insurance, sources said.

"Certainly improved data helps. Data is absolutely essential," said Karsten Berlage, New York-based managing director for Allianz Global Corporate & Specialty S.E.'s alternative risk transfer unit. "It used to be just weather stations on the ground. Now, increasingly, you use other forms of model data or satellite data."

Newer forms of data are being used in conjunction with one another, according to sources.

"I think it's the combination of data," said Kurt Cripps, London-based managing director of Aon P.L.C.'s innovation and solutions team.

"Historically, we had ground-based data. Now it's a combination of ground-based data, satellite data and data from new technology and connected devices, such as sensors utilized by retailers to measure customer footfall."

"Data is improving all the time," Mr. Cripps added. "In terms of satellite data, I think we'll attain a granularity of 5 meters by 5 meters by 2021."

Parametric insurance coverage is based on a data trigger, the data for which comes from a third party agreed upon by stakeholders.

"The coverage is index-exceedance-based and is triggered on the exceedance of that index, such as wind speed or water height," said Duncan Ellis, U.S. property practice leader for Marsh L.L.C. in New York. There are several data providers, such as Property Claims Services Inc., "which can provide good, detailed third-party data, which can be used for the trigger index that will be accepted by the carrier."

Indeed, data has become so important that it even constitutes a revenue stream for one player.

"For hurricanes, we have an exclusive data license to a network of purpose-built, hurricane-hardened anemometers," said Evan Glassman, CEO of Fort Lauderdale, Florida-based New Paradigm Underwriters L.L.C. The devices, which measure wind speed, are owned and operated by WeatherFlow Inc., a meteorological data company.

New Paradigm has exclusive license to the data from the anemometers and, in turn, licenses it to clients including insurers and reinsurers, Mr. Glassman said.

Matthew Lerner



Global solutions. Local expertise.

Count on Sedgwick around the world

Sedgwick is now powered by the brands you have always known, combined into one you will always depend on. We are bringing together the talent, expertise and robust capabilities of Sedgwick, Vericlam, Cunningham Lindsey and all subsidiaries to provide technology-enabled risk, benefits and integrated business solutions around the world.

At Sedgwick, caring counts.® Taking care of people and organizations – from public and private employers, to insurers and their policyholders – is at the heart of everything we do. We provide the services and expertise you are looking for, wherever you are, when you need us most.

Learn more at www.sedgwick.com/global-news



sedgwick®

Puerto Rico struggles to rebuild after Maria

BY GLORIA GONZALEZ
ggonzalez@businessinsurance.com

SAN JUAN, Puerto Rico — Luis Herrera, engineer for the city of Caguas in Puerto Rico, is literally building bridges in the wake of Hurricane Maria.

The Bairoa Bridge in Caguas is both a professional and personal priority for Mr. Herrera, given that the original structure destroyed by the storm was a major conduit for area traffic and he lives just a few blocks from where the bridge is being rebuilt.

But the challenges he faces in rebuilding fallen parts of Caguas, located due south of San Juan, are indicative of the struggles across the island of Puerto Rico since it was devastated by Maria in September — and in other parts of the United States still trying to recover from the catastrophes of 2017 and rebuild in a resilient and sustainable manner ahead of the next natural disasters.

Caguas' rebuilding efforts are hampered by the need to interact with two key entities: the Federal Emergency Management Agency and Integrand Assurance Co., the local insurer that provides the city's insurance coverage, he said during an April infrastructure tour organized by Zurich North America and Washington-based consultancy Fuentes Strategies L.L.C. While FEMA's eastern federal lands highway division has done an "excellent job" on the bridge project, rebuilding money has generally been slow to arrive, he said.

Between \$40 billion to \$50 billion will be funded for disaster relief efforts in Puerto Rico, according to a FEMA spokesperson. More than \$10 billion has been funded for hurricanes Irma and Maria recovery since the Irma disaster declaration was signed on Sept. 10, but there are no specific deadlines for allocating the rest of the funds.

Mr. Herrera has estimated about \$62 million in damages to 92 buildings and other structures in Caguas, which has received only about \$1 million to date from Integrand.



GLORIA GONZALEZ

Luis Herrera, engineer for the city of Caguas, Puerto Rico, right in hard hat, discusses the reconstruction of the Bairoa Bridge during a recent tour.

"The insurance company has not done their job," he said. "They don't want to sit and discuss the estimate with us."

An Integrand spokesperson said its claims department was evaluating the request for comment, but did not respond by deadline.

Lessons from Puerto Rico

The ongoing challenges to rebuild in Puerto Rico show what the rest of the United States will contend with: an aging infrastructure that will repeatedly be challenged by more frequent and intense natural catastrophes, experts say.

"Puerto Rico's infrastructure is an example of what's happening across the entire United States where there's been a history of a lack of investment in our infrastructure and having a lot of infrastructure becoming outdated and coming to the end of its useful life," said Paul Horgan, head of North America commercial insurance for Zurich North America in New York.

In 2017, the American Society of Civil Engineers assigned a D-plus grade to the

U.S. infrastructure and estimated it would cost about \$4.59 trillion to improve the country's infrastructure.

The insurer released a paper in April called Rebuilding Infrastructure: The Need for Sustainable and Resilient Solutions, which emphasizes the importance of sustainable planning and resilient building as the severity and frequency of severe weather events increase.

"There is no part of the United States that is not exposed to severe weather," Mr. Horgan said, citing not just the 2017 hurricanes, but winter storms in the Northeast and droughts and wildfires in other parts

INSURING PUERTO RICO

The top four insurers in Puerto Rico and the U.S. Virgin Islands account for more than two-thirds of the property market written by U.S. registered insurers.

INSURANCE COMPANY OR GROUP	MARKET SHARE	PUERTO RICO/USVI PROPERTY DIRECT PREMIUMS WRITTEN
Cooperativa Seguros Múltiples (PR)	22.0%	\$211 million
Universal Insurance Co. (PR)	20.4%	\$195 million
Mapfre Praico Corp.	16.4%	\$157 million
Triple-S Propiedad	9.2%	\$88 million

Source: Moody's Investors Service Inc.

of the country, which he said underscore the need for resiliency. "Talking sustainability often sounds expensive to people, but the reality is it's not."

The impact of climate change should be taken into consideration when rebuilding infrastructure, said Thomas Lewis, adviser to the Zofnass Program for Sustainable Infrastructure at Harvard University and president of Morristown, New Jersey-based engineering and consulting services company Louis Berger.

"Sustainability will pay for itself," he said. "It's been proven over and over again."

Where's the money?

Investors want two key things when considering potential opportunities: simplicity of doing business and certainty of returns, said Robert Murray, Zurich's global head of surety, in Owings Mills, Maryland.

Puerto Rico scored 64th out of 190 jurisdictions ranked by the World Bank in terms of the overall ease of doing business, but a deeper drill into the numbers highlighted some of the challenges Puerto Rico faces in attracting investors, Mr. Murray said. For example, the commonwealth ranked 138th in dealing with construction projects, 108th on protecting minority investors and 113th on enforcing contracts, according to the 2017 rankings.

"If you look across the globe, there's no shortage of capital looking for a good home," he said. But "there's a lot of competition for that capital."

ISLAND POWER AUTHORITY SEARCHES FOR WAY THROUGH THE DARKNESS

MONACILLO, Puerto Rico — The 2018 hurricane season is fast approaching, and that terrifies Gary Soto, operations manager for the Puerto Rico Electric Power Authority.

"For the next season, I'm very scared," he said during a tour of a PREPA power plant in Monacillo, Puerto Rico. "It's going to be a big challenge if anything happens."

The commonwealth's power system plunged into darkness when Hurricane Maria struck in September 2017, with

the southern part of the island, where its two key generating facilities are located, suffering a direct hit, resulting in power outages to about 70% of PREPA's approximately 1.5 million customers at its height. While power was restored to most customers within weeks, thousands remain without power. And the fragility of the power system was again demonstrated in February by a fire and explosion that led to another outage, and a blackout in April reportedly caused by an excavator incident.

"We have a very unstable system right now," Mr. Soto said.

In July 2017, PREPA filed for a municipal-style bankruptcy after the Financial Oversight and Management Board for Puerto Rico rejected a restructuring agreement between the utility and its creditors — a filing that occurred a day before the utility defaulted on a \$447 million debt service payment, according to a Moody's Investors Service Inc. report published in December.

PREPA's fate is uncertain, as proposed legislation would privatize the system.

"(PREPA) won't fetch value above its debt," said Josen Rossi, chairman and majority owner of construction firm Aireko Construction in Caguas, Puerto Rico. "I think there are huge governance and regulatory challenges right now in front of investors, or even in front of a municipal transformation of PREPA, because you're going to need outside capital regardless."

Gloria Gonzalez

Inclusive culture seen as vital in efforts to shrink pay divide

BY SARAH VEYSEY

Commercial insurers and brokers in the United Kingdom have pledged to reduce the pay gap between male and female employees after government-mandated reporting revealed big differences in average pay and bonuses for men and women working in the insurance sector.

The financial and insurance sector fared badly compared with other sectors, reporting the highest pay gap on a mean basis at 25.9%, ahead of construction at 21.8% and mining and quarrying at 20.8%, according to an analysis by Staffmetrix Ltd., an Edinburgh, Scotland-based consultancy. The average mean gap for all companies reporting was 14.5%.

A *Business Insurance* analysis of 45 companies in the commercial insurance and reinsurance sector reveals that the average difference in hourly pay, calculated on a mean basis, was 37.6% lower for women, and the average bonus was 64.9% lower for women. Brokers reported the biggest gaps (see charts). None of the insurance sector companies reported a pay or bonus gap in favor of women.

All U.K. employers with more than 250 employees were, for the first time, required to publish their gender pay gaps and bonus gaps on a mean and median basis. The requirement stems from a 2010 law, but the first reporting deadline was last month.

When reporting the pay gaps, many insurers and brokers said that while they pay men and women equally for performing the same jobs, they have more men than women in senior positions.

In the commentaries accompanying the reports, most of the firms pledged to take steps to reduce the gaps, such as introducing mentoring programs, working to address unconscious biases and implementing processes to ensure that women are considered for promotion to senior management positions.

The insurance sector will need to change its employment culture to reduce the gaps, experts say.

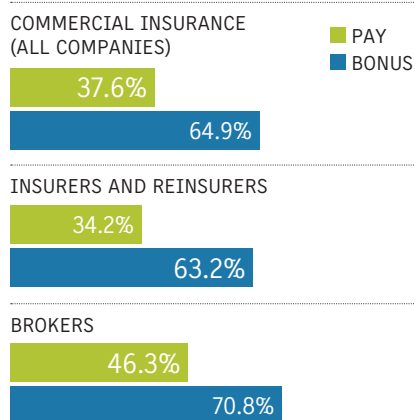
“Closing the gender pay gap is not only about increasing the number of women in senior leadership roles, it’s about challenging stereotypes, for example by boosting the number of men in administrative roles.”

Rodney Bonnard, Ernst & Young



GENDER PAY GAP

Pay and bonus gaps between men and women in the U.K. insurance sector, calculated on a mean basis



Source: BI analysis of U.K. government data

Sian Fisher, CEO of the London-based Chartered Insurance Institute, the U.K. insurance industry’s professional association, said the organization would develop and share best practices “of what works practically” on how to address the gap.

Tackling biases is one way that the gap can be closed, she said.

“It is all too easy to make assumptions about women that may have a negative effect on their career and earning potential,” Ms. Fisher said in a CII report on the issue. “For example, you may assume that a female employee is unable to attend an important conference abroad because they have children.”

Culture is a significant factor in creating promotion barriers for women, said Heidi Watson, employment partner at law firm Clyde & Co in London.

The U.K. insurance market, particularly in London, remains heavily dependent on relationship-building that is often devel-

oped via activities that discourage inclusivity, she said.

“Firms need to think much more broadly about what it means to build relationships and facilitate that beyond providing a budget to taking contacts to the pub or to a corporate (soccer) match,” Ms. Watson said. “In the modern workplace, there are myriad ways to develop relationships which also work around people’s personal lives.”

“The next generation of underwriters and brokers, regardless of gender, will expect to have the flexibility to manage relationships in a more creative way than has happened in the past,” she said.

Insurance historically is very male-oriented profession in the U.K., but much can be done to speed up the process of achieving pay parity in the workplace, said Rodney Bonnard, U.K. head of insurance at Ernst & Young Global Ltd. in London.

Initiatives that the industry should continue to drive and develop include allowing and encouraging flexible working arrangements, and establishing networking, mentoring and development programs for women and men, he said.

“There are a number of exceptionally highly regarded women in insurance, but closing the gender pay gap is not only about increasing the number of women in senior leadership roles,” he said. “It’s about challenging stereotypes, for example by boosting the number of men in administrative roles.”

“Reverse mentoring is also an excellent way for senior managers to get an understanding of how the culture feels for a more junior member of the team, of whatever gender,” Ms. Watson said.

“I prefer to see this as a modernization issue rather than a gender issue — creating an inclusive culture for the modern age,” she said.

MORE COUNTRIES REQUIRE DATA ON REMUNERATION

The United Kingdom is one of the first countries to require employers to report gender pay gaps.

It has been illegal in the U.K. to pay men and women differently for the same roles since the Equal Pay Act of 1970, which was incorporated into the Equality Act of 2010.

In 2017, the U.K. government introduced gender pay gap transparency regulations in compliance with the law to reveal differences in average earnings between men and women.

Under the rules, all private-sector employers, and some public-sector employers, with more than 250 employees in England, Scotland and Wales are required to publish differences in average earnings between male and female employees. The rules do not apply to companies in Northern Ireland, which has some devolved powers and has yet to incorporate them into its employment law.

The regulations require companies to report:

- Median pay gap statistics
- Mean pay gap statistics
- The proportion of men and women in each quartile of the pay structure
- The gender pay gap for any bonuses paid

Employers do not face sanctions for gender pay gaps and are able to give a written response to outline the reasons behind any gap and steps being taken to address the gap.

Australia introduced similar legislation in 2012. In January, employees of companies with 500 or more staff in Germany were given the right to access certain information about how much colleagues of the other gender are paid.



And after a mass protest in 2016, the government of Iceland vowed to close the country’s gender pay gap completely by 2022.

In the United States last year, the Trump administration abandoned an Obama administration proposal that companies report data on how much they paid workers of different genders, race and ethnicities, saying it would be too burdensome for employers.

Sarah Veysey

Gun safety spreads to schools

BY LOUISE ESOLA

lesola@businessinsurance.com

The practice of arming teachers in response to the threat of a school shooting has implications for workers compensation and workplace safety, but the insurance industry is generally still covering the exposure, according to experts.

The risk is there as the training for teachers to carry is often overlooked when it comes to tallying injury risk alone, said Nick Subashi, a senior partner with Dayton, Ohio-based Subashi & Wildermuth, whose firm represents districts in a state that permits teachers to carry concealed weapons and to train in tactical defense.

“As lawyers who represent school districts, we look for where things can go wrong,” he said.

The Northwestern Area 56-7 school district in Mellette, South Dakota, doesn’t approve all applicants, said Superintendent Ryan Bruns. He declined to say how many teachers were armed in Mellette’s schools but said state law requires they have concealed carry permits prior to applying and not everybody is approved to carry on campus. That’s the first step in mitigating risk of injury or accidents, he said.

“We look at whether or not they are experienced or knowledgeable (with guns); a background in military make better candidates,” Mr. Bruns said. Those with more experience are less likely to injure themselves, he added.

Like in South Dakota, Ohio teachers with concealed carry permits can apply to carry their weapons at school if their district’s board approves a request to do so. If a school board approves an application to carry on campus, both states require additional training.

Those who are accepted in South Dakota attend 80 hours of training at the police academy in Pierre, according to Mr. Bruns.

In Ohio, it’s a three-day course for those trained with FASTER Saves Lives, a program put in place after the school shooting in Sandy Hook, Connecticut, in 2012, said Dean Rieck, Columbus, Ohio-based executive director for the Buckeye Firearms Association and Foundation, which supports the program.

The training is not unlike that undergone by police officers preparing for an event with an active shooter, yet it “does not try to turn teachers into police officers,” said Mr. Rieck.

The training is “tactical,” he said, explaining that the program doesn’t just focus on firing a weapon — those who are accepted by school boards in Ohio have proven to be well-versed in firearms, he said. Instead, the workshops focus on what to do in an active shooter situation when one is armed for protection. “There’s a right way and a wrong way to go around a corner; a right way and a wrong way to enter a room” in an active-shooter incident, he said.

The expectation may be that the workers



DEMAND FOR TEACHER WEAPONS TRAINING IN OHIO



- 1,000 teachers applied when the program was introduced in 2013 — 24 were trained initially because of funding limitations
- 1,300 teachers trained in five years
- Waiting list over 2,000
- 400 will train in 2018

Source: FASTERsaveslives.org

compensation risk lies in a teacher hurting themselves with a gun in school, but some experts say it is the rigorous training itself or the coming-and-going approach to training that presents a hurdle.

“We have to be really careful with the course and scope of employment,” said Mr. Subashi, of the premise that training with weapons is not part of a teacher’s normal duties during regular school hours, nor is it likely to be in a teacher’s job description. “These are gray areas.”

A spokesman for Ohio’s Bureau of Workers Compensation, which runs the comp insurance program for the state, told *Business Insurance* it’s likely a teacher volunteering to train in weapons handling would be covered in the event of an injury.

Meanwhile, it could be argued both ways and would depend on the state the teacher works in: If it’s voluntary participation in weapons training, injuries might be not covered, said Carin Burford, a Birmingham, Alabama-based shareholder with Ogletree, Deakins, Nash, Smoak & Stewart P.C. who also teaches workers compensation law at the University of Alabama School of Law in Tuscaloosa.

“If it’s encouraged by the employer, and yet it’s voluntary, it could be covered,” she said. “Yet, there are more questions than answers.”

Injuries likely would not be uncommon, experts say, especially given the injuries suffered by law enforcement engaging in similar,

rigorous training. “Everything that can happen to teachers in training has happened to law enforcement,” said Mr. Subashi.

Experts say the issue has not been a concern. “The exposure of tactical training with teachers is something we would have to look into deeper,” said David Perez, Boston-based executive vice president of national insurance specialty for Liberty Mutual Insurance Co.

Insuring a district that allows teachers to carry concealed weapons is an exposure written “like anything else,” he said.

“There have to be certain qualifiers for us to write the risk,” said Mr. Perez, adding that the accidental discharge of a weapon is the risk the industry is most concerned with.

“This is certainly something we are going to look out for,” said Susan Kostro, Boston-based chief underwriting officer at Liberty Mutual, of the risk in teachers getting injured during training.

At least one insurer, Des Moines, Iowa-based EMC Insurance Cos., told schools in Kansas, when state lawmakers approved concealed weapons on campus, that it would not insure such schools because of a “heightened liability risk,” according to a 2013 letter to its Kansas agents. A spokeswoman with EMC did not return calls for comment.

But most insurers are covering the risk, said Scott Wightman, St. Louis-based area executive vice president at Arthur J. Gallagher & Co.

“We haven’t heard any (workers comp) industry pushback on teachers going into this training,” he said. “But if we start to have claims, then obviously that could change.”

Meanwhile, those whose districts permit teachers to be armed say the risk of injury during training hasn’t derailed safety programs.

And 90 miles north of Dallas, where the Calisburg Independent School District permits concealed weapons on campus by qualified individuals, insurance “hasn’t been an issue,” said Superintendent Steve Clugston.

LAWS VARY BY STATE ON WEAPONS

There is no official tally of how many schools permit their teachers to carry concealed weapons or have access to weapons on campus in the event of an emergency. Some states allow it, some states are working to clear hurdles, and others haven’t considered such programs.

The topic often makes headlines after school shootings and there is a demand for training programs, say people who run such programs.

After a shooting in February at a high school in Parkland, Florida, left 17 people dead, President Donald Trump endorsed arming teachers. “Must be firearms adept & have annual training. Should get yearly bonus. Shootings will not happen again—a big & very inexpensive deterrent. Up to States,” he tweeted on Feb. 24.

Nick Subashi, a senior partner with Dayton, Ohio-based law firm Subashi & Wildermuth, said much can get lost in the politics of the issue.

“There are thorny and difficult issues that we have to think about as opposed to knee-jerk reactions,” Mr. Subashi said.

Recent news reports have highlighted districts nationwide, most in sparsely populated areas in states where the practice is permitted, where teachers are trained to carry guns and trained in tactical procedures to prepare for a shooting. News outlet CNN counted over 100 districts in Texas alone.

For Northwestern Area 56-7 school district in Mellette, a small town in the northeast corner of South Dakota that educates 250 students in K-12, the risk of a slow response to a shooting weighed heavier than that of arming teachers, said Superintendent Ryan Bruns.

“We are very rural,” he said. “Twenty miles in either direction from nearest law enforcement.”

Louise Esola

Employers liable when workers take risks

BY JOYCE FAMAKINWA

jfamakinwa@businessinsurance.com

Employers can still be held responsible for workplace safety incidents that occur even when they implement good safety policies and procedures that their workers choose not to follow, experts say.

Workers ignoring safety procedures or forgoing the use of proper safety equipment, known as safety risk takers, can be common in the workplace, but multiple factors come into play for why workers ignore safety procedures, they say.

“I think it’s an ongoing concern in every industry ... sometimes it’s not just complacency or employees ignoring rules. Other factors can contribute. Often there is a time crunch with employees getting things completed, there could be understaffing ... lack of management support, lack of consistent training, or maybe the safety culture is not being fostered. Any health and safety program needs to be considered a living, breathing, viable part of an organization,” said Alleen Wilson, Los Angeles-based senior risk control manager at Safety National Casualty Corp.

Under the Occupational Safety and Health Act, employers have a responsibility to provide a safe workplace. This includes examining workplace conditions to ensure they meet U.S. Occupational Safety and Health Administration standards, making sure employees have and use safe tools and equipment, and providing safety training in a language and vocabulary workers can understand, according to OSHA rules.

OSHA will issue citations to employers under the act’s general duty clause, but will not issue any penalty or citation to employees under the clause, said Ed Foulke, partner in the Atlanta and Washington offices of Fisher & Phillips L.L.P. “There has been some push (from employers) saying that in order to have an effective safety program, OSHA should also cite employees that are violating the rule,” he said.

Mr. Foulke said he does not believe that issuing citations to individual employees would improve workplace safety.



David Michaels, who served as assistant secretary of labor for OSHA until January 2017 and is a professor in the environmental and occupational health department at George Washington University, cited a case involving Alabama auto parts supplier Ajin USA Industrial Co. Ltd. In 2016, Joon L.L.C., doing business as Ajin USA of Cusseta, and staffing agencies Alliance HR Inc., doing business as Alliance Total Solutions L.L.C., and Joynus Staffing Corp., received citations for 23 willful, serious and other-than-serious violations from OSHA when an employee, Regina Allen Elsea, was crushed to death in a robotic machine. She and three of her co-workers had entered the robotic station to clear a sensor fault after the assembly line stopped. “She entered the robotic area through the back door of the machine where you are clearly not allowed to do that, but when we reviewed the films from the video taken, we saw that this was a constant practice,” Mr. Michaels said. “All day, workers were going in and out of these robotic areas. This shouldn’t have been allowed, but it was clearly accepted by the employer. It’s really up to the employer to make sure that it doesn’t happen because the employer controls the workplace.”

OSHA issued proposed fines of more than \$2.5 million. Ajin USA contested its citations, while Alliance and Joynus both settled their cases via informal settlement agreements, an agency spokesperson said.

When OSHA cites an employer for safety violations, employers often claim the employee misconduct defense in cases where they say the employee has ignored or violated their safety protocols.

“OSHA looks pretty closely at any kind of employee misconduct defense,” said Daniel Flynn, Chicago-based partner at Dinsmore & Shohl L.L.P. “It’s one of the most recognized and probably the most widely used affirmative defense to an OSHA citation. To prove this, it is not just enough that an employer has a rule or policy in place that protects against hazards and that the employee violated that rule. The employer also has to show that they enforced the policy and provided the employee proper training” on following it.

OSHA usually takes the position that safety violations occurred because the employer did not properly train their employee, but these cases can be successful before the Occupational Safety and Health Review Commission, said Mr. Flynn.

“It works a fair amount if it actually

EMPLOYEE PERCEPTIONS OF WORKPLACE SAFETY

The National Safety Council asked 2,000 workers in various industries how they felt about safety in their workplaces.

	Strongly agree	Somewhat agree
I can protect myself and co-workers through my actions while on the job.	43%	35%
Safety is a priority at my workplace.	46%	30%
Management insists that employees think about safety when doing their jobs.	42%	34%
Management shows they care about employee safety.	42%	34%
Employee health and wellness is promoted at work.	44%	29%
Safety training is part of every new employee’s orientation.	44%	27%
Employees are well trained in emergency practices, including evacuation.	38%	31%
All employees are involved in solving job safety issues.	32%	30%
Management does only the minimum required by law to keep employees safe.	17%	23%
Safety takes a back seat to completing job tasks.	17%	19%
Employees are resistant to working safely.	15%	16%
Employees are afraid to report safety issues.	14%	17%

Source: National Safety Council, 2017

needs to be pushed through to the level of an administrative law judge or the review commission,” he said. “There is a caveat to that, and it is that in recent years the commission has, to some extent, watered down the availability of that defense if it’s a supervisor or any kind of supervisor is involved in the misconduct. If it’s a foreman and another employee both engaged in conduct that violates the company’s work rules and that results in an action or citation, OSHA will ... not really give the employer the ability to raise that defense.”

Organizations that are complacent about their safety culture enable employees who are safety risk takers. The way an employer measures and defines success in safety plays a key role, said Shawn Galloway, Houston-based president and chief operating officer at ProAct Safety Inc., a global safety excellence consultancy. “If we define success as the absence of injuries, then a dangerous perception gets created that, ‘as long as I don’t get hurt, it must be safe, or if safe is defined by not getting hurt, then anything that I do that doesn’t get me hurt must be safe.’ Any time you reward a result by default, you are rewarding the performance that got the result,” he said.

SAFETY REVIEWS KEEP POLICIES ON TRACK

Employers with safety policies and procedures in place should make sure they continually evolve and be proactive in developing them, experts say.

“In the 1880s, when the first high-rise buildings in Chicago were being constructed, we used to measure how many fatalities we would have by how many floors were being constructed,” said Shawn Galloway, Houston-based president and chief operating officer at ProAct Safety. “If you were building a 20-story building in the late 1800s, you would expect that 20 people would be

killed in the process. Thankfully, we don’t think that way anymore. So, a lot of it is maintaining that mindset of no matter how good we are, we can always be better.”

Employers should promote conversations that ask employees what they view as acceptable and unacceptable risks, he said.

“When I have done this with clients, it is interesting to see how aligned or misaligned employees versus managers are on what they view as acceptable risk and unacceptable risk,” Mr. Galloway said. “It is understanding that behaviors can never be the root cause of an injury or incident ...

You have to understand what was behind that behavior and what was the influence.”

Employers need to examine how they are administering their safety programs.

“If something isn’t working, they should consider auditing their programs,” said Alleen Wilson, Los Angeles-based senior risk control manager at Safety National Casualty Corp. “If employees aren’t following rules, perhaps also explore supervisor accountability and involvement ... in general, people don’t want to get hurt.”

Joyce Famakinwa

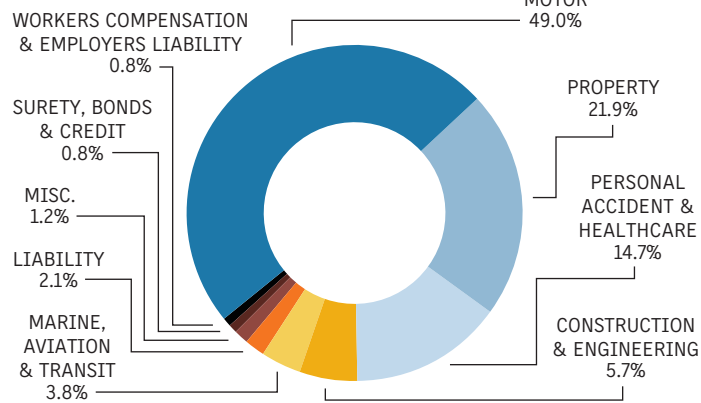
PROFILE: TURKEY

22

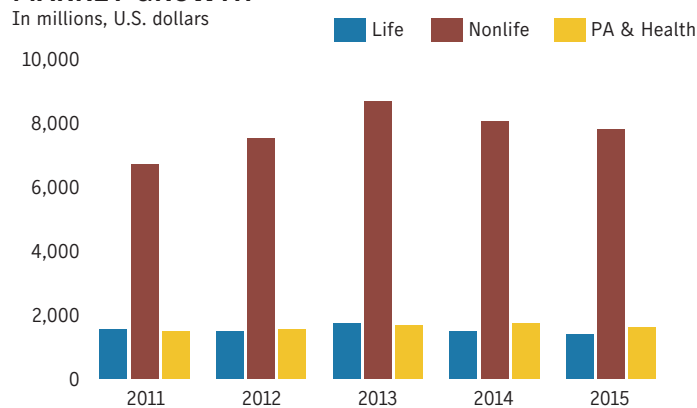
GLOBAL
P/C MARKET
RANKING

As a large, rapidly developing country with a strong economic growth record, a young workforce and good geographical location between Asia and Europe, Turkey has been an attractive target for investment, and is forecast to be in the world's top 10 economies by 2023. The Turkish property/casualty insurance market remains relatively underdeveloped, and penetration of insurance other than auto remains low. The longer-term effects on the economy and therefore the insurance market of the failed coup attempt in July 2016 are still unfolding, but prospects for continued growth in the insurance sector are driven by factors such as economic growth, favorable demographics, urbanization — Istanbul and Ankara are among the biggest cities in the world in terms of gross domestic product — and an expanding middle class.

MARKET SHARE



MARKET GROWTH



Source: Axco Global Statistics/Industry Associations and Regulatory Bodies

COMPULSORY INSURANCE

- Auto third-party liability for bodily injury and property damage
- Third-party liability for bodily injury and medical expenses for passengers on intercity and international transport, and passengers on vessels registered to carry 12 or more passengers
- Professional indemnity insurance for insurance brokers and, at regulator's discretion, agents
- Liability for clinical trials
- Shipowners' liability for marine oil pollution (financial guarantee or insurance)
- Sea pollution liability for companies situated near the shoreline
- P&I cover for vessels carrying hazardous materials through the Turkish Straits

NONADMITTED

Nonadmitted insurance is not permitted because the law provides that insurance must be purchased from local authorized insurers with some exceptions.

INTERMEDIARIES

Brokers have to be authorized by the Undersecretariat of the Treasury to do insurance business; agents are not required to be licensed but must obtain a certificate from the ISB confirming their qualifications and be registered in the Union of Chambers and Commodity Exchanges of Turkey.

MARKET PRACTICE

There is little business illegally placed directly overseas. Cases of obligatory insurances where cover is not available locally, forcing policyholders to seek insurance overseas in order to comply with the legislation, result in the regulator adopting a pragmatic approach or — as has been the case with clinical trials insurance — specifically providing for insurance to be placed overseas.

MARKET DEVELOPMENTS

Updated November 2017

- Property Claim Services has designated the two hailstorm and flooding events, which hit Istanbul and the surrounding area in the summer of 2017, as catastrophes. Loss estimates from the two events suggest the total loss to the insurance industry loss could exceed \$440 million.
- In September 2017 the Undersecretariat of the Treasury, the insurance supervisory authority, announced the setting up of a pool to cover compulsory medical malpractice insurance.
- To try and further improve the market for auto third-party liability and address the recent rapid rise in premiums, the Turkish government introduced a cap on insurance premiums in a new rating program, which took effect April 12, 2017, and was in effect on a temporary basis until the end of 2017.
- In a related move, a "Risky Insurance Pool" has been set up to share premium and claims between all auto third-party liability insurers.
- In July 2017, it was announced that the Undersecretariat of Treasury had almost completed legislation to introduce takaful insurance. The draft legislation would regulate Islamic insurance activities and protect its development as well as the rights and interests of policyholders. The government expects Islamic insurance to increase its market share in the short term and is aiming for its share to be 10% by 2023.

AREA

297,156

square miles

POPULATION

81.6

million

MARKET CONCENTRATION

54.7%

market share of top five insurers

2018 GDP CHANGE (PROJECTED)

2.8% - 3.2%

Ex-Wells Fargo brokers score win in noncompete suit

■ A Pennsylvania judge dismissed a Wells Fargo Insurance Services USA Inc. request to stop former brokers in Pittsburgh who joined rival EPIC Insurance Brokers & Consultants from soliciting their former clients.

According to the state court ruling, their noncompete agreements were unenforceable after banking giant Wells Fargo & Co. agreed to sell its insurance brokerage operations to USI Insurance Services L.L.C.

Judge Christine Ward of the Court of Common Pleas of Allegheny County in Pittsburgh denied Wells Fargo Insurance's petition for a preliminary injunction in *Wells Fargo Insurance Services USA Inc. v. Edgewood Partners Insurance Center, Sean Andreas, Zachery Mendelson, Charles Yorio, Phillip Wakim, Janice Zewe, Sally Krauss, Kurt Karstens, and Peter Kosorick*.

Wells Fargo announced in May 2017 it was exiting the commercial insurance business, and USI agreed to acquire the business in June, the ruling said. The purchase agreement included restrictive covenants precluding Wells Fargo from soliciting or competing for former clients after the sale.

"The impending sale led the individual defendants to further contemplate alternative employment due to the business climate at Wells Fargo and their understanding of the working conditions at USI, their potential future employer," the ruling states. The brokers were given an October deadline to sign employment agreements with USI, but they began resigning individually at the end of September to join San Francisco-based EPIC.

"Upon their departure, the individual defendants sent emails to numerous contacts informing them of their new employment with EPIC and a link to learn more about their new employer if they were interested," the ruling states.

In her decision, Judge Ward said non-compete covenants "are disfavored under Pennsylvania law" and Wells Fargo "failed to show a clear protectable interest" after the sale agreement with USI.

Former executive sues Chubb for deferred pay

■ Ongoing litigation between Chubb Ltd. and former executive Michael Chang took another turn when Mr. Chang sued the insurer for more than \$600,000 in deferred compensation.

In a suit filed in U.S. District Court in New Jersey, Mr. Chang, who left Chubb in 2016 with several of his staff to join rival insurer Endurance Specialty Insur-

ance Holdings Ltd., alleged Chubb put an unwarranted "litigation hold" on deferred compensation he was due in 2017.

According to *Michael Chang v. Chubb INA Holdings Inc. and the Chubb Corp. Key Employee Deferred Compensation Plan*, Mr. Chang, who worked at Chubb for 19 years, rising to head its real estate and hospitality insurance business before leaving shortly after it was acquired by Ace Ltd., received various stock awards as part of his long-term incentive plan that he elected to defer.

After Mr. Chang left, Chubb sued him, alleging he took confidential business records with him to Endurance, which was acquired by Sompo Holdings Inc. last year. That litigation is ongoing.



In 2017, Mr. Chang noticed that he had not received a check related to the deferred awards. "Chang's investigation revealed that the plan was withholding payment of amounts related to Chang's deferred stock awards and had instructed Merrill Lynch to place a 'litigation hold' on any payments to Chang," the suit says. "Altogether, Chubb is improperly preventing and withholding payment of balances in excess of \$600,000."

Chubb has refused to pay, asserting that he had violated nondisclosure and nonsolicitation clauses in compensation agreements. Mr. Chang asserts in the suit that the compensation agreements do not contain restrictive covenants.

Insurer not liable in trucker's allergy death

■ An insurer is not obligated to provide a defense in litigation over the death of a truck driver who died after a severe allergic reaction during a delivery.

Anthony Lincoln, allegedly an employee of Ballico, California-based GT Transport Inc., drove a truck owned by the company to a facility operated by Ottawa, Illinois-based Grainco FS Inc. to pick up a load of soybeans, according to the ruling by the U.S. District Court in Chicago in *Century National Insurance Co. v. GT Transport Inc. and Grainco FS Inc.*

Mr. Lincoln was allergic to soybeans; he went into anaphylactic shock while at the Grainco facility and later died, according to the ruling.

North Hollywood, California-based Century National sought a declaratory judgment that it does not have a duty to defend or indemnify its insured, GT Transport, in connection with litigation filed by Mr. Lincoln's estate.

The court granted Century's motion for summary judgment based on its policy language.

"The policy generally covers damages caused using GT's covered vehicles," said the ruling. It "excludes from coverage, however, injury to GT's employees."

"Since the policy does not cover injuries to employees or people using covered vehicles with permission, and the underlying case alleges that Lincoln was GT's employee using the truck with permission, the policy does not cover the injury as alleged in the underlying complaint."

Even if, as GT alleges, Mr. Lincoln was not its employee at the time of his death and he was using the truck without permission, the policy "expressly excludes coverage," said the ruling.

Judge rejects arbitration request in 'pink slime' case

■ The Walt Disney Co. lost a ruling in connection with arbitration of its settlement with an American International Group Inc. unit in the so-called "pink slime" case.

Burbank, California-based Walt Disney last year paid \$177 million, in addition to insurance recoveries, to settle the "pink slime" defamation case against its ABC network subsidiary by Beef Products Inc. Dakota Dunes, South Dakota-based BPI had sued American Broadcasting Cos. in 2012 for \$5.7 billion, saying ABC had defamed it by using the "pink slime" tag. AIG sued Disney in October to avoid having to reimburse it for part of the ABC settlement.

In the latest development, a Toronto judge ruled in AIG's favor that a dispute as to whether the insurer is obligated to contribute \$15 million toward the settlement can be resolved through an ad hoc arbitration process under the English Arbitration Act 1996. Disney had sought for the arbitration to be conducted by offices of London-based JAMS, a private provider of mediation and arbitration services, in Toronto.

"There are no terms regarding the appointment of a particular institution (such as JAMS) to administer the arbitration," said the ruling. "The parties have agreement on the appointment procedure as set out in the policy."

"I find that Disney has not followed this procedure," the judge said in the ruling last month. "I decline to appoint JAMS or otherwise interfere with the appointment procedures."

DOCKET



STAPH INFECTION CLAIM DENIED

Duty disability benefits were denied a New York police sergeant who applied for workers compensation for a spinal staph infection his surgeon said stemmed from a burn to his finger after touching his police motorcycle's tailpipe, a New York appeals court in Albany ruled in *Matthew Seman v. Thomas DiNapoli as State Comptroller*. The sergeant had spinal surgery nine days after the burn, his surgeon testifying later that he was "more susceptible to an infection spreading in his body because he was taking the drug Enbrel for arthritis."

OSHR REVERSES CITATION DECISION IN WORKER DEATH CASE

The Occupational Safety and Health Review Commission reversed an administrative law judge's decision to vacate a citation against Calpine Corp. The power company owns and operates a generating plant in Bethlehem, Pennsylvania, where an employee fell to his death in December 2010, according to documents in *Secretary of Labor v. Calpine Corp.* The U.S. Occupational Safety and Health Administration issued a one-item serious citation with a proposed penalty of \$7,000, but an administrative law judge vacated the citation in May 2013.

PHYSICIAN'S ESTATE SETTLES OVERBILLING CLAIMS

The estate of deceased Scranton, Pennsylvania, physician Leroy J. Pelicci agreed to pay \$625,000 to settle False Claims Act allegations saying he filed improper claims for treating injured U.S. Postal Service workers from 2003 to 2014. Investigators from the U.S. attorney's office in Harrisburg, Pennsylvania, alleged he submitted the claims to the Department of Labor Office of Workers' Compensation Programs under the Federal Employees Compensation Act and the Federal Employees Health Benefits Program for trigger point injections that were "upcoded to receive a higher reimbursement amount than permitted."



Michael R. Pesch is president of U.S. retail property/casualty brokerage operations at Arthur J. Gallagher & Co. He first joined the brokerage as an intern in 1991 and then full-time after graduating college. In his current role, he manages the day-to-day operations of Gallagher's retail brokerage business in the United States. He recently spoke with *Business Insurance* Editor Gavin Souter about Gallagher's growth over the past year, its strategy for the future and conditions in the property/casualty market. Edited excerpts follow.

Michael R. Pesch

ARTHUR J. GALLAGHER & CO.

Q Gallagher saw some robust organic growth last year. How is 2018 shaping up?

A We were really proud of our organic growth last year and how we finished up 2017. As far as 2018 is concerned, we're pretty excited about the momentum that we have and some of the investments that we made in 2017. We're now starting to see the fruits of our labor take shape in 2018 — reinvesting in our value proposition, reinvesting in some strategic offerings to the customer that we think add value when we compete.

Q What sorts of investments have you made?

A We've done a couple of things regarding insurtech. We hired a chief digital officer and built a team around him that has given us a lot of capability in terms of not only understanding our existing book of business and where the opportunities to grow it lie, but also to help our producers and ultimately help our customers make better decisions through the use of data and information that we have internally on our book of business. We've invested in areas like cyber, which is a very big growth trend for us and a key area for a lot of customers.

We also made some strategic hires in risk control, which is claim advocacy and loss control. We have several hundred of those individuals scattered throughout the U.S., but we built in some organizational structure around it and now we're going back and reinvesting in areas where we think there's opportunity to add value.

Q What have been some of the strongest areas since you took on the role in 2016?

A Our industry focus has always been an area of growth for us over the years, but I think as we've become bigger, and we've become more mature in many of those industry areas, we're seeing some significant growth.

Just a few that I'll highlight — construction, real estate and transportation. Those are three areas growing in the macro economy, and we're capitalizing on it because we have some very strong leadership in each of those key areas.

The other thing that we're seeing, if you

look at our history over the last five to 10 years, we've invested outside the U.S. and so those multinational accounts where we can leverage the power of Gallagher and maybe wouldn't have had an audience in the past, we are now getting an audience. For us, that's very meaningful because we know we have a great story to tell and we know we have the experts internally to add value to that customer experience but now we have multinational capabilities.

Q So what about the future? Where are you looking to expand?

A When you look at some of the industries I mentioned, where we saw growth in 2017 and are already starting to see more growth in 2018, I think those areas will continue to see some positive momentum. Construction in terms of the infrastructure reinvestments that are going on in the U.S. right now. Transportation — companies like Amazon changed the way that we purchase things, but it will



continue to be a growth area, and we recently completed an acquisition of a firm in Texas that specializes in transportation to add to what we're already doing.

And real estate as well, maybe not so much in the retail space, but we're certainly seeing it in hospitality and commercial real estate.

Some other areas would be life sciences and health care. As the demographics in the U.S. continue to change, those two areas are going to be very important, and we have some really solid expertise in both life sciences and health care.

I mentioned cyber, but we've got some

very specific internal strategies to help our clients understand the risks they're facing. A lot more of our clients are interested in risk transfer mechanisms as it relates to cyber, and so we've built some additional expertise around that to help our producers understand the exposure and we're building in some unique capabilities to make it not so burdensome to actually purchase the coverage. In the past, you had 15 to 17 pages of applications and we've got several areas where we narrowed that focus down to just a handful of questions to procure coverage for our customers.

Q Gallagher has a long history of growing through acquisitions. How is the market for broker acquisitions?

A Our pipeline right now is bigger than it's ever been. And we added some more firepower behind that — we hired five individuals across the U.S. whose sole purpose is to go out and build relationships with local firms, and for us that's where it all starts. We've got to have the right people building relationships with the principles of these agencies. It's part of everyone's job who runs a branch or a business for us, but having some committed leadership focused on building those relationships has been impactful to that pipeline.

Q There have been some rate increases over the past few months. Do you think those are sustainable?

A What we're seeing is really some realistic rating structures. Any client that has exposure in cat-prone areas and also has had some losses is seeing rate increases. We're still seeing auto being a difficult line of coverage for a lot of our carriers, and so there's still some firming in that area. But then you look at workers compensation, and we still see that there's plenty of capacity out there.

It's really just about navigating our clients through their specific scenario and helping them understand what's realistic and what's not.

Experts are predicting this will be another active hurricane season in 2018 and, if that's the case, you're going to see clients with that exposure having some realistic rates applied to the exposure. And again, we're prepared to help them manage through that process.

“Experts are predicting this will be another active hurricane season in 2018 and, if that's the case, you're going to see clients with that exposure having some realistic rates applied.”

LUBA (loo•bah)

IT'S HOW YOU PRONOUNCE MORE DIVIDENDS

LUBA Workers' Comp offers coverage to businesses in Louisiana, Mississippi, Texas, and Arkansas. Each year LUBA returns money to its policyholders through dividend checks.

Visit our website to learn more or call your insurance agent today.

LUBAwc.com • 888.884.5822

Rated A- Excellent by



LUBA 
WORKERS' COMP
A CASUALTY INSURANCE COMPANY

Genuine Dependability™

RETAILERS WRESTLE WITH SLIP AND FALL RISK MANAGEMENT

Technology, improved data add to established procedures to reduce high-frequency claims



Caution!
Wet Floor

BY ROB LENIHAN

rlenihan@businessinsurance.com

While the retail sector has seen extensive changes over the years, safety experts say that slips and falls remain a major — and expensive problem — for the industry.

Even with serious evolving risks such as terrorism and gun violence, tumbles still carry their weight in exposures, experts say.

But as technology and data analytics evolves, retailers and their insurers are better able to manage the risk.

“We all look at things like retail crime, active shooters and terrorists, all the nasty things that can possibly happen in the retail environment,” said Robert Moraca, vice president of loss prevention for

the Washington-based National Retail Federation, a retail trade association. “But what I found interesting is that when you get down to the basics, slips and falls are still big issues for retailers.”

Slip-and-fall claims occur with more frequency than severity, according to a CNA Financial Corp. study released in

October, which can add up to a sizable financial headache. Going by the frequency data, the report said, retail trade and real estate businesses have the greatest potential for slip-and-fall accidents.

CNA said it conducted a two-year study of hard surface floors in commercial workplaces and found half of the surveyed sites did not produce a dynamic coefficient of friction level — the measurement of a surface's slip resistance while in motion — above the minimum threshold set by the American National Standards Institute.

“Simple strategies can save you money by protecting the safety of your employees and clients, as well as your reputation,” the report said.

The strategies include testing floors for slip resistance and measuring DCOF levels with a tribometer, a device that determines friction in sliding. Retailers should also use cleaning products that are compatible with the flooring, CNA said, and apply them as directed by the manufacturers. In addition, CNA advised business owners to promote awareness by removing walkway obstacles, put up signs where the floor elevation changes, and place mats near entrances that are long enough to remove any contaminants from shoes.

In 2016, more than 229,000 private-industry employees missed work due to injuries from a slip, trip or fall, according to the U. S. Bureau of Labor Statistics, down from 238,610 the prior year (see chart).

William Zachry, San Carlos, California-based senior fellow at Sedgwick Claims Management Services Inc.'s Sedgwick Institute and former risk manager for grocery store chain Albertsons Cos.,

said that addressing slips and falls benefits both a retailer's workers compensation and casualty claims.

“It's a safety program that works on both sides of the fence, which is very important,” said Mr. Zachry.

Safety experts said due diligence, data analytics and technology can all help reduce the risks for workers and guests or customers in retail establishments.

“In terms of prevention, housekeeping is very important. Prevention needs to be proactive. It requires participation from everyone in the organization.”

Wayne Maynard, Liberty Mutual

“One of the key things is choosing the right floor surface,” said Jeff Sizemore, Cincinnati-based senior vice president with the workforce strategies practice of Marsh Risk Consulting, a unit of Marsh L.L.C. “You have to choose the right floor surface because what happens is folks within the organization will choose for its aesthetics — it's pretty, it's shiny, it's colorful, etc. — with no regard to slip resistance.”

Mr. Sizemore added that choosing the product cleaning product is the other part of the battle with floors.

“It's not always a one-size-fits-all when it comes to cleaning products,” he said. “You can use the wrong product on the wrong

floor surface and make it more slippery.”

Mr. Sizemore also suggested having the in-house safety person or safety consultant perform testing on a floor service prior to purchase to ensure that it meets or exceeds tolerable slip resistance standards.

“For anyone in retail, it is always the number one cause of loss,” said Rooney Gleason, Portland, Oregon-based president of U.S. grocery and retail for Argo Insurance, a unit of Bermuda-based Argo Group International Holdings, Ltd. “It's the biggest issue out there, from a cost standpoint as well as a frequency standpoint.”

Mr. Gleason said Argo Risk Tech, which was introduced last year, is a custom-tailored app that allows employees to use smart devices to log their movements around the store as they check for any potential problems.

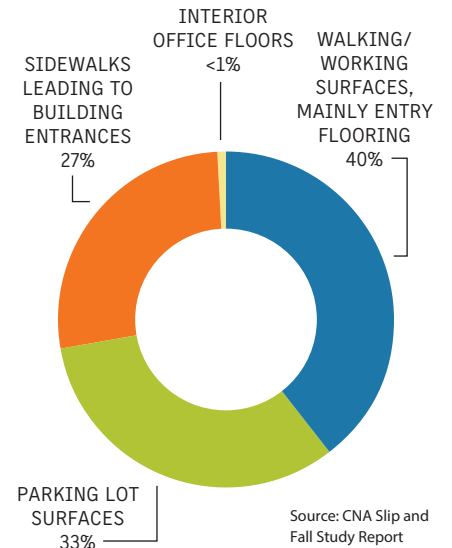
“You're looking for hazards on the floor,” Mr. Gleason said. “You're looking for water, you're looking for spills. We place markers strategically around the premises. And you get a bucketload of data that's time- and date-stamped. It's a pretty basic system: If you're walking around and you're finding hazards and you're eliminating them, people don't fall down.”

Electronic location markers are placed strategic inspection points that focus on places where hazards are most likely to occur. The app prompts employees with specific questions about the condition of the area, such as the presence of any spills or other hazards. The employee then ticks off the area as being inspected and moves on.

Mr. Gleason said incident reporting has been added to the platform so if someone has an accident inside the store, store

SLIP & FALL LOCATION

A review of slip and fall liability claims occurring from Jan. 1, 2010, to Dec. 31, 2016, found high-frequency but low-severity trends. This finding is consistent with claim experiences in the greater risk control industry. According to frequency data, retail trade and real estate businesses present the greatest potential for slip and fall accidents, with harmful events occurring most often at these sites:



managers use the same smart device to get the injured person's information, take pictures of the area and upload it all to claims adjusters.

“In terms of prevention, housekeeping is extremely important,” said Wayne Maynard, product director of workers compensation, ergonomics and tribology for Liberty Mutual Holding Co. Inc. in

See **FALLS** next page

Culture of safety needed to tackle injury risks

In 2007, a grease spill at a Walmart Inc. store in Greeley, Colorado, wound up costing the Bentonville, Arkansas-based retailing giant nearly \$10 million.

A truck driver making a delivery to the store slipped in some grease on the floor and ruptured a disc in her spine and injured her shoulder and neck, court records state in *Averyt v. Wal Mart Stores Inc.*

While Walmart maintained there was no grease spill at the store, the plaintiff's attorneys produced city documents referring to a grease spill in the store's deli.

The original \$15 million award in 2010 was later reduced due to a state-imposed cap on noneconomic damages, but the hefty award underscores the potential impact of a slip-and-fall incident.

Kevin Renfro, managing partner at the Becker Law Office P.L.C. in Louisville, Kentucky, who has represented plaintiffs for 30 years, said business owners have to do their best to foresee hazards and warn people if a hazard exists.

“I've seen businesses that frequently patrol the stores and are very diligent to ensure the safety of their customers,” he said, “and then I've seen some businesses that unfortunately kind of slack off.”

Mr. Renfro said insurers “are great sources of reference for business owners to compare notes with to make their business practices as sound as possible.”

“I do think that businesses would probably be bet-



ter served by having better communication with their insurance companies about loss prevention and to share information, because the industry sees so many of these cases,” he said.

Lance Ewing, a former president of the Risk & Insurance Management Society Inc. and executive vice president for global risk management at Cotton Holdings Inc. in Katy, Texas, said risk managers should tout the fact that they are responding to slip-and-fall hazards.

“I think it helps to reduce the premium, and I also think it helps provide an awareness to the insurance carriers and to management that this is an area which

we're trying to address,” he said.

Cindy Smail, Southfield, Michigan-based senior vice president within the workforce strategies practice of Marsh Risk Consulting, a unit of Marsh L.L.C., said underwriters are looking to see if retailers recognize their major issues, like slips and falls, and “are you moving toward helping solve those things?”

Robert Moraca, vice president of loss prevention for the National Retail Federation in Washington, stressed the importance of having a written policy for addressing slips and falls and adhering to it.

Among other things, Mr. Moraca said, retailers should have a policy that outlines the type of anti-slip footwear employees should wear, creating and maintaining good housekeeping policies, and cleanup spills quickly.

In addition, he said, retailers should have a procedure in place to report, cordon off and quickly cleanup any spills or other tripping hazards. Also have signage in place that does not allow customers to climb ladders to get items stored on top shelves.

“The worst thing you can do is have the correct policy in place and then violate it,” he said. “You might as well not have a policy if you have one and ignore it. You have to have the program, it has to be fluid, it has to be robust and it has to be a culture. There's an old saying: ‘Culture eats strategy for breakfast every day.’”

Rob Lenihan

COVER STORY

FALLS

Continued from previous page

Hopkinton, Massachusetts. “Prevention needs to be proactive. It requires participation from everyone in the organization, from senior-level management of a store down to the management supervisors and employees. They all have a role.”

Mr. Maynard noted the importance of prevention of slips through the design of the property.

“We’re involved with architects, design and construction engineers,” he said, “in designing and installing a floor that is indeed slip resistant and intended for the environment. Right flooring and right slip resistant walkway services are important — if you’re putting a polished vinyl composition tile where you’re going to have a lot of water present, that’s going to be a slippery floor.”

Cindy Smail, Southfield, Michigan-based senior vice president with the workforce strategies practice of Marsh Risk Consulting specializing in the restaurant industry, said increasing amounts of data is helping the industry.

“There’s more and more data out there

that’s available on claims and where people fell and what they were doing when they fell,” she said. “I think restaurants are learning more about what’s happening and where they might be able to predict the next thing that’s going to happen.”

Ms. Smail said some restaurants use data to focus on specific locations where the fall occurs and capturing data on slip resistant shoes that were being worn when the incident occurred. Having this understanding, she said, “allows for restaurants to fine tune floor surface selection, evaluate floor cleaning methods and implement sole checks on slip resistant shoes.”

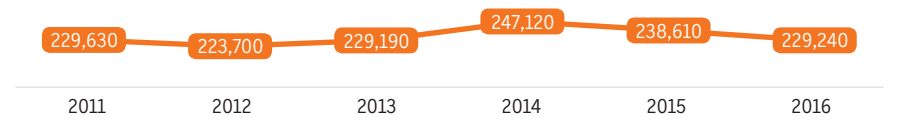
While most experts agree that the majority of slip-and-fall cases are legitimate, fraud is always a consideration. Frank Scafidi, director of public affairs for the National Insurance Crime Bureau in Des Plaines, Illinois, said fraud has been a “consistent irritant” for the insurance industry.

“More often it’s a problem for small mom-and-pop-type operations, commercial entities or smaller stores,” he said. “Not that it doesn’t happen, of course, with the big box stores, but these days most places have internal security and video surveillance, which lends itself quite nicely to defusing these types of claims.”

Mr. Scafidi said modern technology

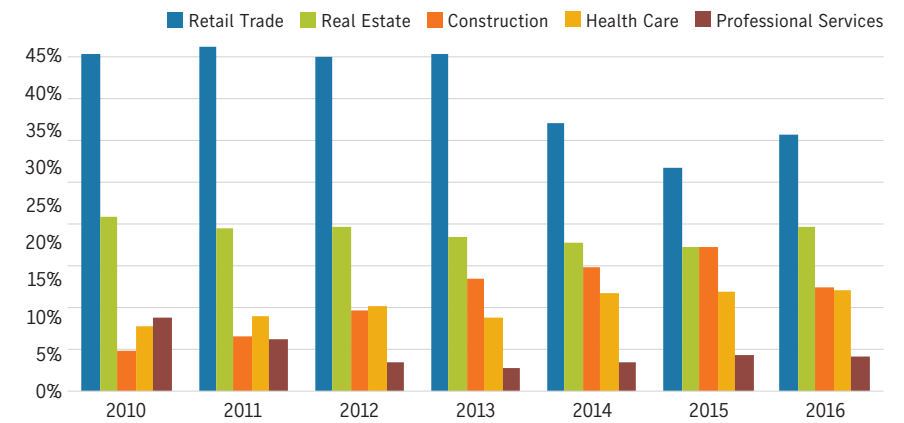
ACCIDENT TREND

Nonfatal slips, trips and falls involving days away from work over all industries in the U.S.



U.S. Bureau of Labor Statistics

SLIP & FALL FREQUENCY



Source: CNA Slip and Fall Study Report

and “old fashioned shoe-leather type of investigation” are two ways of combating fraud, particularly when the fraudsters work in pairs.

“You can find sometimes that these peo-

ple who are supposed to be just random people in the store are friends on Facebook,” he said. “Social media is a problem for fraudsters, because people like to brag about that kind of thing.”

ONE SIZE
DOES NOT
FIT ALL

Safety National’s approach to providing superior customer service distinguishes us in the marketplace. With a culture built on relationships and over 75 years of expertise to design creative solutions, our customers can trust that we have their specific interests in mind.

How can we help?

Contact us to learn more about the tremendous value of a Safety National partnership.

SafetyNational.com | 888.995.5300

OUR PRODUCTS

Workers’ Compensation:

- Excess
- Large Deductible
- Large Guaranteed Cost
- Commercial Auto

Commercial General Liability

- Public Entity Liability:
- Law Enforcement Liability
- Public Officials Liability
- Educators Legal Liability

Cyber Risk

- Reinsurance
- Loss Portfolio Transfers
- Captive Services
- Self-Insurance Bonds



CLAIMS

CUSTOMER

SUPPORT

CLAIMS MANAGEMENT

Trust, understanding help cut injury costs

BY LOUISE ESOLA
lesola@businessinsurance.com

A negative relationship with a supervisor can be detrimental to a workers compensation claim, even before an injury occurs.

A lack of clear communication and misunderstandings about the process can also adversely impact comp claims, especially considering recent regulatory changes that aim to reduce use of pain medications and eliminate unproven medical tests and treatments, and as companies scour for ways to get injured employees back to work more quickly.

Supervisors are on the front lines of effectively managing claims because of their interactions with employees, experts say.

“What happens in the first 30 seconds of the injury has a dramatic effect on what happens in that claim,” said Michael Stack, Kennebunkport, Maine-based principal for Amaxx L.L.C., which provides workers compensation consulting services.

A rough relationship between supervisors and workers even before an injury can lead to a complicated claim, he said.

“It goes into that level of trust,” said Mr. Stack. “If the supervisor responds negatively, that claim can get expensive.”

“If there is a negative work environ-

See **SUPERVISOR** page 20

INSIDE

CLAIMS ENHANCEMENTS

Technology advances with drones and data can help adjusters on the ground and in the office. **PAGE 21**

ACCOMMODATING DISABILITY

The ADA Amendments Act has led to fewer arguments over whether workers are disabled. **PAGE 22**

RESEARCH & DATA

Third-party administrators, services, types of claims, revenue and more. **PAGE 24**

SUPERVISOR

Continued from page 19

ment and there is no process in place for workers comp, then things go south pretty quickly,” said Aideen Turner, a physical therapist and CEO of Palm Beach Gardens, Florida-based Virtual Physical Therapists P.L.L.C., who has seen workers unmotivated to get better after working for “a bad supervisor.”

“The supervisor often determines whether that employee gets an attorney or not,” she said.

Melissa Schafer, a Los Angeles-based partner specializing in workers compensation issues for Hinshaw & Culbertson L.L.P., said an employee’s job satisfaction has much to do with a claim’s trajectory. “When you have an employee who is unhappy and they aren’t getting what they want at work, they don’t want to do a project... that frustration leads to attorneys (in workers comp claims).”

“Start off good and you have good rapport,” she added.

Effective communication on the claims process, applicable regulations and expectations between all parties involved is crucial, experts say.

“The adjuster has to be attentive and explanatory, even if you have a questionable claim,” said Ms. Schafer.

Injured workers face a system unlike that of the past, experts say. Formularies and medical treatment guidelines dictate what medications they can and cannot



POSITIVE INTERACTIONS LEAD TO BETTER CLAIMS OUTCOMES

- Average claim costs drop to \$3,913 from \$6,619 for claims that involve positive interactions.
- The average duration of a claim drops to 14.1 days from 33.5 days when it involves positive interactions.
- Average medical costs fall to \$2,344 from \$3,378 when claims handlers focus on positive initial communication.

Source: Liberty Mutual Research Institute for Safety, 2012

have, what treatments are medically necessary and what is unproven to facilitate healing.

California, for example, launched its

closed drug formulary in January, limiting opioid prescriptions to the first four days of injury. After that, the case heads to utilization review. Workers who have been prescribed opioids are required, by regulation, to reduce dosage, wean or prove medical necessity, according to the formulary.

Eddy Canavan, Orange, California-based vice president of the workers compensation practice and compliance for Sedgwick Claims Management Services Inc., said new regulations can be a starting point for litigation — which might be inevitable, he added.

“My experience is whenever there are changes that impact human beings, there is some litigation that will result from

that,” he said. “There could definitely be challenges with the formulary, and applicants’ attorneys will test it.”

But the regulatory changes have been confusing even for employers, experts say.

“I have seen clients say they are having issues with injured workers and they don’t even know what’s going on,” said Jamie Dokovna, West Palm Beach, Florida-based shareholder with Becker & Poliakoff P.A.

Injured workers, grappling with both pain and lost wages, don’t know much about the workers comp process, she added. “This is what creates all the confusion and problems; it makes the employee feel, do I need to get a lawyer because I don’t know what’s going on?”

Claims can also stall unnecessarily because doctors are unfamiliar with the system, said Carin Burford, a Birmingham, Alabama-based shareholder with Ogletree, Deakins, Nash, Smoak & Stewart P.C.

“You get these medical providers that say they can’t respond to (a claims manager inquiring of a worker’s treatment) because of HIPAA and you have to say HIPAA doesn’t apply to workers compensation,” she said, referring to the federal Health Insurance Portability and Accountability Act, which protects patient privacy.

“Allow a majority of the care in the first 30 days; give the injured worker a better experience for fewer roadblocks later on.”

Eddy Canavan,
Sedgwick Claims Management Services

FINDING RIGHT BALANCE WITH ADVOCACY IS KEY

Advocacy is a buzz word in the workers compensation sector, but this approach in dealing with injured workers can complicate a claim if communications are misinterpreted.

Advocacy is generally defined as the approach by which the claims manager, the insurer and the employer work in concert to advocate for an injured worker, helping to inform and facilitate what can be deemed a confusing and scary process, experts say.

“It’s not so much advocacy as it is treating people with urgency, empathy, understanding and care,” said Eddy Canavan, Orange, California-based vice president of the workers compensation practice and compliance for Sedgwick Claims Management Services Inc.

But the process can go awry if the communication doesn’t involve sensitivity or good listening skills, he said.

The problem is that the approach, if



translated into constant communication with an injured worker, can derail the objective by giving the appearance of “hounding” the injured worker, said Michael Stack, Kennebunkport, Maine-based principal for Amaxx L.L.C., which provides workers compensation consulting.

“Too much contact, asking about the injury too often” can establish an environment of mistrust and leave an

employee thinking his or her employer doesn’t believe them, he said.

“That all stems from the intent of communication,” said Mr. Stack. “The advocacy trend is fantastic, but when it is viewed as just a technique, it doesn’t work. Some are good at it; others are not.”

“I do think that there’s a fine line (in balancing) claim management with unintended consequences,” said Bonnie Kristan, shareholder in the Cleveland, Ohio, office of Littler Mendelson P.C.

“That’s hard because it’s personal to the individual; some claimants might feel ‘my employer cares about me, they really want me to come back’ or, ‘oh, they are just trying to trick me or find a way that they won’t have to pay me.’ It can go wrong and unfortunately there is not a black-and-white rule on how much (contact) is too much. It’s more of a people skill,” Ms. Kristan said.

Louise Esola

One tactic is for insurers to accept all medical treatments in the first 30 days of a claim, said Mr. Canavan. “Allow a majority of the care in the first 30 days; give the injured worker a better experience for fewer roadblocks later on,” he said, adding that Sedgwick typically — barring state regulations — overrides medical treatment guidelines that call for utilization reviews within that same time frame. For example, if a guideline states a worker with a certain injury does not need a treatment, yet that injured worker wants that treatment, approve it anyway within the first 30 days.

Not delaying services can help the worker overcome initial fears of physical pain, which can prolong a case, said Mariellen Blue, director of case management services with Wayne, Pennsylvania-based Genex Services Inc.

“The fear of pain can impact recovery,” she said. “The greatest opportunity to impact a claim is during that first one to three months.”

Claims adjusters lean on technology to speed response to hurricane losses

BY MATTHEW LERNER

mlerner@businessinsurance.com

From drones to data, technology is enabling and enhancing the claims process, outsourcing and automating certain functions to allow adjusters and others to function more efficiently.

Technology does, however, have limits, both in specific situations and more broadly. While it may help people do their jobs more quickly and efficiently, tech is unlikely to supplant people in the claims process.

The multiple catastrophes in the second half of 2017, especially hurricanes Harvey, Irma and Maria, became a proving ground for some new technologies.

The response to Hurricane Harvey, which hit Houston Aug. 25-29, was the first time Marsh L.L.C. utilized drones and aircraft, said Charlie Martin, Norwalk, Connecticut-based national claim practice leader and chief claim officer for Marsh.

"We engaged with a particular vendor that utilized drones and aircraft to assess the damage," Mr. Martin said. "I will tell you that it proved to be very effective in the right situation."

"This was one of the initial times drones were used at scale," said Matthew Lehman, managing director in Accenture P.L.C.'s insurance practice in Chicago. The drones were "very beneficial because it allowed the insurance companies to more quickly assess damage and understand its extent."

There were limitations, however, Mr. Martin said, such as a civil airspace restriction over the Houston area in the days following Harvey. "You couldn't fly



REUTERS

A claims adjuster uses a drone to assess damage after Hurricane Harvey in August 2017. Last year's active hurricane season saw widespread use of drones and other technologies to assist in claims assessments.

for a few days because the airspace was restricted, so that held us back a little bit."

Drones, so far at least, see only the outside of damaged structures.

"We obviously used drones, and while in many cases they were effective to get an external view, we still had to go inside

the homes, inside the buildings, to look at what the damage was," said Rohit Verma, Atlanta-based global chief operating officer for claims manager Crawford & Co.

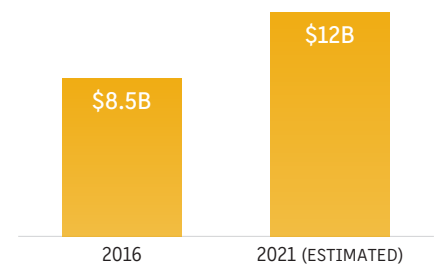
The insurance and claims communities are also looking more to satellite intelligence.

PREDICTED DRONE MARKET GROWTH

BI Intelligence, Business Insider's premium research service, expects sales of drones to increase by a compound annual growth rate of 7.6% between 2016 and 2021.



DRONE SALES



Source: Business Insider

"We are gaining great traction in the insurance industry," a spokeswoman for San Francisco-based Earth imaging firm Planet Labs Inc. said in an email. "The focus on P&C really began in January of 2017 and has been ramping up over the course of the year," including during the aftermath of Harvey.

"Using our daily, medium-resolution satellite data and integrating public parcel data, we were able to conduct early estimates of which homes had been affected or spared by Hurricane Harvey shortly after peak flooding," allow insurance companies to better model risks and improve response preparedness, the spokeswoman said in the email.

Mobility and data progress also played a

See **TECHNOLOGY** page 23

Claimants still appreciate the personal touch

While technology can enable efficiencies and help expedite workflows, it is not a substitute for people in the claims process, industry sources say.

"The technology helps to a point, because in certain instances you can assess the damage without having to be there," said Charlie Martin, Norwalk, Connecticut-based national claim practice leader and chief claim officer for Marsh L.L.C. "But if you've got a major loss, you're probably still going to need to be on the ground at some point."

Some suggest humanity is part of the equation and believe that there continues to be a role for people in the claims process, something technology may change or enhance but not eliminate entirely.

"The property/casualty world deals with some of the largest losses that an individual, company or community ever has," said Rohit Verma, Atlanta-based global chief operating officer for claims manager Crawford & Co. "The human element of that is very important, so the role of people in the claims business is going to continue and will continue to be important. How they interact and what they do — their roles — may change."

Others see these evolving roles yet also emphasize the importance of maintaining human interaction with clients.

"Technology has enabled us to maximize our claim resources and the talents of our colleagues. As this occurs, we are seeing

new and different roles emerge," said Jason Landrum, chief information officer for Sedgwick Claims Management Services Inc. in Memphis, Tennessee. "For example, automated file set-up has alleviated the manual set-up process and enabled the claims professional to spend more time with the person experiencing the injury or loss. Business and data analysts now monitor the automated process and assignment activity. In the case of our property teams, it is becoming more common to pair field inspectors with in-house estimators."

He emphasized, however, that "by automating parts of the process, we can spend more time focusing on customer and consumer care. We don't envision the

human touch being replaced by machines. When health and well-being are impacted or when property losses are significant, people want to know someone is working for them and that their matter is not just solely being addressed by a machine."

"Technology is changing the game for insurance losses, but there is still a need for personal interaction, and to have 'boots on the ground' following catastrophe situations," said Derek Royster, partner with RGL Forensics in Lake Mary, Florida. "In an emotionally charged situation, like the aftermath of a major catastrophe, being able to be face to face with insureds is important."

Matthew Lerner

Disability accommodations prevail

BY JUDY GREENWALD

judygreenwald@businessinsurance.com

The Americans with Disabilities Act Amendments Act of 2008 has resulted in more claims, but it has also changed the litigation landscape and led employers to focus more on accommodating workers instead of battling them over whether they are disabled.

The expansion of the definition of disabilities under the 1990 Americans with Disabilities Act in the 2008 legislation has resulted in at least some ADA-related claims being settled before litigation, observers say.

Some experts, however, say the legislation has also unreasonably expanded the definition of who is considered disabled.

The ADA Amendments Act of 2008 was signed into law by President George W. Bush in September 2008 and went into effect on Jan. 2, 2009. The U.S. Equal Employment Opportunity Commission issued final regulations in May 2011.

According to EEOC statistics, disability-related claims, which accounted for 20.4% of all charges filed with the agency in 2008, increased to 23% after the law took effect in fiscal year 2009, and to 30.2% of all claims in fiscal year 2017. The number of claims increased 38.6%, to 29,957, between 2008 and 2017.

Laurence Z. Lorber, senior counsel with Seyfarth Shaw L.L.P. in Washington, said he believes, however, that more cases are being resolved before litigation, and he has not seen any apparent increase in the levels of payments made to resolve them.

This is because the statute “made the definition of disability less legally technical,” he said. Previously, employers had a lot of legal technical defenses they could call upon that were recognized by the courts.

But with the broadened definition of disability, employers’ attitude is, “Why spend money on litigating when individuals’ accommodations are not that expensive?” he said.

And while companies may pay for the accommodations, they no longer pay back pay or litigation costs, he said.

“The law has really changed the way we approach these issues,” said Tasos C. Paindiris, principal with Jackson Lewis P.C. in Orlando, Florida.

“You still have to look at the issue,” of dis-



REUTERS

President George W. Bush signed the ADA Amendments Act into law in 2008, leading to an increased focus on accommodating disabilities at work.

ability “but that threshold is so much easier to pass, we focus more on the accommodation side of it. Employers are more focused on what accommodations can be made, which is a win-win because employees might get accommodation and the employer might avoid a claim.”

Richard R. Meneghello, a partner with Fisher & Phillips L.L.P. in Portland, Oregon, said employers are now “more apt to conduct an interactive process with their workers and not try to escape claims on technicalities before they turned into lawsuits.”

“I’ve just spent seven years as an in-house counsel for a big health care system, and ... our perspective on disability issues really had to change, to really embrace a wide spectrum of medical conditions ... and we’re certainly not alone,” said Dennis E. Westlind, an attorney with Bullard Law in Portland.

Katherine Dudley Helms, office managing shareholder with Ogletree, Deakins, Nash, Smoak & Stewart P.C. in Columbia, South Carolina, said, “I don’t know that I’ve seen a huge jump in the number of claims, and that probably is because the very nature of the amendments do focus on working out a reasonable accommodation, so employers are dealing with the issues earlier than they have been otherwise.”

Others, however, have a less sanguine view of the act’s impact.

Under the act, “it is easier for a plaintiff to show that he or she may be disabled, so cases are more inclined to go beyond the summary

judgment stage than they have in the past,” said Kelly-Ann Cartwright, a partner with Holland & Knight L.L.P. in Miami.

While the act was intended to protect those with serious medical disabilities — and does so — “it also opens the door for more abuse by people who were not disabled as the law was originally intended,” said Andrew S. Hament, a partner with Ford-Harrison L.L.P. in Melbourne, Florida. “It’s very vague at this point” and “really seems to have no ending in terms of what it covers,” he added.

“The volume has gone up, but what we’ve also been seeing is, there’s been a shift in terms of the types of claims we’re seeing,” including medical marijuana-related and pregnancy discrimination claims, said Talene Megerian, New York-based national employment practices liability leader in Willis Towers Watson P.L.C.’s FINEX North America practice.

Marijuana’s legalization in some states “has opened up a whole other door of potential claims,” while issues also arise from pregnancy-related bed rest, miscarriages and nursing, among other factors, she said.

The advice on how to handle ADA Amendment Act issues “is pretty simple,” said Mr. Meneghello. “If you’re at the early stage of a situation involving a potential disciplinary process,” and there may be a disability, the employer should discuss with the worker whether there might be a reasonable accommodation.

HOW THE ADA EVOLVED

The Americans with Disabilities Act of 1990, which guarantees equal opportunity for disabled individuals in public accommodations, employment, transportation, state and local government services and telecommunications, was signed into law by President George H.W. Bush in July 1990.

The ADA Amendments Act of 2008, which was signed into law by President George W. Bush, made it easier for individuals seeking the ADA’s protection to establish they have a disability.

The legislation was proposed largely in response to U.S. Supreme Court rulings that advocates felt minimized the law’s effectiveness: Two 1999 rulings, *Vaughn L. Murphy v. United Parcel Service Inc.* and *Karen L. Sutton and Kimberley Hinton v. United Airlines Inc.*, held that plaintiffs with disabilities that can be mitigated with corrective lenses or medication cannot sue for alleged discrimination under the ADA.

Then in January 2002, the Supreme Court ruled in *Toyota Motor Manufacturing Kentucky Inc. v. Ella Willis* that a worker’s inability to perform a certain job activity does not necessarily mean the worker is disabled and entitled to ADA protection.

The 2008 act states *Sutton* and its companion cases have eliminated protection “for many individuals whom Congress intended to protect,” while *Toyota* “further narrowed the broad scope of protection intended to be afforded by the ADA.”

The Amendments Act “changed dramatically the way employers are applying the act,” said Andrew S. Hament, a partner with Ford-Harrison L.L.P. in Melbourne, Florida.

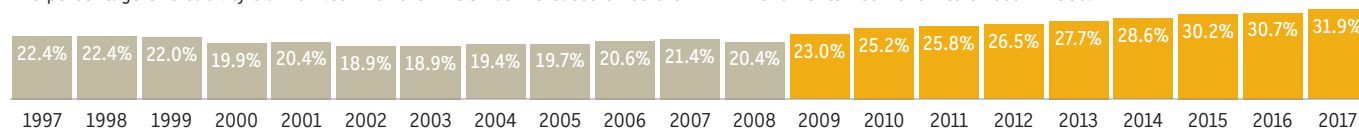
“Now, it’s much easier to be covered, and if somebody has any kind of serious medical condition, we just go ahead and assume they’re covered by the act for the purposes of accommodation.”

Dennis E. Westlind, an attorney with Bullard Law in Portland, Oregon, said that 10 years ago his advice to employers focused on trying to figure out if an employee was qualified as disabled under the ADA. Today, he said, his advice is to “just assume it does and figure out if you can accommodate it.”

Judy Greenwald

DISABILITY CHARGES FILED WITH THE EEOC

The percentage of disability claims filed with the EEOC has increased since the ADA Amendments Act went into effect in 2009.



Source: U.S. Equal Employment Opportunity Commission



TECHNOLOGY

Continued from page 21

role in last year's catastrophes.

"Where technology is making it easier is in limiting the time needed in the field," said Derek Royster, partner with RGL Forensics in Lake Mary, Florida. "With more business records being kept digitally, technology has enabled us to conduct more of the loss analysis remotely. Following last year's hurricanes, we had fewer team members on the ground in Texas and Florida than were needed 12 years ago for Hurricane Katrina. Much of this can be attributed to the changes in business record-keeping and an increased reliance on technology and backing up records in the cloud."

"The way these carriers can now set up their mobile workforce and mobilize, they can do that so much faster now with the enhancement of cloud technology."

Matthew Lehman, Accenture P.L.C.

"The way these carriers can now set up their mobile workforce and mobilize, they can do that so much faster now with the enhancement of cloud technology," Mr. Lehman said.

"In January 2017, we acquired WeGoLook, a technology platform that enables us to manage an on-demand workforce," Mr. Verma said. "Today we have 40,000 people that are part of this on-demand workforce, and what we can do is, using mobile technology, push some simplified tasks to these individuals."

In addition, "We are building a platform now to help manage adjusters," Mr. Verma said, tracking things such as licensing, work history, performance and technical capabilities.

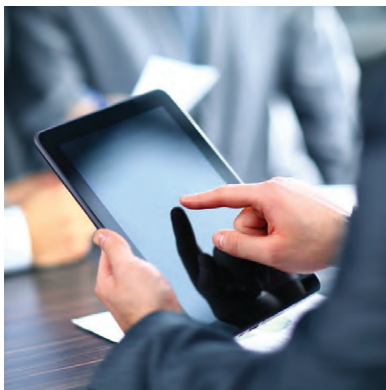
Communication with policyholders is also different now.

"Data is passed and moved more easily given the digital channels almost every carrier has these days," said Darcy Dague, managing director in Accenture's insurance practice in Chicago. "From a customer perspective, the ease of providing information is much greater now."

Social media has become a crisis management tool as well.

"We saw carriers posting information and using social media a lot more to talk about where to go for help and what to do once you had a loss," Ms. Dague said. "In the past, there's been a lot more uncertainty. I think social media has helped carriers tremendously in getting that information out so that people feel much closer to their carrier."

"A 2018 JD Power Survey advised that communication was the most important criteria driving a positive customer experience," said Jason



Landrum, chief information officer for Sedgwick Claims Management Services Inc. in Memphis, Tennessee. "By using push notifications, collaborative communities, and web-based status updates, we are leveraging technology to create an improved claims experience for our customers."

The number and popularity of hand-held devices continues to grow.

Recent data from global market intelligence firm International Data Corp. shows the number of hand-held devices per employee doubling from 1.6 just three or four years ago to 3.4 in the next three years.

Hand-held devices such as tablets are now a staple of the claims process, allowing enhanced documentation of events as well as connectivity and access to data among stakeholders, Mr. Martin said. "They are obviously the way of the future," he said.

CLASSIFIED

STATE OF HAWAII Department of Commerce & Consumer Affairs INSURANCE DIVISION

We are currently accepting resumes for the following position:

CAPTIVE INSURANCE ADMINISTRATOR (Position #108002)

The State of Hawaii, Department of Commerce and Consumer Affairs, Insurance Division, under the direction of the Insurance Commissioner, is actively seeking a qualified individual to fill its exempt Captive Insurance Administrator position. The duties include overseeing all aspects of the administration of the captive insurance program including the licensing, regulation and development of the captive insurance industry in the State of Hawaii.

Minimum requirements include a bachelor's degree, with a master's degree in business administration (MBA) preferred. Captive insurance-related work experience preferred, with at least three years of supervisory experience in the insurance field.

For more information on this position and to apply visit:
cca.hawaii.gov/ins/employment-opportunities/



IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
COMPANIES COURT (ChD)

CR-2017-009373

IN THE MATTER OF
AIG EUROPE LIMITED
AND
AMERICAN INTERNATIONAL GROUP UK LIMITED
AND
AIG EUROPE SA
AND
IN THE MATTER OF
THE FINANCIAL SERVICES AND MARKETS ACT 2000
NOTICE

NOTICE IS HEREBY GIVEN that, on 5 March 2018, AIG Europe Limited (the "Transferor") and American International Group UK Limited (the "UK Transferee") and AIG Europe SA (the "European Transferee") made an application (the "Application") to the High Court of Justice, Business and Property Courts of England and Wales, Companies Court in London (the "Court") pursuant to section 107(1) of the Financial Services and Markets Act 2000 (as amended) ("FSMA") for an Order:

- under section 111 of FSMA sanctioning an insurance business transfer scheme (the "Scheme") for the transfer of:
 - certain insurance business carried on by the Transferor to the UK Transferee (the "Transferring UK Business") in accordance with the terms of the Order and without any further act or instrument; and
 - shortly after the transfer of the Transferring UK Business, all remaining insurance business carried on by the Transferor to the European Transferee (the "Transferring EEA Business") under the planned cross-border merger by absorption of the Transferor by the European Transferee pursuant to the Companies (Cross-Border Mergers) Regulations 2007 (SI 2007/2974) (the "Merger") and in accordance with the terms of the Order; and
 - making ancillary provision in connection with the Scheme pursuant to section 112 and 112A of FSMA.
- The following documents are available free of charge and can be downloaded at www.aig.com/brexit:
- A copy of a report on the terms of the Scheme prepared in accordance with section 109 of FSMA, by an Independent Expert, Steve Mathews of Willis Towers Watson, whose appointment has been approved by the Prudential Regulation Authority, (the "Scheme Report");
 - the full Scheme document;
 - the Scheme Booklet (which contains a summary of the terms of the Scheme, and a summary of the Scheme Report); and
 - a question and answer document about the Scheme.

Supporting documents and any further news about the Scheme will be posted on this website so you may wish to check for updates. You can also request free copies of any of these documents by writing to or telephoning the Transferor using the contact details below.

The Application is due to be heard on 18 October 2018 by a Judge of the Chancery Division of the High Court at The Rolls Building, Fetter Lane, London, EC4A 1NL, United Kingdom. A similar application in relation to the Merger is due to be heard at the same time. If approved by the Court, it is proposed that the Scheme and the Merger will take effect on 1 December 2018.

Any person who claims that he or she may be adversely affected by the carrying out of the Scheme has a right to attend the hearing and express their views either in person or by a legal representative.

Any person who claims that they may be adversely affected by the Scheme but does not intend to attend the hearing may make representations about the Scheme by telephone or in writing to the solicitors named below or the Transferor using the contact details set out below.

Any person who intends to appear at the hearing or make representations by telephone or in writing is requested (but is not obliged) to notify his or her objections as soon as possible and preferably at least five days before the hearing of the Application on 18 October 2018 to the solicitors named below or to the Transferor using the contact details set out below.

If the Scheme is sanctioned by the Court, it will result in the transfer of:

- all the contracts, property, assets and liabilities relating to the Transferring UK Business to the UK Transferee in accordance with the terms of the Order; and
- all the contracts, property, assets and liabilities relating to the Transferring EEA Business to the European Transferee under the Merger and in accordance with the terms of the Order,

in each case, notwithstanding that a person would otherwise be entitled to terminate, modify, acquire or claim an interest or right or to treat an interest or right as terminated or modified in respect thereof. Any such right will only be enforceable to the extent the Order of the Court makes provision to that effect.

7 May 2018

Transferor contact address:

The AIG Building, 58 Fenchurch Street, London EC3M 4AB, United Kingdom

Transferor contact information:

Telephone number: United States - 8336454339 (Toll Free Telephone Number). Our phone lines are open from 9.00am to 5.00pm Monday to Friday (excluding bank holidays and public holidays). For telephone numbers in other countries, please visit www.aig.com/brexit

Postal address: AIG Brexit Team, The AIG Building, 58 Fenchurch Street, London EC3M 4AB, United Kingdom

Email: aigbrexit@aig.com

Freshfields Bruckhaus Deringer LLP

65 Fleet Street, London, EC4Y 1HS, United Kingdom Ref: 153385.0064 (GHFS)

Solicitors for the Transferor

GOVERNMENT OF GUAM
DEPARTMENT OF ADMINISTRATION
POST OFFICE BOX 884, HAGATÑA, GUAM 96932
TEL: (671) 475-1221/1250 · FAX: (671) 477-3671

REQUEST FOR PROPOSAL (RFP)
DOA/HRD-RFP-GHI-19-001
FY2019 Group Health Insurance Program

The Government of Guam is accepting proposals from interested and qualified health insurance companies licensed under the applicable Guam laws, to provide health insurance coverage for eligible government of Guam active employees, retired employees, survivors of retired employees, their dependents and foster children under the legal custody of the Child Protective Services Division of the Department of Public Health and Social Services.

The RFP is available on the Department of Administration, Human Resources Division's website at www.hr.doa.guam.gov at no charge.

All questions regarding this RFP must be submitted in writing and received by the Director of the Department of Administration, as identified in the RFP.

All hard copies of the entire proposal must be received by the Director of the Department of Administration no later than 4:00 p.m., Monday, May 7, 2018, Chamorro standard time.

Should you have any questions regarding this RFP, please call the Human Resources Division, Department of Administration at (671) 475-1179/1296.

/s/
Edward M. Birn, Acting Director
Department of Administration

44,000+
ARE
LOOKING
AT
THIS.

Reach the top
risk management
and industry
leaders in print,
online + live events.

REACH US TODAY

ADVERTISE & SPONSOR:
advertising@businessinsurance.com
312.637-9166

SUBSCRIBE:
businessinsurance.com/membership

ATTEND:
businessinsurance.com/events

THIRD-PARTY ADMINISTRATORS

LARGEST THIRD-PARTY ADMINISTRATORS*

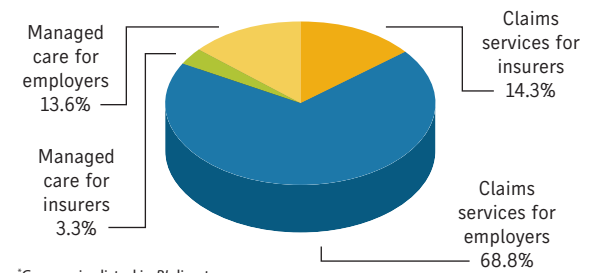
Ranked by 2017 gross revenue

Rank	Company	TPA services provided	Gross revenue 2017	Gross revenue 2016	% increase (decrease)	Total number of claims-handling staff	Officers
1	Sedgwick Claims Management Services Inc.	Multiline ¹	\$1,865,953,047	\$1,755,449,012	6.3%	12,653	David A. North Jr., president/CEO
2	Crawford & Co./Broadspire	Multiline ¹	\$1,163,709,000	\$1,177,588,000	(1.2%)	7,378	Harsha V. Agadi, president/CEO
3	UMR Inc.	Employee benefits only	\$830,000,000	\$724,212,000	14.6%	3,200	Jay M. Anliker, CEO
4	York Risk Services Group Inc.	Multiline ¹	\$780,000,000	\$750,000,000	4.0%	2,100	Rick Taketa, president/CEO
5	Gallagher Bassett Services Inc.	Multiline ¹	\$776,000,000	\$718,100,000	8.1%	4,605	Scott Hudson, president/CEO
6	Corvel Corp.	Multiline ¹	\$519,000,000 ²	\$513,000,000	1.2%	N/A	Gordon Clemons, chairman/CEO
7	Meritain Health	Employee benefits only	\$452,800,000	\$384,600,000	17.7%	N/A	Mark Schmidt, CEO
8	ESIS Inc.	Multiline ¹	\$395,200,000	\$359,900,000	9.8%	1,339	Joe Vasquez, president
9	Helmsman Management Services L.L.C.	Multiline ¹	\$294,774,169	\$206,358,000	42.8%	1,400	David Dwortz, president
10	CoreSource Inc.	Employee benefits only	\$195,420,649	\$184,712,509	5.8%	544	Nancy Eckrich, president/CEO

*Companies listed in *BI* directory. ¹Includes employee benefits and/or property/casualty and/or workers compensation. ²From annual report. Source: *BI* survey

TPA REVENUE*

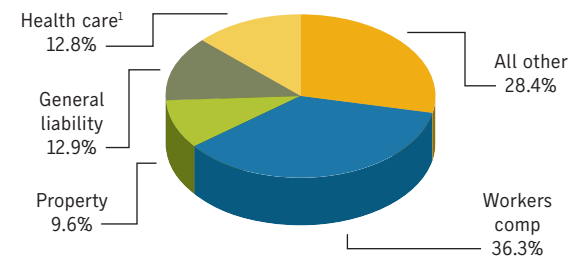
Percentage of 2017 revenue from all services provided



*Companies listed in *BI* directory

TYPES OF CLAIMS MANAGED*

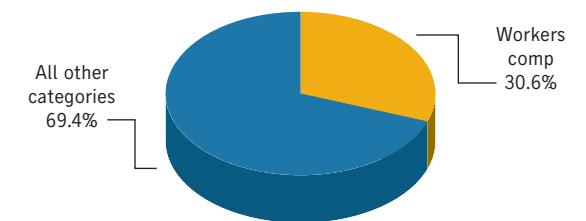
Percentage of claims by category



*Companies listed in *BI* directory. ¹Includes medical, vision, dental and prescription drugs

VALUE OF CLAIMS PAID*

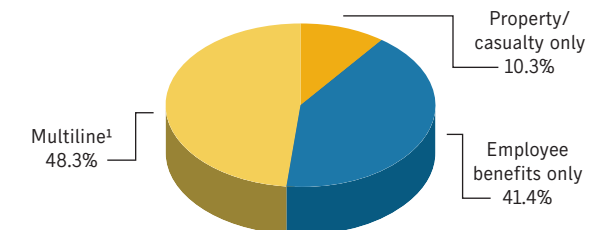
Based on the amount of claims paid in 2017



*Companies listed in *BI* directory

TYPES OF SERVICES PROVIDED*

Percentage of TPAs handling multiline¹, employee benefits only and property/casualty only in 2017



*Companies listed in *BI* directory. ¹Includes employee benefits and/or property/casualty and/or workers compensation

LARGEST CLAIMS-HANDLING TPAs*

Ranked by 2017 gross revenue from claims handled for employers

Rank	Company	2017 revenue from employers ¹
1	Sedgwick Claims Management Services Inc.	\$1,215,445,518
2	UMR Inc.	\$830,000,000
3	Gallagher Bassett Services Inc.	\$543,505,000
4	Crawford & Co./Broadspire	\$532,145,000
5	Meritain Health	\$420,300,000

*Companies listed in *BI* directory. ¹Excludes managed care and medical billing services. Source: *BI* survey

LARGEST MULTILINE¹ TPAs*

Ranked by 2017 gross revenue from claims handled for employers

Rank	Company	2017 revenue ²
1	Sedgwick Claims Management Services Inc.	\$1,215,445,518
2	Gallagher Bassett Services Inc.	\$543,505,000
3	Crawford & Co./Broadspire	\$532,145,000
4	ESIS Inc.	\$249,500,000
5	York Risk Services Group Inc.	\$210,000,000

*Companies listed in *BI* directory. ¹Includes employee benefits and/or property/casualty and/or workers compensation. ²Excludes managed care and medical billing services. Source: *BI* survey


LARGEST BENEFITS-ONLY TPAs*

Ranked by 2017 gross revenue from claims handled for employers

Rank	Company	2017 claims revenue ¹
1	UMR Inc.	\$830,000,000
2	Meritain Health	\$420,300,000
3	CoreSource Inc.	\$174,253,653
4	HealthSCOPE Benefits	\$161,908,909
5	Total Administrative Services Corp.	\$111,400,000

*Companies listed in *BI* directory. ¹Excludes managed care and medical billings services. Source: *BI* survey

We help people and organizations get back to health, work and productivity faster and more efficiently.



COMMENTARY

SCHILLERSTROM

Market ripe for digital upheaval

The insurance industry is often berated — and frequently berates itself — for its slow uptake of technology, but as the so-called Fourth Industrial Revolution accelerates, the sector is seeing rapid changes.

While the ramifications for employment in the industry are playing out, the improvements gained in underwriting and claims processes by greater use of data, artificial intelligence and other technological developments are already on display.

From a symbolic point of view, the commitment by Lloyd's of London to have 80% of its business placed electronically by the end of next year is one of the more significant steps forward. The circulation of paper slips by brokers to underwriters sitting at wooden desks, or “boxes,” committing to cover all

kinds of risks has been part of the fabric of the market for centuries. While the move to digital placements has been a long time coming, the efficiencies it will drive for a market struggling with costs should soon be apparent.

The types of products that insurers can offer is also being enhanced by access to better, more detailed data. As we report on page 6, the spread of parametric coverage — which is triggered by measurements such as wind speed or rainfall rather than specific



Gavin Souter
EDITOR

losses — to the primary market provides commercial buyers with more options and simplifies the claims process.

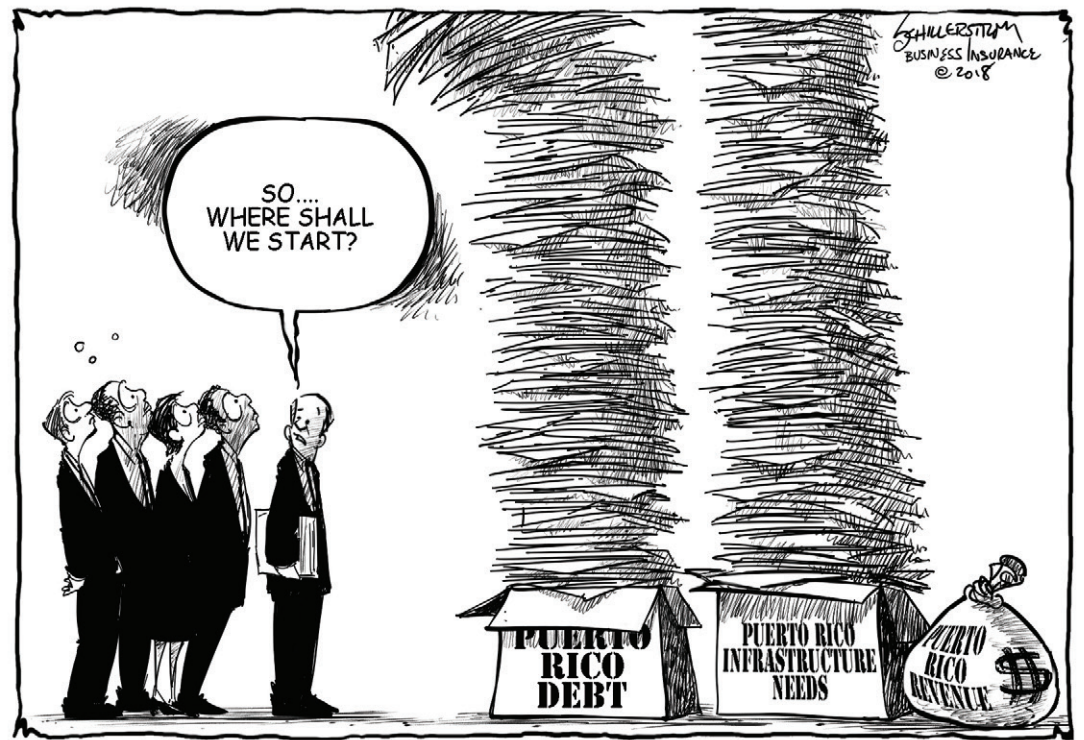
Also, in the claims field, as we report on page 21, last year's hurricanes were the proving ground for drones as tools to assess damage in hard to reach locations quickly and safely. While drones can't do the job of adjusters or other claims professionals, they can make the task of collecting claims information easier, less labor-intensive and less time-consuming. Improvements in satellite imagery will bring even more efficiencies.

Claims processes, at least for simple, high-volume claims, will likely be transformed as AI is used to extend the types of claims that can be auto-adjudicated in both the workers compensation and property/casualty fields.

All these developments and others are timely for insurers and their customers. Hopes and predictions by many insurers that the 2017 disasters would lead to significantly higher prices have not been borne out. While another active hurricane season could lead to more sustained price increases, the huge amount of capital that is still pouring into the industry will likely continue to put a damper on rates.

To succeed in the current environment, insurers and brokers need to bring more to the table, and the technological innovations we are witnessing will help raise the ante on loss control, claims processing and distribution efficiency.

While there will no doubt always be something to chastise poor performers about, the improvements in service to policyholders and the cost efficiencies ultimately obtained by insurers and brokers should produce winners on all sides.



VIEW FROM WASHINGTON

Privacy out in the open

Facebook Inc. CEO Mark Zuckerberg's testimony before Congress last month was both hilarious and painful to watch: hilarious because of some legislators' less-than-keen knowledge of social media and their business models, and painful because it was a vivid reminder of just how much privacy we voluntarily give up in exchange for an easy way to keep tabs on our friends and family.

Mr. Zuckerberg appeared before Congress to explain and apologize for the company's mishandling of data after it was revealed in March that Cambridge Analytica, a U.K. political data firm, exploited the personal information of about 50 million Facebook users without their knowledge or permission. That was a low-ball estimate, as it turns out: during the testimony it emerged that 87 million Facebook users had their private information taken without their consent.

The CEO's testimony produced funny moments, including Sen. John Kennedy, R-La., telling Mr. Zuckerberg that Facebook's user agreement “sucks.”

Facebook said it has taken steps to address both data privacy and the use of its platform to interfere with the 2016 U.S. elections. The social media giant estimated that about 126 million people may have been served content from a Facebook page associated with a Russian agency and shut down those associated accounts in August 2017.

Facebook also said it is making it easier for users to understand which apps they have allowed to access their data and providing an easy way to revoke permission to access that data.

Are these voluntary steps enough? Probably not. Some believe legislation is inevitable. But I'm not sure additional regulation or legislation is the answer, either, if it's drafted by legislators who have a limited understanding of social media and the internet. Perhaps some of the more technologically savvy congressional staffers and administrative

officials could take the lead on drafting regulation or legislation. I suspect, though, that whatever they come up with, no matter how well crafted, will be gutted in the political maneuvering that occurs with every major piece of legislation.

But Washington is going to have to act at some point, if for no other reason than regulators in other countries are pushing data privacy to the top of their agendas. Companies that hold data on EU citizens, including those based in the United States, are bracing themselves for the European Union's wide-ranging rules on data security, the General Data Protection Regulation. The regulation comes into force May 25 and has a broad scope of require-



Gloria Gonzalez
DEPUTY EDITOR

ments, including that data controllers notify their country's data protection authority of a breach with 72 hours, and will introduce hefty penalties for companies running afoul of the regulation.

I don't think it's likely this Congress would adopt something as extensive as the GDPR, but the pressure on legislators to act is mounting.

Some elements of privacy could be codified into law, including “simple and practical” ways to explain to consumers what is being done with their data and enshrining users' “complete control” of their data, according to Mr. Zuckerberg.

Facebook and other social media entities would be wise to proactively take additional steps to protect users' privacy before Congress forces them to do something they don't want to do — something that could kill their business models.

Team effort needed to tackle expanding cyber threats



Laura Foggan is a partner in Crowell & Moring L.L.P.'s Washington office, where she is a member of the firm's insurance/reinsurance group. She can be reached at lfoggan@crowell.com and 202-624-2774.

Jack Thomas is the managing partner of Crowell & Moring L.L.P.'s London office. He is a member of the litigation, insurance/reinsurance and international dispute resolution groups. He can be reached at jnthomas@crowell.com, 44-20-7413-0011 and 212-895-4306.

Annually, more than half of U.S. businesses experience cyber attacks. With attacks increasing, insurers have refined and expanded their policies, but as they do so they must take care to develop policies that best respond to complex and evolving threats. Doing so will allow insurers to increase their market share and profitability, protect their policyholders from nefarious actors and untoward events and, ultimately, benefit society.

The severity of cyber attacks is also increasing. The average size of a data breach has surpassed more than 24,000 records, and estimated annual losses from cyber crime now top \$400 billion. The potential harm from accidental cyber incidents also has skyrocketed as technology becomes embedded in every aspect of what we do.

The most activity in the cyber insurance field is seen in the increasingly robust and competitive specialty insurance market, which has developed stand-alone products that provide deeper and more complex coverage. Gone are the days when coverage was limited to breach notification costs, call center offerings and forensic or crisis management services. In this competitive marketplace, insurers seek to differentiate themselves by identifying added value that can be built into their programs to meet unaddressed cyber-related needs. For instance, many in the market are discussing the possibility of coverage to address the financial impact of cyber events on an organization's reputation.

At the same time, cyber insurance buyers often don't understand their exposures and the type of coverage they need, especially as cyber risks frequently change. Insurers need to explain and quantify exposures to their policyholders and mitigate their own risk by delineating where their coverage begins and ends. An insurer may be prepared to cover a cyber incident arising from one employee's mistakes, for example, but not willing to take on a company's losses when a whole department fails to adhere to appropriate cyber hygiene standards.

Insurers can provide incentives for good cyber security practices by placing some of the burden on the policyholder. Some have taken steps to do so, including policy language that requires policyholders to meet and maintain certain information security management guidelines and practices such as following recommendations for updating software and maintaining vigorous malware screens. Policyholders who fail to meet the best practices standards for computer security may forfeit their insurance coverage.

Others offer discounts for companies that have programs for vulnerability disclosure, such as voluntary "hack" events designed to help discover vulnerabilities in digital platforms, products and infor-

mation technology systems. And others include a stipend toward cyber awareness and prevention training as part of their coverage package.

As cyber coverage continues to evolve, insurers are wrestling with ways to measure more precisely the sophistication of a company's cyber risk management. Many are underwriting based on third-party assessments confirming the level of cyber risk, rather than using questionnaires. And insurers are forming alliances with other businesses, to offer enhanced cyber insurance options paired with cyber resilience evaluations, secure technology and incident response services.

The challenge all cyber underwriters face is a lack of underwriting data and an uncertain legal landscape for cyber liability. Underwriters traditionally rely on years of data to write policies, but cyber losses and liabilities are still evolving. For example, a spate of recent ransomware breaches shifted the cyber threat for many entities from costs associated with responding to criminal or inadvertent disclosure of private information to harm arising from ransomware attacks blocking access to systems or records and interrupting business.

The challenge all cyber underwriters face is a lack of data and an uncertain legal landscape for cyber liability ... cyber losses and liabilities are still evolving.

When pharmaceutical giant Merck & Co. Inc. was hit by the NotPetya ransomware attack in June 2017, hard drives on its computers were encrypted so that the machines could not run. This disrupted production of some of Merck's medicines and vaccines. The attack may have cost the firm more than \$300 million in the third quarter of 2017 alone, according to the company.

WannaCry, which last year targeted computers running Microsoft Windows by encrypting data and demanding ransom payments in bitcoin, affected major hospital systems, shutting down medical equipment and blocking practitioners from accessing patient records. Insurers evaluating such scenarios must consider a wide range of consequences, including exposure to business interruption and medical malpractice losses.

One of the most vexing questions is determining how insurance should respond to cyber physical risks, i.e., loss from a hack or disruption of a cyber system that may result in physical harm —

bodily injury or property damage. To date, specialty cyber coverages have almost exclusively focused on intangible assets and generally have not included coverage for physical losses. This may change as there is increased recognition of the bodily injury and property damage exposures that are possible in the event of a hack of electronic industrial control systems, or "smart" devices that make up the "internet of things." Although refining stand-alone cyber insurance products is one option to address cyber-physical risk, there also has been some movement to incorporate cyber-physical risks into traditional lines of coverage, such as property insurance.

A few insurers have announced intentions to cover physical damage resulting from cyber incidents under property coverage, generally with a designated sublimit. Insurers offering traditional property coverages have the institutional knowledge to measure and respond to large-scale property losses, such as a fire destroying a factory because of a hijacked industrial control system. Property insurers' expertise in valuation of the loss of a physical plant, for example, as well as business interruption issues from the shutdown of factory operations, may position them to better assess damage in these scenarios.

Property underwriters may need to develop specific expertise to assess cyber risks, as measuring damages and assessing vulnerability are two different things. Valuating an inventory loss is not the same as projecting the likelihood of a major loss from a software defect in a "smart" commercial refrigeration unit, or the likelihood that cyber criminals will disrupt electricity necessary to a manufacturing plant.

It is difficult to predict whether certain cyber risks — particularly cyber-physical risks — ultimately will reside principally in stand-alone cyber policies or be incorporated into traditional property/casualty policies. It is possible, and even likely, that both approaches will continue to thrive for the foreseeable future. The best "fit" for cyber risk will depend on two key considerations: the nature of the potential losses for which coverage is sought and the scope of the coverage options available under traditional lines and specialty stand-alone policies.

When it comes to protecting society from cyber risk, everyone has a role to play: Insurers increase resilience by educating businesses on how to avoid risk and helping to finance a response if a cyber attack occurs; policyholders need to do their part to identify, implement and monitor effective cyber security standards; and government has a role to play in promoting policies that will minimize cyber risk and enhance resiliency, including by treating insurance as an essential weapon to tackle cyber crime and other potential cyber loss.

Navigators partners on workers comp cover

■ Navigators Group Inc. and Protective Insurance Co. have entered into an underwriting partnership to offer workers compensation coverage to Navigators clients.

The partnership supports Stamford, Connecticut-based Navigators' expansion of multiline insurance policies that bundle coverages for a range of liability exposures, the insurer said in a statement.

Workers compensation will now be available through Carmel, Indiana-based Protective Insurance as a coverage option in Navigators' portfolio of industry-specific multiline policies for sectors including media, arts and entertainment, life sciences, allied health care, technology and manufacturing industries, according to the statement.

Everest Re unit launches special events portal

■ Specialty Insurance Group, a unit of Bermuda-based Everest Re Group Ltd.'s Everest Insurance, is establishing an online portal for brokers and policyholders to obtain liability coverage for special events.

The SIG special event portal will allow brokers to secure instant liability coverage for events such as concerts, conferences, garden shows and festivals, the specialty group said in a statement. Everest National Insurance Co. is providing the coverage.

Brokers who are interested in participating in the SIG special event portal program must be approved as a SIG portal producer.

Hartford policy provides cyber cover, response

■ Hartford Financial Services Group Inc. introduced CyberChoice First Response, a policy designed to help protect businesses against cyber attacks.

Policy provisions include coverage for preclaim expenses; coverage related to a regulatory inquiry in addition to regulatory fines and expense, expenses incurred as a result of a regulatory proceeding; recognition of internal expenses incurred in response to a breach; a 24/7 cyber incident hotline staffed in the U.S. to assist in the event of a cyber attack; and available system failure and administrative error protection.

Limits of up to \$10 million are available, a spokesman said.

Policyholders also have access to a panel of preapproved service providers to guide them in securing their networks, Hartford said in a statement.



Aon designs policy form for crypto exposures

■ Aon Risk Solutions has developed a policy form to protect against loss of cryptocurrency, such as bitcoin.

Cryptocurrencies pose a growing risk as more companies turn to the medium for their own and client activities, Aon said in a report. "Two obvious risks related to these cryptocurrencies are cyber security and fraud/theft," the report said.

"In recognition of the growing exposures and limitations of traditional insurance, Aon has developed a policy form to protect against loss of cryptocurrency (bitcoin), which is unlikely to be covered by a traditional crime policy, which typically limits coverage to tangible assets," Aon said.

The broker said it has been working with companies involved in bitcoin to design the new form.

Travelers introduces app for workers comp claims

■ Travelers Cos. Inc. has launched a mobile application aimed at improving the claims experience for injured employees.

MyTravelers for Injured Employees, a self-service tool for workers compensation claims, offers injured workers increased access to medical professionals and two-way messaging with a Travelers claim nurse, the insurer said in a statement.

The app, which can be accessed on a computer, tablet or smartphone, provides workers access to a full claims team, including claims and medical profession-

als. Two-way document sharing will also be added to the program, according to the Travelers statement.

Generali updates cover for international casualty

■ Generali Global Corporate & Commercial, part of Italian insurer Assicurazioni Generali S.p.A., is releasing an updated version of its Centurion international casualty coverage for multinational corporate and commercial organizations.

The update, done in partnership with Generali Global Assistance, adds features such as benefits for accidental injuries resulting in paralysis, tragic accidents on a common carrier, benefits for victims of assaults or carjackings, and more, the insurer said in a statement.

AIR, RenRe partner on liability model

■ Catastrophe modeling firm AIR Worldwide, a unit of Verisk Analytics Inc., and RenaissanceRe Holdings Ltd. are collaborating to develop a probabilistic model for extreme liability events.

AIR is producing portfolio-specific casualty losses based on its exposure management application Arium, a scenario-based loss assessment framework allowing companies to measure portfolio loss potential and exposures to simulated scenarios, Boston-based AIR said in a statement.

"This model provides a forward-looking view of risk and will enable insurers and reinsurers to capture the full distribution of the frequency and severity of casualty catastrophes," Jay Guin, chief research officer at AIR Worldwide, said in the statement.

Everest adds policy for management liability

■ Everest Specialty Underwriters, a unit of Everest Re Group Ltd., introduced a private company management liability policy with eight lines of coverage, including directors and officers liability.

Other lines included in the Everest Expedition modular policy are employment practices liability, fiduciary liability, crime, cyber liability, kidnap and ransom, miscellaneous professional liability and employed lawyers liability, New York-based Everest Specialty Underwriters said in a statement.

Policy provisions include an optional duty to defend; preclaim costs, expansive D&O and fiduciary inquiry coverage; a dedicated social engineering fraud limit; and reimbursement of up to 5% of policy premium for using pre-beach services offerings.

DEALS & MOVES

Swiss Re carves out E&S insurance unit

Swiss Re Corporate Solutions Ltd. is forming a stand-alone excess and surplus business unit in North America.

E&S North America Swiss Re Corporate Solutions will include the insurer's traditional excess and surplus lines property/casualty groups, and the addition of other lines of business, Ivan Gonzalez, CEO of Swiss Re Corporate Solutions North America, said in a statement.

Alliant acquires rival Crystal in New York

Alliant Insurance Services Inc. has agreed to acquire New York-based Crystal & Company.

Terms of the deal were not disclosed.

Crystal specializes in financial institutions, energy, technology, real estate, hospitality, consumer products and retail.

Chairman and CEO Jim Crystal will join Alliant as vice chairman, and other family members — Jamie, Jonathan and Sandy Crystal — "will also play prominent roles," Tom Corbett, chairman and CEO of Alliant, said in a statement.

Former Scottsdale execs launch surplus lines insurer

Former Scottsdale Insurance Co. President Mike Miller is forming a rival surplus lines insurer called Ategrity Specialty Insurance Co.

John Goodloe will be Ategrity's chief underwriting officer of brokerage, and Joe Griffith will be chief information officer. Both are also former Scottsdale executives.

The company is based in Scottsdale, Arizona, Ategrity said in a statement. An Ategrity spokesman confirmed funding has been secured.

BB&T Insurance to acquire Regions

BB&T Insurance Holdings Inc., the insurance brokerage unit of Winston Salem, North Carolina-based BB&T Corp., will acquire rival bank-owned brokerage Regions Insurance Group from Birmingham, Alabama-based Regions Financial Corp.

Terms of the deal were not disclosed.

Regions had about \$142 million in brokerage revenue in 2016, according to *Business Insurance* research, with around 740 employees in 32 retail offices. Regions management and staff will join BB&T with the acquisition, according to BB&T.



UP CLOSE

Beverly Godbey

NEW JOB TITLE: Dallas-based principal at Amy Stewart P.C.

PREVIOUS POSITION: Dallas partner and co-chair of the litigation practice at Gardere Wynne Sewell L.L.P.

LOOKING FORWARD TO: I want to provide outstanding legal services for my clients who come to me for policy reviews, coverage opinions, insurance advice and dispute resolutions.

ON LEADERSHIP: My leadership style embraces collaboration in team building and using the diverse range of skills and perspectives that my team offers to obtain the best results for my policyholder clients.

CHALLENGES FACING INDUSTRY: Competition is fierce among insurance companies in all commercial lines. The challenge for the insurance companies is to provide coverage enhancements that satisfy existing policyholders and entice new clients.

WHAT SURPRISED ME: I review insurance policies in all lines for a living. After reviewing so many policies over a 35-year career, I'm surprised that with enough premium dollars it's possible to insure virtually any risk.

FAVORITE QUOTE: "When you talk, you are only repeating what you already know. But if you listen, you may learn something new." — Dalai Lama

OUTSIDE THE INDUSTRY, A DREAM JOB: Curator of impressionist art at the Musée d'Orsay in Paris.

HOBBIES: Cooking, reading, playing tennis, and I have a blue ribbon from the state fair in Texas for original needlepoint.

PETS: I have two shelter cats whose names are Buckas and Loki.

THING MOST PEOPLE DON'T KNOW ABOUT ME: Most people consider coverage lawyers (to be) office lawyers, so one thing people don't know is my new job at Amy Stewart involves trial work as well as insurance advice and counseling.

DON'T LEAVE THE HOUSE WITHOUT: Your smile. It reminds you to maintain a positive outlook, appreciate your clients and colleagues, and put your best face forward every day.

BIGGEST OBSTACLE FOR WORK-LIFE BALANCE: Employers with a negative attitude. My new employer, Amy Stewart P.C., is supportive of family and personal time. My new position at this women-owned firm gives me flexibility and fewer conflicts.

PET PEEVES: I don't have any!

WHEN I RETIRE: I will have more time to volunteer with my church and favorite charities.

FAVORITE MEAL: Sous vide steak and sautéed mushrooms

FAVORITE BOOK: "The Scarlet Pimpernel" by Baroness Orczy

CAN'T-MISS TELEVISION SHOW: "PBS Mystery"

BEST CITY: Dallas

ON A SATURDAY AFTERNOON: You will find me with my friends and on the tennis court.

MONDAYS: Look forward to a walk to White Rock Lake with my husband after work.

"Competition is fierce among insurance companies in all commercial lines. The challenge for the insurance companies is to provide coverage enhancements that satisfy existing policyholders and entice new clients."

SEE MORE ONLINE

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.



Susan Rivera has joined Houston-based specialty insurer Tokio Marine HCC as executive vice president and chief operating officer, taking over COO duties from President William Burke.

Previously, she was president and CEO of V3 Insurance Partners L.L.C.



Chubb Ltd. named **Christopher A. Maleno** president of field operations, succeeding Gerard Butler, who will retire July 2; currently, Mr. Maleno is president of North America major accounts. **Matthew Merna** will succeed him in that role; currently, he is chief operating officer, North America major accounts. The appointments, based in New York, are effective July 2.



Barbara Luck has been named head of American International Group Inc.'s North American casualty business, effective May 7. Previously, she was president of global excess casualty at XL Group Ltd. She is based in New York.



Steve Denton joined EPIC Holdings Inc. as president, effective May 1. Previously he was CEO of Beecher Carlson Insurance Services L.L.C. He is based in Atlanta.



Beecher Carlson Insurance Services L.L.C. promoted Atlanta-based **Joseph Siech** to CEO, replacing Steve Denton. Previously, he was national sales director. In addition, Nashville, Tennessee-based **B. Scott Davis**, who will continue as president of casualty and property, was appointed to the new position of chief operating officer.



Megan Thomas was named chief underwriting officer of Axis Re. Previously, she was chief underwriting officer for American International Group Inc. She is based in New York.





Fired waiter defends 'French' rudeness

What's French for "I'll get you your coffee when I get around to it"? A Vancouver, British Columbia, waiter fired for being "aggressive, rude and disrespectful" filed a complaint with the British Columbia Human Rights Tribunal insisting there was nothing wrong with his manner, that he was just being "French," the Telegraph reported.

The waiter, embracing France's reputation for brusque servers, claims that a grumpy garçon is a cherished French national trait, not a sign of unprofessional conduct, according to the article. In his complaint he calls himself victim of "discrimination against my culture."

The restaurant accused the waiter of breaching its code of conduct, arguing that he persisted in "unacceptably rude behavior," the newspaper reported.

Blog writer raises a stink with city

The author of the blog www.sibleystinks.com is allowed to write that his hometown of Sibley, Iowa, smells like "rancid dog food" after a U.S. District judge approved a permanent injunction prohibiting city threats and requiring that the city pay writer Josh Harms \$6,500 in damages and \$20,000 in legal fees, according to the Associated Press.

Mr. Harms, represented by the American Civil Liberties Union of Iowa, filed suit asking a judge to block Sibley officials from threatening to sue him if he didn't stop criticizing the odor problem from an animal food processing plant and talking with reporters about it, the wire report states.

The city has promised to hold First Amendment training.



INSURER ADDS COVER FOR FIDO'S WOOBIE



Pet owners tired of buying their dogs chew toys only to see them quickly destroyed or lost, now have a more affordable way to replace those beloved stuffed animal and squeaky bones with the launch of CHEWsurance. The subscription service touts a simple remedy: provide a photo of the toy, upload it to CHEWsurance, and within a few days a new toy is delivered.

CHEWsurance offers three different "pawlicies," priced between \$9 and \$21. "We all love our dogs, but it can be time-consuming and expensive to constantly replace our dog's toys after they have been chewed to pieces," Andrew Pollack, president of FamilyPet, which offers CHEWsurance, said in a statement. "With CHEWsurance, you can rest easy and let your dog chew away!"

Good Samaritan turns to fraud

Federal prosecutors are not paying it forward in the case against a good Samaritan pizza parlor owner who allegedly set his pizza shop on fire to collect insurance money, the Associate Press reported.

Mustafa Zabana, owner of Bruno's Pizza in Enfield, Connecticut, pleaded guilty to mail fraud in connection with a 2016 fire at his business, which spread to other establishments in the shopping mall, according to the AP.

Prosecutors say after he allegedly started the fire, Mr. Zabana filed an insurance claim and received a \$5,000 check. He then continued to pursue additional insurance payments. He faces up to 20 years in prison at sentencing on June 29, according to the AP.

Six months before the fire, a newspaper article highlighted Mr. Zabana for his giving free pizza to a person in a wheelchair.



Glass offices need risk management

They say people who work in glass-walled buildings might attempt to walk through them. That's what a contractor told Apple when it was building its Cupertino, California, headquarters — a warning ignored, according to the San Francisco Chronicle.

Oddly enough, that soothsaying contractor walked into one such wall immediately after voicing concerns about the risk of injury. The Chronicle reports that there is no official tally of employees who have followed suit in the glamorous \$5 million building, but the anecdotes are plenty.

A curious Chronicle reporter scoured emergency reports, finding three 911 calls: "head injuries, including a middle-aged man who hit his head so hard against a glass window that he was bleeding on his eyebrow and expected to have stitches," the reporter wrote.



OUR MISSION IS TO
RESTORE AND ENHANCE
LIVES, BUSINESSES AND
COMMUNITIES.

JOIN US.

Broadspire®, a Crawford® company and leading global third party administrator, is on a mission to make a positive difference in the lives of all we serve. Our service model for workers compensation, disability absence management, medical management, accident & health and liability services are continuously fine-tuned to shorten claim duration and reduce overall claim costs. By working as your partner, we can help you achieve optimal outcomes for your claims program.



For more information about our global TPA services, please contact
Mike Hoberman at **973.439.6761** or michael.hoberman@choosebroadspire.com.

WORKERS COMPENSATION COSTS CAN BE A PAIN IN YOUR BOTTOM LINE.

Our 350 in-house nurses help ease that pain. Their involvement in the right cases means those claims close 12% faster and at 15% lower cost.* Their expertise and communication skills improve outcomes, helping injured employees get back to work sooner and nursing your bottom line back to health.

Visit helmsmantpa.com to learn more.

*Internal study based on claims results as of February 2014 on claims reported Jan. 1, 2011 through Dec. 31, 2012, which compared similar claims with and without a nurse assigned.

© 2018 Helmsman Management Services LLC.



Helmsman
Management Services LLC™