

Business Insurance

July 30, 2007

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403(b) PLAN SPONSORS FACE HOST OF NEW RULES FROM IRS / PAGE 3

REP. ROYCE INTRODUCES FEDERAL CHARTER LEGISLATION / PAGE 3

401(k) ACCOUNT BALANCES BENEFIT FROM BETTER INVESTMENT RETURNS / PAGE 4

In Brief

Blumenthal subpoenas reinsurers on practices

Connecticut Attorney General Richard Blumenthal last week said he is investigating anticompetitive practices in the reinsurance industry, with his office issuing about 20 subpoenas to companies thus far. Mr. Blumenthal declined to provide specifics of the investigation or identify companies subpoenaed.

House panel OKs adding wind cover to NFIP

The House Financial Services Committee voted last week to add windstorm coverage to the National Flood Insurance Program. The Flood Insurance Reform and Modernization Act of 2007 would require the NFIP to offer the multiperil coverage from damage resulting from windstorms or floods in

See **IN BRIEF** page 34

Terror backstop renewal gains momentum

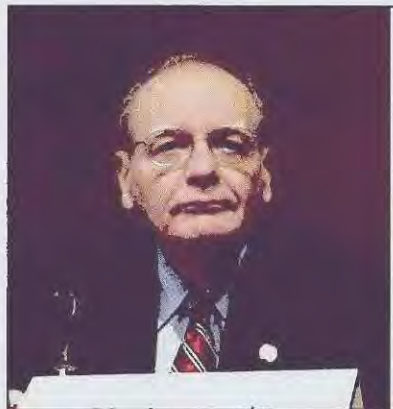
House subcommittee passes bill despite partisan differences; full panel expected to act this week

By **MARK A. HOFMANN**

WASHINGTON—Partisan disagreement over the shape of a continued federal terrorism insurance backstop does not endanger the program, according to proponents of an extended program.

Differences emerged between many Republicans and their Democratic counterparts on the House Financial Services Committee's Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises when the panel approved the Terrorism Risk Insurance Revision and Extension Act last week. The full committee is expected to follow suit this week before Congress leaves for its August recess.

Among other things, the amended version of the original bill would extend the federal terrorism insur-



U.S. Rep. Paul Kanjorski, D-Pa., left, introduced revised terror backstop legislation. Rep. Richard Baker, R-La., right, won approval of an amendment to allow the backstop to respond to \$5 million in damage in some instances.



LANDOV

ance backstop, which is slated to expire Dec. 31, for 10 years. It also would allow the backstop to respond to acts of domestic as well as foreign terrorism; require insurers

to offer coverage for nuclear, chemical, biological and radiological attacks; and add group life insurance to the coverages covered by the program (see box, page 32).

Subcommittee chairman Paul Kanjorski, D-Pa., who offered the amended bill, also called for adding one representative each from the workers compensation insurance industry and the commercial real estate industry to a commission on terrorism risk insurance. The panel would make recommendations concerning the marketplace within five years of TRIREA's enactment and would issue a report eight years after the bill became law.

The subcommittee also approved an amendment offered by Rep. Richard Baker, R-La., that would allow the backstop to respond to an event causing as little as \$5 million in damage under some circumstances.

Republican members of the subcommittee made several unsuccessful

See **BACKSTOP** page 32

Hartford settlement resolves bid-rig probe

Insurer joins peers in adopting new supplemental pay

By **RUPAL PAREKH**

HARTFORD, Conn.—Hartford Financial Services Group Inc. last week became the latest insurer to settle bid-rigging allegations associated with contingent commissions—and the latest to embrace the new compensation system the industry has developed in response to criticism of the controversial commissions.

As part of the settlement, which also resolves "market-timing" alle-

gations, the Hartford, Conn.-based insurer will pay \$115 million in fines and restitution and will sharply curb its use of contingent commissions, including paying no contingents on excess casualty placements through 2008, among other changes.

At the same time, the insurer announced plans to launch a new supplemental commission program to replace prospective contingent arrangements compensating brokers and agents in commercial lines of business (see story, page 33).

Last week's settlement ends probes by regulators into market

See **HARTFORD** page 33

New insurance broker targets middle market

Two former top execs from Willis, Synaxis launch Tennessee firm

By **SALLY ROBERTS**

FRANKLIN, Tenn.—Another startup insurance brokerage fueled by private equity capital has embarked with the goal of becoming a major middle-market player.

Franklin, Tenn.-based Syncon Insurance Holdings was launched last week by industry veterans Kenneth H. Pinkston, former chairman and chief executive officer of Willis Group Holdings Ltd.'s North American operations in Nashville who retired in 2001; and David D. Haynes, former chairman and CEO of Synaxis Group Inc., who left the Nashville, Tenn., brokerage in late 2004.

Primus Capital Funds, a Cleveland-based private equity firm, is providing the capital to fund Syncon, which plans to acquire \$200

SYNERCON'S TOP TWO

Insurance veterans to lead startup



KEN PINKSTON, 64, will be the new chairman of Syncon. He's the former chairman of Willis' North American operations.

DAVID HAYNES, 60, will be the new CEO of Syncon and is the founder and former chairman and CEO of Synaxis Group.



See **BROKER** page 33

WOMEN TO WATCH

Business Insurance's "Women to Watch" feature recognizes the achievements of 50 women working in the commercial insurance industry. This year's honorees are senior executives and innovators at a variety of organizations serving the buyers of commercial insurance, reinsurance, risk management services and employee benefits. Begins on **PAGE 9**

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INDEX

Advertiser Index	33
Business Resources	28
Commentary	30
End Page	35
International	29
Opinions	8
Products & Services	31
Professional MarketPlace	28
Stocks	34

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On the Web

BI's WOMEN TO WATCH

Profiles and insights of 2007 women leaders

The 2007 Women to Watch feature profiles 50 women working in risk management, insurance, employee benefits and related fields. To read the full

profiles and learn more about these leaders, visit www.BusinessInsurance.com/women2007.

WOMEN TO WATCH



BI PHOTO GALLERIES

Industry in pictures: See who's doing what

New photo galleries from *Business Insurance* highlight industry events, people and activities. To view the galleries of images and learn how to submit photos, please visit www.BusinessInsurance.com/gallery.

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IRS issues sweeping rules for 403(b) plans

Sponsors soon must open up plans to more employees, produce documents under final rules

By JERRY GEISEL

WASHINGTON—Final Internal Revenue Service 403(b) plan rules will impose a new requirement on employers to maintain a written plan document as well as offer the plans to more employees.

The final rules—updating IRS rules issued more than 40 years ago and periodic guidance since then—also will allow employers to terminate the plans, while clarifying other issues. 403(b) plans are the non-profit sector's equivalent to 401(k) plans.

CHANGES AHEAD

How new Internal Revenue Service rules will affect 403(b) plans

- Written plan document requirement extended to all 403(b) plans
- Universal availability requirement broadened
- Termination of 403(b) plans permitted
- Coordination of Economic Growth and Tax Relief Reconciliation Act and 403(b) catch-up contribution limits

Most significantly, the rules issued last week give plan sponsors, which include nonprofit entities such as health care systems, schools and charitable organizations, plenty of time to comply with the most challenging requirement: producing a plan document. For most employers, that document is not required until Jan. 1, 2009, though some will have even more time.

"Everyone was afraid the rules would have been effective in 2008," said Ruth Schau, a senior consultant in the Chicago office with Towers

Perrin. "That would not have been enough time."

"Now, there should be plenty of time," said Beverly Orth, a principal in the Portland, Ore., office of Mercer Human Resource Consulting L.L.C.

The documentation requirement already applies to employers offering 403(b) plans in which the organization matches participants' contributions that are made through salary deferrals. In salary deferral only arrangements, which are com-

See **403(b)** page 30

Liability cover transfers in acquisition: Ruling

Indiana appeals court says company insured for inherited liabilities

By JOANNE WOJCIK

INDIANAPOLIS—Companies that acquire liabilities through mergers or acquisitions have the right to seek coverage under the acquired companies' occurrence-based insurance policies for losses that occurred

The case stems from U.S. Filter's and Waste Management Inc.'s efforts to seek coverage from insurance policies issued to Wheelabrator Technologies and several successor companies, which Waste Management acquired in 1990. U.S. Filter and Waste Management had been sued by thousands of claimants who claimed bodily injury as a result of exposure to silica while working near a metal-cleaning machine Wheelabrator manufactured in Mishawaka, Ind., in 1932.

The insurers maintained that while they had issued policies to Wheelabrator and its many successor companies, the coverage did not extend to Waste Management—nor to U.S. Filter, which acquired the assets and liabilities of Wheelabrator from Waste Management in 1996.

A trial court held for the plaintiffs, prompting the insurers to appeal the decision. The appellate court agreed with the trial court, finding that if U.S. Filter and Waste Management were unable to seek coverage under the policies, it "would provide an unfair windfall for insurers."

Moreover, the court found that it would deter companies from making acquisitions "if it were impossible for a business to insure against historic liabilities that may come with the new asset, especially when

RULING

The Indiana Court of Appeals also found in *Travelers Casualty and Surety Co. et al. vs. United States Filter Corp.* that the insurance company doesn't have to approve the transfer of coverage to the acquiring company for it to have the right to tap the policies when necessary.

before the transaction, an Indiana appellate court has ruled.

The Indiana Court of Appeals also found in *Travelers Casualty and Surety Co. et al. vs. United States Filter Corp.* that the insurance company doesn't have to approve the transfer of coverage to the acquiring company for it to have the right to tap the policies when necessary.

See **COVERAGE** page 33

DIVIDED RESPONSE

Where some insurance industry, financial services and risk management groups stand on optional federal charter legislation:

SUPPORT

Agents for Change
American Bankers Assn.
American Council of Life Insurers
American Insurance Assn.
Council of Insurance Agents & Brokers
Financial Services Roundtable
Reinsurance Assn. of America
Risk & Insurance Management Society Inc.

OPPOSE

Independent Insurance Agents & Brokers of America
National Assn. of Mutual Insurance Cos.
National Assn. of Professional Insurance Agents

NO POSITION ON CURRENT BILL

Property Casualty Insurers Assn. of America

House gets own version of federal charter bill

Bills in both chambers would set alternative to state regulation

By MARK A. HOFMANN

WASHINGTON—Supporters of allowing insurers and producers to choose federal rather than state regulation believe that introduction of the National Insurance Act in the House of Representatives will hasten their goal.

The bill, introduced last week, is companion bill to a bipartisan measure of the same name introduced in the Senate in May (*BI*, May 28). The House bill, which is sponsored by Reps. Melissa Bean, D-Ill., and Ed Royce, R-Calif., calls for creation an

independent Office of National Insurance within the Treasury Department to oversee a system of federal insurance regulation. Insurers and producers could choose to be regulated by that office rather than state authorities.

Under the measure, federally chartered property/casualty and life insurers would not be subject to state rate and policy form regulation. The national insurers would, however, remain subject to state premium taxes.

At a Capitol Hill news conference last week, the bill's sponsors stressed their belief that optional federal charters would benefit consumers and insurers alike.

Rep. Bean said that the current

See **OFC** page 6

Business Insurance.

REPORTING ON CORPORATE RISK AND EMPLOYEE BENEFIT MANAGEMENT NEWS

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ON OCT. 8, 2007, *Business Insurance* will celebrate its 40th anniversary of publication. Each week until then, *BI* will offer a peek at news we reported during the past four decades.

SEPT. 3, 1990 Kuwait Airways Corp. files what is believed to be the largest-ever aviation hull war risk claim, for a loss of at least \$450 million, after the Iraqi invasion of Kuwait. The airline, which insured its fleet for more than \$1 billion, lost many of its 18 aircraft, parts and equipment when Iraqi troops took over the Kuwait airport.

SEPT. 24, 1990 New York-based Corroon & Black Corp. shareholders approve a merger with London-based Willis Faber P.L.C. The merger was nearly derailed when Aon Corp. made a surprise cash offer two weeks before the vote. C&B's board voted unanimously to reject that bid, however, which Chicago-based Aon later withdrew.

Quebec latest province to mull corporate disclosure law

Securities law change would boost exposure to investor lawsuits

By **GLORIA GONZALEZ**

MONTREAL—Quebec may become the next province to give investors in the secondary market the right to sue for misleading or inadequate corporate information, which lawyers say would likely increase the number of securities claims filed in Canada.

Canadian risk managers, though, are unlikely to be adversely affected as they have already complied with similar laws in Ontario and the United States and are benefiting from plentiful capacity in the direc-

tors and officers insurance market.

Monique Jerome-Forget, a member of Quebec's National Assembly, last month introduced Bill 19—a proposal to amend the Securities Act to create a special civil remedy so secondary market investors can sue for damages if companies release documents or statements containing misrepresentations or if companies fail to disclose a material change in their business.

Quebec is the latest province to follow in the steps of Ontario, which adopted secondary market liability effective Dec. 31, 2005 (*BI*, Nov. 14, 2005). Alberta and Manitoba enacted secondary market disclosure liability legislation that became effective in January while a similar law is expected to go into effect this year in Newfoundland and



REUTERS

National Assembly member Monique Jerome-Forget is sponsoring Quebec's secondary market liability law.

Labrador (*BI*, Jan. 8). British Columbia and Saskatchewan are considering comparable legislation.

"We're all involved in this process of harmonization," a spokeswoman for Ms. Jerome-Forget said of the decision to introduce the Quebec bill, which the spokeswoman said will likely be enacted by the end of the year.

The Quebec bill adopts the major tenets of the Ontario law, most notably concerning so-called deemed reliance by secondary market investors on the misrepresentation or omission of material company developments.

Prior to the amendment, most class actions alleging misrepresentation or omission failed because plaintiffs could not prove they relied on the information, said

Karim Renno, an associate in the litigation department of Osler, Hoskin & Harcourt L.L.P. based in Montreal. "It definitely opens the door to much easier class actions to be filed in Quebec because reliance is usually difficult to prove and (the bill) says you don't need reliance," he said.

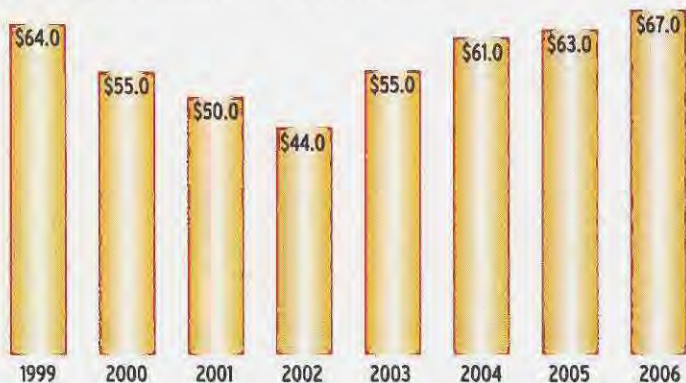
The Quebec bill mirrors Ontario's law in all major aspects, including limitations on liability in the form of damage caps, lawyers say. For example, the bill would limit damages that a company could pay to \$1 million or 5% of a company's market capitalization, whichever is greater.

"This is for all intents and purposes almost identical to the

See **QUEBEC** page 32

HOW 401(k) ACCOUNT BALANCES HAVE BOUNCED BACK

Average account balance rounded to nearest \$1,000.



Source: Fidelity Investments

Investment gains boost 401(k) account balances

Study finds accounts have recovered from bear market declines

By **JERRY GEISEL**

Helped by strong investment gains the past four years, employees' 401(k) plan account balances have recovered from the beating they took during the bear equities market, according to a study released last week.

The average 401(k) account balance for plan participants was \$66,500 last year, up 6.4% from \$62,500 in 2005 and nearly 10% from 2004, when account balances averaged \$60,600, according to Fidelity Investments, a Boston-based mutual fund provider and 401(k) plan administrator.

Last year's average surpassed the \$64,000 average balance in 1999—the peak of the bull market. Average balances then tumbled to a

low of about \$44,000 in 2002, though balances have been rising since then.

For employees in the same 401(k) plan the past five years, the average balance nearly doubled to \$111,000 in 2006 from \$59,000 in 2001.

The study, based on an analysis of account balances of more than 10 million employees in 13,000 corporate plans serviced by Fidelity, also found a big rise in employers offering automatic enrollment.

Last year, 301 plans offered automatic enrollment, up from 153 in 2005, while 200,000 employees were automatically enrolled in the plans, double the total from 2005. In such programs, employees who don't indicate whether they want to participate in an employer's 401(k) plan are enrolled—unless they object—and a specified percentage of their salary is contributed to their 401(k) account.

Automatic enrollment programs

See **401(k)** page 6

Trade bill would ease health cover costs for certain laid-off workers, retirees

Tax credit to purchase insurance would rise to 85% from 65%

By **JERRY GEISEL**

WASHINGTON—Employees who lose their jobs due to foreign competition and older pension plan participants whose pension plans fail would be eligible for bigger federal health insurance premium subsidies under bipartisan trade legislation introduced last week in the Senate.

The legislation, S. 1848, sponsored by Senate Finance Committee Chairman Max Baucus, D-Mont., and Sen. Olympia Snowe, R-Maine, would provide an 85% tax credit—up from the current 65% tax cred-



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Senate Finance Committee Chairman Max Baucus, D-Mont., says people out of work often forgo health cover.

it—that eligible individuals could apply toward their health insurance premiums.

The current requirement that eligible individuals pay 35% of the health insurance premium is the key reason few use the tax credit, Sen. Baucus said.

In a typical month, less than 10% of the 250,000 individuals potentially eligible for the health coverage tax credit use it.

"Since folks who are out of work cannot afford to pay more for health coverage, that means most are going without" insurance, Sen. Baucus said in introducing the bill. By boosting the government's share of participants' premiums to 85%, employees would have a "real shot

See **TAX CREDIT** page 6

Employers try integrated approach

Combining absence, disability management efforts paying off for some

By **ROBERTO CENICEROS**

BOSTON—Southern California Edison Co. looked to improve its delivery of employee behavioral health services after absence data showed psychosocial problems often compound physical ailments that led disability claimants to miss work.

It did so through a recent pilot program that integrated behavioral health assistance with SCE's disability and absence management offerings. SCE launched the behavioral health outreach effort after having a well-established disability program in place, said Deborah L. Jacobs, manager of disability management for Rosemead, Calif.-based electricity provider.

In contrast, Washington Mutual Inc. last year began integrating short-term disability and absence management programs after it

already had health management programs in place, speakers told the Disability Management Employer Coalition's annual conference in Boston July 15-18.

It would have been easier to integrate health management services after establishing a disability program, but WaMu didn't have a short-term disability program prior to Jan. 1, said Pamela Bogner, WaMu's assistant vp and manager of integrated disability programs.

The contrasting experiences of SCE and WaMu show that employers can take different routes to successfully integrate their absence, disability and health management

offerings, said Bryon E. Bass, vp and claims practice leader for Sedgwick Claims Management Services Inc. in Memphis, Tenn.

Surveys show that companies integrating the three areas experience fewer and shorter duration absences. They also experience reduced workers comp and short-term disability costs, Mr. Bass said.

But successful integration requires employers to direct employees to the help they need by determining what life circumstances should trigger outreach from employers' health and absence programs.

Employers must also push their health and disability management providers to cooperate with each other, because no one vendor is an expert in all areas of health and dis-

See **DISABILITY** page 31

Errors & Omissions

Due to incorrect information supplied to *Business Insurance*, the July 16 supplemental compensation chart listed an erroneous figure. Sky Insurance Inc. derived 6.0% of its 2006 revenues from supplemental pay from underwriters.



Sherron Williams
Chief Professional Lines Underwriter
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FUNDAMENTAL STRENGTH-CAPITAL AND PEOPLE

OFC: Version of optional federal charter bill introduced in the House

CONTINUED FROM PAGE 3

"bureaucracy of 51 state regulators" stifles innovation by insurers, while Rep. Royce, who had introduced similar legislation late last year, said that allowing insurers to choose federal regulation would allow the industry to compete more effectively in the global economy.

The Risk & Insurance Management Society Inc. welcomed the bill.

"RIMS is encouraged that the optional federal charter bill will be introduced in the House," Terry Fleming, a member of RIMS' board, said shortly before the bill's intro-

duction. "We look forward to reviewing the House version and hope it will gain bipartisan support for passage," he said.

The insurance industry, however, remains divided on the issue (see box, page 3).

But despite that, supporters of the bill remain optimistic the concept will move forward.

"This is the first time in 15 years that truly bipartisan bills have been introduced by respected members of the relevant committees in each chamber," said Joel Wood, senior vp of the Council of Insurance Agents & Brokers in Washington. "That alone represents a move



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The current 'bureaucracy of 51 state regulators' stifles innovation by insurers.

U.S. Rep. Melissa Bean D-Ill.

forward. Furthermore, we have leadership in both the House and Senate who are very attuned to the need for progressive insurance

regulatory modernization.... I think we have an outstanding opportunity to move this legislation from the back burner to the front burner by the end of this Congress."

"We're thrilled that a comprehensive OFC bill has been introduced in the House," said Leigh Ann Pusey, chief operating officer of the American Insurance Assn. in Washington. "It confirms that there is a lot of interest and desire to explore regulatory modernization in both the House and the Senate. We've got bipartisan co-sponsorship, and we look forward to mov-

ing this issue forward in the congressional debate."

An opponent of the bill, however, predicted that the effort would not get far.

"Politically, I don't think this is something that is likely to have more than just a hearing or two," said Justin Roth, senior director-general affairs for the National Assn. of Mutual Insurance Cos. in Washington. "With the insurance industry being sharply divided on this issue, it's unlikely that Congress would move forward on this legislation."

Mr. Roth said NAMIC supports regulatory reform but "we don't think that creating a giant new federal bureaucracy will solve the problems that both companies and consumers would like to see addressed."

Tax credit: Bill increases health premium subsidy

CONTINUED FROM PAGE 4

at keeping their health care coverage," he said.

Other changes the legislation would make could increase the number of people eligible for the tax credit. Under current law, the primary beneficiary loses the tax credit when he or she becomes eligible for Medicare. If the primary beneficiary has a younger spouse, the spouse cannot take advantage of the credit even though he or she is not yet eligible for Medicare. The Baucus-Snowe bill would end this problem by allowing employees' dependents to retain eligibility for the HCTC.

The tax credit, created under a 2002 trade law and set to expire Sept. 30, is available to employees who have lost their jobs due to foreign competition and those aged 55 through 64 whose pension plans have been taken over by the Pension Benefit Guaranty Corp. The latter group comprises about two-thirds of those eligible for the credit.

The credit can be used to offset the cost of a variety of health insurance plans, including COBRA continuation coverage, individual plans

offered by commercial insurers and state pools that meet certain standards.

Nearly 60% of beneficiaries use the HCTC to pay COBRA premiums, according to the Internal Revenue Service.

Under a system implemented by the IRS, the beneficiary pays his or her share of the premium to the government. Then, the IRS remits the full amount to the health plan or administrator.

The legislation, the Trade and Globalization Adjustment Assistance Act of 2007, is expected to be considered by the Finance Committee after the August congressional recess.

The likelihood of Congress passing the Baucus-Snowe measure isn't known. But observers say if a trade bill passes, it is likely to include provisions boosting the size of the health coverage tax credit.

"There is near-unanimity that the tax credit is not working well because it is not high enough," said Howard Rosen, executive director of the Washington-based Tax Adjustment Assistance Coalition, which works on behalf of employers, employees and others who are affected by globalization.

401(k): Investment gains increase account balances

CONTINUED FROM PAGE 4

"combat the inertia," noted Jeffrey R. Carney, president of Retirement Services for Fidelity Employer Services Co.

Participation rates and the amounts contributed to the plans varied considerably by age. Last year, 67.5% of baby boomers—those born between 1946 and 1964—participated in their employer's 401(k) plan; 58.2% of Generation Xers—those born between 1965 and 1978—did so; as did 28.6% of Generation Yers—those

born between 1979 and 1991.

Additionally, baby boomers in 2006 deferred an average 7.7% of salary to their 401(k) plans compared with 6.2% for employees in Generation X and 4.6% for workers in Generation Y.

Overall, the average participation rate fell slightly to 63.1% in 2006 from 63.4% in 2005, while the average percentage of pay employees deferred to 401(k) plans held steady at 7.0%.

A summary of the findings from the study, "Building Futures VIII," is available at www.fidelity.com.

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ADMIRATION. THE UPSIDE TO BOLD LEADERSHIP.

Marsh and its parent, MMC, congratulate its four colleagues named to *Business Insurance* magazine's Women to Watch in 2007: Patricia Hagemann of Marsh; Jean Lamm-Tennant of Guy Carpenter; and Pat Milligan and Linda Havlin of Mercer. We benefit from their bold leadership every day and are proud they have received this prestigious honor.

FIND THE UPSIDE™ **MARSH**

 MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Business Insurance OPINIONS

Time to act before terror backstop expires

THE EFFORT TO EXTEND the federal terrorism insurance backstop has passed a critical milestone.

As we report on page 1, the House Financial Services Committee's Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises approved an amended version of the Terrorism Risk Insurance Revision and Extension Act last week.

While it took much longer than we expected, the subcommittee's vote set the stage for the full committee to act this week before lawmakers leave for their August break.

We hope that means lawmakers have realized that time is truly of the essence with this bill. The backstop will vanish at the end of the year unless Congress extends the program.

We hope that—given the probability that the full committee will bestow its blessing upon the bill this week—the full House will take up the matter as soon as possible after it returns in September.

The Senate has yet to produce its own version of the measure, and we freely confess that makes us a bit nervous.

The Senate has yet to produce its own version of the measure, and we freely confess that makes us a bit nervous. The Senate Banking, Housing and Urban Affairs Committee tends to operate by consensus and building consensus around any piece of legislation takes time. And time is one thing that's not overly abundant in this case.

Now that a significant milestone has been passed, it's imperative that the effort pick up speed to assure that the backstop's guaranteed to continue for the longest time politically possible beyond the end of the year.

Talent—not gender—key to industry's future

WOMEN ARE ASCENDING to executive positions in the commercial insurance industry more than ever before, and the reasons for that are encouraging.

Business Insurance's Women to Watch report, which begins on page 9, features 50 women working in risk management, insurance, employee benefits and related fields. All of them have prominent responsibilities within their organizations; in several cases they are the top executive.

A few years ago, it would have been difficult to find more than a handful of women in the C-suite in the insurance industry. What has changed?

For one, more companies now sponsor initiatives to advance women or provide networking opportunities. Secondly, more companies see the importance of dedicated diversity officers to cultivate talent and help organizations reflect the diverse customer bases that most serve. Thirdly, and perhaps most importantly, women are creating opportunities for themselves and each other through informal means, such as mentoring young women outside their organizations.

Talent matters in any industry that requires specialized skills. We think the above trends can serve as useful ways to attract and promote more talent—male and female—to leadership roles.



BI beats list

In an effort to ensure continuing timely coverage of risk management, insurance and benefit-related news, *Business Insurance* has formalized a list of its reporters' assigned beats. This list is not intended to be exclusive but rather to represent core subject areas of importance to BI readers. BI welcomes ideas and tips from readers on these and other areas. Following is a list of the beats and the principal reporters for each:

Agents/brokers:
Sally Roberts.

Benefits—health care and ancillary benefits:
Joanne Wojcik.

Benefits—retirement savings/pensions:
Jerry Geisel.

Bermuda market:
Rupal Parekh.

Canada—risk management and benefits:
Gloria Gonzalez.

Claims management:
Rupal Parekh.

Employment practices:
Judy Greenwald.

Environmental risk management: Sally Roberts.

Federal regulation/legislation—benefits:
Jerry Geisel.

Federal regulation/legislation—risk management:
Mark A. Hofmann.

Health care industry operations: Gloria Gonzalez.

Industry Focus: Rodd Zolkos, Meg Fletcher.

Insurance coverage litigation: Douglas McLeod.

Insurance fraud:
Douglas McLeod.

Latin American markets:
Roberto Cenicerros.

Property/casualty industry operations: Judy Greenwald.

Professional liability:
Dave Lenckus.

Property loss control/cat risks: Mark A. Hofmann.

Regulation of insurance:
Meg Fletcher.

Reinsurance:
Judy Greenwald.

Risk management profession: Dave Lenckus.

Runoffs/receiverships:
Douglas McLeod.

Safety/ergonomics: Meg Fletcher.

Surplus lines/wholesalers:
Roberto Cenicerros.

Tort reform: Mark A. Hofmann.

Work/life benefits and EAPs: Sally Roberts.

Workers compensation:
Roberto Cenicerros.

Online Poll at www.businessinsurance.com

Is it possible to objectively measure the quality of care provided by physicians?



NEXT WEEK'S POLL: Will high-deductible health plans that give deductible credits to employees meeting specified health standards help bring down costs?

BI Online Poll tool sponsored by Wausau Insurance Cos.

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Inside

Carol F. Arendall	P. 10
Terri D. Austin	P. 10
Dahna Baisley	P. 10
Cynthia Beveridge	P. 10
Raji Bhagavatula	P. 12
Jennifer Boehm	P. 12
Angela Braly	P. 12
Elaine Caprio Brady	P. 12
Mary Craig Calkins	P. 12
Linda Chase-Jenkins	P. 14
Priya Cherian Huskins	P. 14
Patricia A. Costante	P. 16
Linda Dakin-Grimm	P. 16
Carla d'Andre	P. 16
Lisa Datelle Quarterman	P. 16
Amy Flanagan	P. 16
Michelle Futhey	P. 16
Patricia Hagemann	P. 17
Linda Havlin	P. 17
Lisa Hawker	P. 18
Teena Hostovich	P. 18
Crystal V. Hover	P. 18
Julianne Jessup	P. 18
Cindy Keaveney	P. 18
Ruth Kilduff	P. 18
Linda D. Kornfeld	P. 19
Rachel S. Kronowitz	P. 19
Joan Lamm-Tennant	P. 20
Danielle Lenzi	P. 20
Melissa O. Leuck	P. 20
Julie K. Long	P. 20
Heidi Mack	P. 20
Rebecca A. McLaughlan	P. 21
Pamela Miller	P. 21
Patricia A. Milligan	P. 21
H. Elizabeth Mitchell	P. 22
Brenda M. Olson	P. 22
Stacey Regan	P. 23
Pamela Ritz	P. 23
Audrey M. Samers	P. 23
Tamara Shelton	P. 24
Gail Soja	P. 24
Nancy Sylvester	P. 24
Lauren Vail	P. 25
Kate Van Hulzen	P. 25
Sherron Williams	P. 26
Lori Windolf Crispo	P. 26
Kathryn Yates	P. 26
JoAnne Ybarguen Dorsey	P. 27
Carol A.N. Zacharias	P. 27



WOMEN TO WATCH

Business Insurance's "Women to Watch" feature is our attempt to identify some of the women who are doing outstanding work in commercial insurance, risk management, employee benefits and related fields.

Fifty women are profiled beginning on page 10. They represent senior executives and innovators at a variety of organizations serving the buyers of commercial insurance, reinsurance, risk management services and employee benefits.

This list was compiled from hundreds of nominations by readers as well as information supplied by senior staff of *Business Insurance*. Narrowing down such a large list to only 50 was not easy (see related story). Inevitably, many very talented and hard-working women did not make this year's list.

Business Insurance intends to make the Women to Watch an annual feature and highlight the work of a different set of women leaders each year. We consider the Women to Watch a starting point, not an endpoint, for discussing the importance of women in the industry. Even though more women are taking on high-profile jobs, senior management in the insurance business remains largely male. *BI* believes that diversity—whether through gender, race or ethnicity—is important for an industry that serves people and businesses in all walks of life.

BI has produced two previous special reports on women. The first,

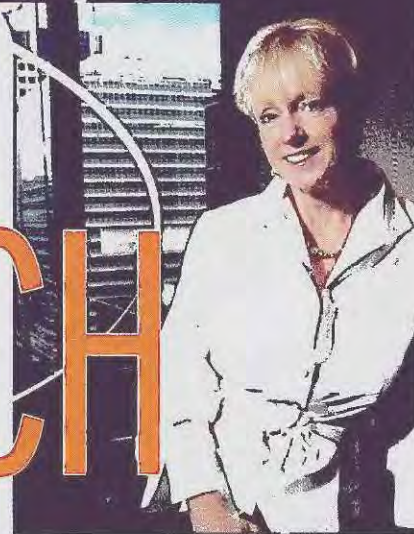
in October 2000, looked at women's career contributions. In 2006, our Women to Watch report spotlighted current leaders as well as those who were about to take on senior leadership positions.

In general, the women on our list are in executive roles, serving risk managers, benefit managers or commercial insurers and are visible to those clients. Women involved behind the scenes in administrative roles are no less important, but our focus for this report was on leaders whose efforts are having a more direct impact on buyers.

The profiles of the 2007 Women to Watch feature biographical information and answers to questions we posed, such as: Who was your role model? What advice would you give to young women entering the industry? What did you want to be when you grew up?

We hope their answers will inform and inspire others working in this industry—both men and women. While we have published answers to just one of the three questions in the magazine, the complete profiles with the women's answers to all the other questions can be viewed on our Web site at www.BusinessInsurance.com/women2007.

—Regis Coccia



CHOOSING WOMEN TO WATCH WAS NO EASY PROCESS

Choosing the 50 women profiled in the 2007 Women to Watch feature was a tough task for *Business Insurance*.

The magazine invited readers to nominate women working worldwide in commercial insurance, reinsurance, risk management, employee benefits and related fields, such as law and consulting. Readers responded by submitting hundreds of nominations. *BI* staff also contributed information about women in the industry, from which an overall list was compiled. A panel of senior *Business Insurance* editors then pored over the list, with an eye to identifying the "Women to Watch."

The selection process took several weeks and applied criteria including: professional achievements within the past three years, influence on the marketplace and contributions to the advancement of women in business. *BI* editors gave special consideration to the contributions of women in leadership positions that have a direct impact on the buyers of commercial lines insurance, reinsurance or employee benefits programs. For this reason, women doing outstanding work within their organizations but chiefly in administrative roles generally do not appear on the list. Reflecting *Business Insurance's* editorial focus, women executives at organizations that specialize in personal lines business were excluded from the list.

BI's goal is to make the Women to Watch an annual feature, spotlighting the achievements of a new set of women leaders each year. The list is not intended to be exhaustive or imply that only those on it are worthy of note.

NEXT SPOTLIGHT Aug. 6: CATASTROPHE MANAGEMENT



MICHAEL MARCOTTE

CAROL F. ARENDALL

Senior Director, Risk Management
OfficeMax Inc.
Naperville, Ill.
Age: 50

With more than 20 years of experience, Carol F. Arendall was given the lofty task of creating a risk management plan for OfficeMax Inc. when she was hired by the office supplies company in 2005. Two years later, she leads a team of risk management professionals for a business that employs 36,000 people worldwide. She built her department from scratch using skills and expertise acquired while in the risk management department for Saks Inc., which purchased Carson Pirie Scott & Co. in the 1990s. She began her

career at Carson's in 1985 while answering a newspaper employment ad, never intending to work in the risk management field. Ms. Arendall was featured in Business Insurance's 2007 Risk Management Honor Roll.

WHAT WOULD YOU CHANGE: "There are a lot of women working in the insurance industry, many of them on the claims side as adjusters. I would like to see the insurance claims industry become leaders in family-friendly work policies. With the tremendous turnover you see with claims adjusters, making that job family-friendly would reduce turnover and be a win-win for all employees."

TERRI D. AUSTIN

Chief Diversity Officer
American International Group Inc.
New York
Age: 49

Terri D. Austin, a graduate of both Columbia University's School of Law and School of Journalism, joined New York-based American International Group Inc. as assistant general counsel in 1990. From 1995 to 2004 she served as senior vp and general counsel at AIG Domestic Claims before being named chief compliance officer for AIG's Domestic Brokerage Group. She was appointed to the newly created position of chief diversity

officer in January.

ADVICE TO YOUNG WOMEN: "I have definitely been told on more than one occasion, 'That's not going to work,' and while that particular iteration for an idea might not have worked, I continue to work on ideas and projects and initiatives until it gets implemented, and I think if you listen to the naysayers, you can sometimes become disillusioned and stalled, frankly, and I think you have to have confidence in yourself to know it is a good idea and it will work as long as you work at it. So, never take no for an answer."



WILLIAM NEUMANN



GEORGE TENNEY

DAHNA BAISLEY

Director of Health
and Insurance Programs
Honeywell International Inc.
Morristown, N.J.
Age: 33

Dahna Baisley is responsible for managing Honeywell International's health care budget and programs, identifying potential health problems in the employee population, creating and implementing targeted solutions and facilitating access to health care information so that employees can make good health care decisions. She also manages other benefits such as life and disability insurance. She is a member of the National Business Group on Health's obesity, consumer-directed health care and health care cost solutions groups, seeking ways to provide higher quality health care at affordable prices.

ADVICE TO YOUNG WOMEN: "You have to be patient. There's a lot to learn. (Health care is) a very technical field and it's ever-changing. Get yourself to a place where you are going to be exposed to a lot of different things and be able to learn."

GILBERT RANDOLPH
LLP

is pleased to announce
that our partner
Rachel S. Kronowitz
has been named to
Business Insurance's
2007 Women to Watch list.

**We are proud to congratulate
her on this honor.**

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CYNTHIA BEVERIDGE

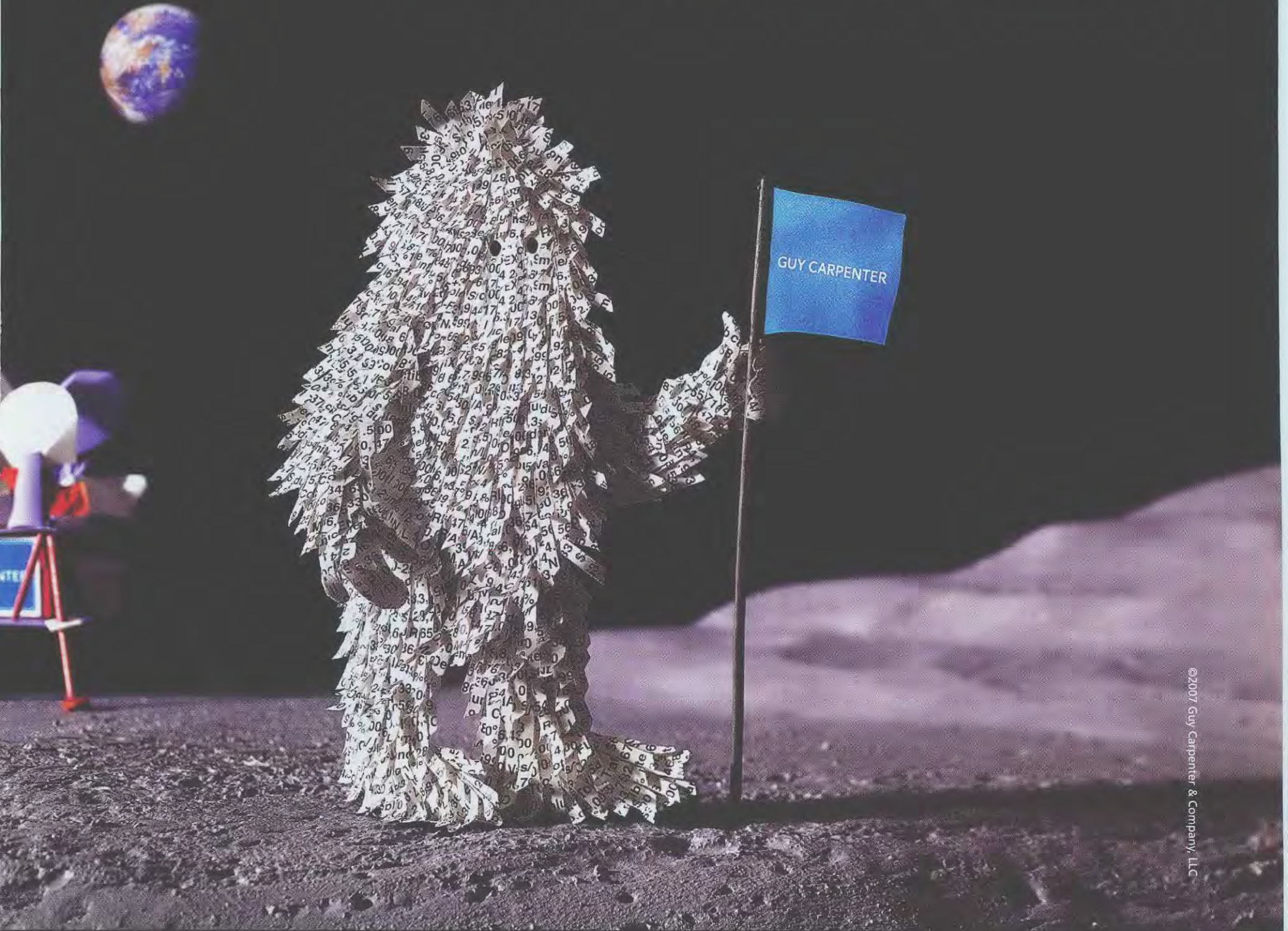
Executive Vp
Aon Risk Services
Parsippany, N.J.
Age: 40

As deputy leader and executive vp of Aon Corp.'s brokerage group, Cynthia Beveridge focuses on products, industry practices and capabilities within Aon Risk Services. Ms. Beveridge, who is known as a relationship builder and program innovator, also is lauded by colleagues for her expertise in directors and officers insurance solutions and placements. Prior to her current role, Ms. Beveridge served in various leadership positions at Aon, beginning as a sales and senior team leader in Aon Financial Services Group and moving up to eastern division head for service management relationship management.

EARLY ASPIRATIONS: "I wanted to be an Olympian, somehow involved in the French culture and do something with physics, but I just couldn't put that combination together. So, intrigued by the international insurance brokerage firm of (Alexander & Alexander Services Inc.), I began my career in New York City as a management liability broker dealing with all industries—financial and legal concerns with C-level contacts, the best platform to create my next step."



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RAJI BHAGAVATULA

Senior Actuary
Milliman Inc.
New York

As senior actuary at Milliman Inc., Raji Bhagavatula has acted as lead consultant on mergers and acquisitions transactions, including the acquisition of GE Insurance Solutions by Swiss Re, which was completed in June 2006. She is a fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries. She is currently the chairperson of the AAA Actuarial Standards Board Subcommittee on Reserving and a member of the AAA Mass Tort Subcommittee.

BEST PROFESSIONAL ADVICE: "Two pieces of advice that have served me well are: Knowledge can get you to a certain level; you need common sense to go higher. Second, if the results of your actions are disastrous it does not mean that the path you have taken is wrong. Chance plays a big role and sometimes you win and other times you lose. You need to learn not to overly rejoice when you win and get overly depressed when you lose."



JENNIFER BOEHM

Principal-Health Management Consultant
Hewitt Associates Inc.
Atlanta
Age: 37

Jennifer Boehm joined Hewitt Associ-

ates about 10 years ago after being a corporate benefits manager. At Hewitt, she has worked on a range of projects in helping clients develop innovative strategies and designs for health care programs. Currently, Ms. Boehm, with academics at the University of Michigan and Harvard University, developed a model that will help employers quantify the cost impact of implementing a value-based health care plan design. She is a founding member of Hewitt's Health Care Policy Leadership Council and serves on Hewitt's Southeast Health Management Leadership Team.

GREATEST INFLUENCE: "Joanne Ayoub, director of organizational development at Beth Israel Deaconess Medical Center in Boston. She always has been there to offer advice and counsel and a good laugh when I needed it. I owe much of my success to her wisdom and guidance through the years."



MARY CRAIG CALKINS

Partner
Howrey L.L.P.
Los Angeles
Age: 57

A well-rounded attorney with experience in the entertainment business, directors and officers liability issues, and e-commerce and technology matters, Mary Craig Calkins has made a name for herself since she zeroed in on insurance coverage recovery more than 20 years ago. In 2006, Chambers USA: America's Leading Lawyers for Business, a published ranking aimed at U.S. businesses, recognized her as a leader in the insurance field, stating that she "brings the entire package to the table" and clients appreciate her ability to "authoritatively convey complex ideas and make a difficult situation much more manageable." Ms. Calkins has also been recognized as one of Southern California's "Super Lawyers" in insurance coverage. That list identifies the top 5% of attorneys in each state, as chosen by their peers, and is published in several publications including Los Angeles magazine.

WHAT WOULD YOU CHANGE: "I would have people participate more in professional organizations and other networking opportunities, because parties on both sides of an issue who know each other well can work out disputes more cooperatively. Avoiding unnecessary posturing and expense also can help cast both the legal and insurance industries in a more favorable light."

WOMEN TO WATCH

EXPANDED PROFILES AND MORE ARE AVAILABLE AT
www.BusinessInsurance.com/Women2007



MICHAEL MARCOTTE

ANGELA BRALY

President and Chief Executive Officer
WellPoint Inc.
Indianapolis
Age: 45

A wealth of leadership and legal expertise readied Angela Braly for her current role as president and chief executive of WellPoint Inc., the nation's largest health plan in terms of membership. Ms. Braly—who helped lead WellPoint's integration with Anthem Networks and the acquisition of WellChoice—previously served as executive vp, general counsel and chief public affairs officer for Well-

Point. She was CEO and president of Blue Cross Blue Shield of Missouri until she joined WellPoint in 2005, and prior to that was a partner in the law firm of Lewis, Rice & Fingersh L.C. in St. Louis.

BEST PROFESSIONAL ADVICE: "To be myself...the whole issue of wearing your own shoes; don't step into anyone else's shoes, there is a reason you got to this position. One of the other pieces of advice I got is 'all roads cross more than once.' You are going to run into people in your life and career over and over. Be respectful."



CONGRATULATIONS TO OUR VERY OWN PATRICIA A. COSTANTE, CHAIRMAN AND CEO, FOR BEING NAMED ONE OF BUSINESS INSURANCE'S WOMEN TO WATCH.

OUR BEST WISHES GO OUT TO ALL OF THE OUTSTANDING WOMEN BEING RECOGNIZED FOR THEIR INDUSTRY LEADERSHIP.

Please join the Board of Directors, employees and physician owners of MDAdvantage in congratulating all of this year's Women to Watch as named by Business Insurance. Their drive, dedication and commitment to excellence are an inspiration to us all.



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ELAINE CAPRIO BRADY

Vp and Manager of Ceded Reinsurance Operations
Liberty Mutual Insurance Co.
Boston
Age: 42

Elaine Caprio Brady is responsible for managing reinsurance placement and credit risk and establishing policies and procedures for reinsurance placement and contract administration, including reinsurer and broker relationships. Formerly, as the company's first senior corporate counsel, Ms. Brady advised Liberty Mutual departments worldwide that handled any combination of ceded or assumed fac-

ultative, treaty and retrocessional reinsurance. She handled arbitrations, analyzed coverage issues, drafted reinsurance-related contracts, negotiated reinsurance collections and commutations, and provided advice on insolvencies and schemes of arrangement.

Ms. Brady is a member of the board of directors of the AIDA Reinsurance and Insurance Arbitration Society-U.S., the Assn. of Insurance and Reinsurance Run-Off Cos., the Massachusetts Bar Assn. and the American Bar Assn.



Congratulations to Terri D. Austin,
Chief Diversity Officer of AIG,
On being named one of Business Insurance's
Women To Watch for 2007.



CONTINUED FROM PAGE 12

EARLY ASPIRATIONS: "I knew since I was 10 I wanted to be a lawyer. So, I knew in college I was going to law

school. But my mother worked at Allendale Mutual when I was growing up, so I was very familiar with that insurance company, and it was a positive point of view of that insurance company. It's now FM Global. My very first law school job was working as a law clerk at Liberty Mutual in 1987, 20 years ago. It was at that point I decided I wanted to be in insurance and later working in reinsurance. From working as a law clerk at Liberty Mutual, I became involved very quickly in working on coverage decisions in environmental and pollution claims. It was a very exciting area in 1989. Later, I became involved in reinsurance in assisting the reinsurance department in collections."

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LINDA CHASE-JENKINS

Principal, Chief Operating Officer
 of the Enterprise Risk Management
 Practice
 Towers Perrin
 New York
 Age: 39

Linda Chase-Jenkins has been chief operating officer of the enterprise risk management practice at Towers Perrin since 2005. She joined Towers Perrin in 1997 as a consultant and was named a principal in 2003. Between 2000 and 2003, she worked in Towers Perrin's London office consulting for multina-

tional financial services companies. Before joining Towers Perrin, she was a vp at Citibank.

ADVICE TO YOUNG WOMEN: "I would tell them that it is OK not to achieve perfect balance between professional and personal life all the time. Sometimes work demands will be the priority and other times it will be family. It takes time to build a career as well as a family and each requires give and take. Accept that life will feel out of balance at any given time and be prepared to shift the pendulum back to rebalance as necessary."

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 Arthur J. Gallagher & Co.

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PRIYA CHERIAN HUSKINS

Partner and Senior Vp
 Woodruff-Sawyer & Co.
 San Francisco

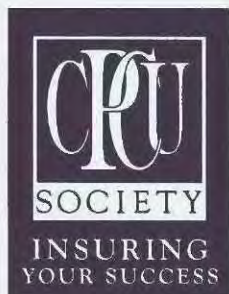
Within one year of her arrival in 2003, Priya Cheria Huskins became a partner at Woodruff-Sawyer & Co., a full-service insurance brokerage and consulting firm headquartered in San Francisco, and the first female minority partner in Woodruff-Sawyer's 89-year history. Working mostly with the firm's directors and officers liability insurance clients on issues of loss control and risk management, her expertise in D&O liability issues has gained national recognition over the past four years with speaking engagements worldwide and articles in various industry publications such as the International Journal of Disclosure and Governance.

ONE THING TO CHANGE: "If our industry were to eliminate contingent commissions, we could continue the industry's current trend toward further transparency and integrity. This would enhance every insurance broker's ability to be seen as a professional who works exclusively on behalf of his or her clients."

WOMEN TO WATCH

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 2007 WOMEN TO WATCH
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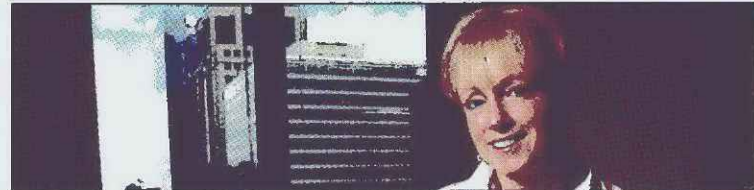
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will" to get his uninsured daughter admitted to a hospital.

EARLY ASPIRATIONS: "I wanted to be a psychologist. Actually, a lot of consulting really is trying to understand the motivations and behavior



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LISA HAWKER
Vp, Employee Benefits
Hylant Group Inc.
Toledo, Ohio
Age: 34

Among the industry's younger leaders and mentors stands Lisa Hawker. As a client and relationship manager at Hylant Group Inc.'s benefits practice, Ms. Hawker is responsible for overall client management, strategic planning, plan design and contribution analysis, program recommendations and implementation, and plan performance. Serving as a benefits liaison for the large-accounts practice within Hylant, she's in charge of providing product and skills training while mentoring new client executives. In addition to her work at Hylant, Ms. Hawker is a speaker for benefits issues for a number

of organizations including the American Institute of Certified Public Accountants and the Worldwide Employee Benefits Network. In the past two years, Ms. Hawker received one of Hylant's most prestigious annual awards, the Chairman's Club Award for being one of the top five to 10 producers in a company with nearly 300 producers. So far this year, Ms. Hawker has received several nominations for the company's 20 under 40 Award.

EARLY ASPIRATIONS: "No one plans to be in the insurance industry. My degree in college is in biology. I was going to be a veterinarian or a biologist. I am a tree-hugger to the core. My husband, whose father was in the business, pushed me into this and I love it. He knew I'd be good at it."



TEENA HOSTOVICH
Senior Vp
Lockton Insurance Brokers L.L.C.
Los Angeles
Age: 48

Teena Hostovich began her insurance career in 1978 in the training program at Johnson & Higgins in Los Angeles. She worked her way up the ranks of the brokerage and its successor, Marsh Inc., over the next 22 years, eventually becoming a senior client executive and senior vp in charge of the higher education practice on the West

Coast as well as the law firm practice. Ms. Hostovich joined Lockton Insurance in 2001 as a senior vp in Los Angeles and is considered the brokerage's leading authority on professional liability for major law firms and higher education. As Lockton's top female producer internationally, Ms. Hostovich has almost single-handedly developed Lockton's clientele among large national law firms. Under her leadership, Lockton's revenues in the lawyer's market have increased by 4,000% over the last six years. In May, Ms. Hostovich was an

"Executive of the Year" nominee at the Los Angeles Business Journal's annual "Women Making a Difference" event honoring Los Angeles' most successful women.

EARLY ASPIRATIONS: "I wanted to be a writer. Fortunately, I find myself able to incorporate my love of the written word into my professional life on a daily basis. I also wanted to be someone who makes a difference to the people around them, and I strive to achieve that every day."

CRYSTAL V. HOVER

Chief, Employee Benefits and Services
County of San Bernardino
San Bernardino, Calif.
Age: 43

Crystal V. Hover graduated as a political science major from the University of California at Los Angeles in 1986. After graduation, she worked for the Social Security Administration for 11 years, holding various positions in the Hollywood, Calif., office. Ms. Hover joined Kemper Insurance Co. in 1997 as senior operations manager based in Fort Lauderdale, Fla., leaving in 2004 to become account manager of the expatriate benefits division at CIGNA International in Claymont, Del. She joined San Bernardino County in



2006. In her current position, Ms. Hover is responsible for all employee benefits and services including the administration, vendor management, contracting and pricing negotiations for the health and welfare plans for 18,000 active employees and 8,000 retirees. Ms. Hover holds the Certified Employee Benefits Specialist designation.

BEST PROFESSIONAL ADVICE: "Don't be good, be great. Understand what management and your organization need and expect from you and deliver on that understanding. Strive to exceed expectations when it makes sense, but when good enough has to do, don't try to achieve greatness."



JULIANNE JESSUP
Senior Executive and Head of Industry Analysis and Research, Investor Relations, and Global Marketing and Communications
Benfield Group Ltd.
London
Age: 46

Best known for her leadership role in establishing Benfield Group Ltd.'s investment banking-grade industry research for the global reinsurance

industry, Julianne Jessup was one of the first female reinsurance brokers at Lloyd's of London. With more than two decades of experience, Ms. Jessup is a member of Benfield's executive leadership team overseeing industry research, investor relations, marketing and communications. She began her insurance career in 1983 as a graduate trainee with a Lloyd's brokerage firm. After three years as a broker working in the aviation and construction markets, she moved to the investment banking sector as an equity analyst specializing in insurance. After a decade in investment banking, she was invited to join Benfield.

PROFESSIONAL ROLE MODEL: "When I started out at London broker Stewart Wrightson L.L.C. in the early 1980s, women had only just been admitted to the Lloyd's market. I was mentored by some of the first women brokers ever to work in Lloyd's. Even now I look back at these women with admiration for their tenacity and professionalism in what was then a fairly hostile environment."

RUTH KILDUFF

Managing Principal
Integro Insurance Brokers Ltd.
Boston
Age: 57

Ruth Kilduff began her insurance career with St. Paul Cos. in 1978 as a health care risk management consultant after seven years as a registered nurse for Shrine Burn Institute in Boston. She joined InterQual Inc. in 1983 as a medical staff consultant and then joined Tufts-New England Medical Center in Boston, where she was vp-quality support services with responsibility for risk management. She joined Marsh Inc. in 1997 as its national senior care practice leader and rose to become a managing director in 2004. With expertise in professional liability, alternative risk financing and risk consulting, Ms. Kilduff joined Integro Insurance Brokers Ltd. in 2006 to launch its East Coast health care practice. Since then, she has assembled a team of six brokers and consultants, who have provided brokerage, program advisory and risk consulting services to numerous health care alternative risk financing programs. She also serves on philanthropic boards that include the Kenneth B. Schwartz Center, which is dedicated to improving relationships between health care providers, their patients and families.



PROFESSIONAL ROLE MODEL: "First, my dad who ran a flower shop with my mom and was an entrepreneur before his time. He instilled in me the confidence that I could do whatever I set my mind to do. My husband, Jay, who always challenges me through his work ethic to take it to the next level. And finally, Catherine Tower, who was a nursing leader and my mentor for many years. She believed that the art and science of nursing prepares a person for any career, and she taught me to put my hand up and say, 'I can do that.'"



CINDY KEAVENEY
Executive Vp
Aon Consulting Inc.
Radnor, Pa.

Since joining Aon Consulting Inc. in 1999, Cindy Keaveney has been responsible for developing and improving client services. As one of her first tasks, she set up a new practice, Workforce Strategies, that provides health, absence and productivity management consulting services dedicated to improving financial and operational results for large accounts. Over the past 18 months, Ms. Keaveney has led establishment of Aon Consulting's key account management group, which is dedicated to strategic sales and management of services in the global corporate market. Her efforts were demonstrated as the group exceeded its strategic sales objective by 35% in its first year of operation. Ms. Keaveney has served on advisory councils for the Institute for Health and Productivity Management as well as Harvard Medical School's Health Performance Questionnaire. She's also served on the board of directors of the Integrated Benefits Institute.

BEST PROFESSIONAL ADVICE: "Start with extraordinary talent and the results will follow. Exploit the strengths and gifts in others. Spend time promoting the things that people do really well and coach with directness and fairness."

many high-profile and complex cases. Among recent cases, she helped a major U.S. insurer recover from its reinsurer in settling a series of complex environmental claims. The confidential arbitration involved 18 different reinsurance treaties and documents spanning three decades. Ms. Dakin-Grimm also is former co-chair of Milbank's diversity committee and has

law school are better than they know and are less likely to tout themselves and blow their own horn. They're more easily disillusioned and don't see the long term that they might in fact have a future as a partner at the law firm. I would like to encourage some of our really talented young women to realize that they're really fabulous."



and 400 staff, and provides clients with consulting services in a variety of specialty practices including health and benefits, retirement, talent management, communications, executive compensation and global benefits. With a heart for children's causes, Ms. Futley is an active supporter of

coaching to me and supported me. I think the big thing that he helped me with, as far as my career path, was...to be patient and take the promotion that was suited for me and not just take the first promotion that opened to me."



LINDA D. KORNFELD

Managing Partner
Dickstein Shapiro L.L.P.
Los Angeles
Age: 42

Linda D. Kornfeld has been managing partner of Dickstein Shapiro L.L.P.'s Los Angeles office since May 2005 and is a partner in the firm's insurance coverage practice, in which she represents policyholders in disputes with their insurers.

Ms. Kornfeld previously was a name partner in the insurance coverage litigation specialist law firm Pasich & Kornfeld L.L.P., attorneys from which opened the Dickstein Shapiro Los Angeles office.

COVERAGE DISPUTE APPROACH: "Once a company is in litigation with its insurer and the parties go down that path, positions can become entrenched, making an amicable resolution difficult. My goal is to resolve my clients' disputes and

recover insurance proceeds that are due, rather than spend their money in litigation. So, I work to develop a relationship with the attorneys on the other side to create a dialogue that allows us to talk through and resolve issues rather than fight about them when fights are not necessary. This approach has enabled me to negotiate substantial settlements on behalf of my clients."

RACHEL S. KRONOWITZ

Partner, Vice Chair
Gilbert Randolph L.L.P.
Washington
Age: 47

Rachel S. Kronowitz, a founding partner in the law firm Gilbert Randolph L.L.P. in 2001, is an all-purpose risk management attorney. She counsels corporate defendants and assists clients with developing strategic approaches to risk management, structuring insurance and risk transfer portfolios, and recovering insurance for significant claims. She has successfully represented Fortune 100 companies in multibillion-dollar acquisitions, in coverage disputes with insurers over property, mass tort and shareholder claims, and in restructuring their organizations in the face of mass tort



liabilities. Ms. Kronowitz also is involved in American Bar Assn. activi-

ties and community work.

ADVICE TO YOUNG WOMEN: "I think I'd give them twofold advice. One is to find a really terrific mentor—someone who's really supportive and will push you really hard to do the best work you can do. And, it's very useful, I find it, to do things in the community, to get out in the community and get to know people. You contribute to the community and meet other, really terrific women at the top of their careers. It's important because the networking aspect of it is important, and it forges relationships with other women who are very supportive and act as a terrific sounding board both personally and professionally....It also feeds your soul."

WOMEN TO WATCH

A gallery featuring color photographs and expanded profiles of the 2007 Women to Watch is available online at www.BusinessInsurance.com/Women2007.

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H. ELIZABETH MITCHELL

President
Platinum Underwriters Reinsurance Inc.
New York
Age: 45

H. Elizabeth Mitchell was valedictorian of the College of the Holy Cross in Worcester, Mass., class of 1985, where she majored in the classics. She joined the Insurance Services Office Inc. after graduation, training as an actuary. After a little over a year, she moved on to Tillinghast/Towers Perrin, where she remained for six years. She held the position of corporate actuary at English & American Insurance Co. Ltd. before joining St. Paul Reinsurance Inc. in 1993, where she held several senior positions before becoming the executive vp responsible for all North American casualty underwriting. As part of restructuring, the unit was spun off and renamed Platinum in

2002. Ms. Mitchell held the position of chief operating officer and executive vp of Platinum before being named president in August 2005. Ms. Mitchell was named Insurance Woman of the Year by the Assn. of Professional Insurance Women in 2007 and became a fellow of the Casualty Actuarial Society in 1990.

ADVICE TO YOUNG WOMEN: "As a woman, it's helpful to find ways to distinguish yourself. Having some formal education or professional accreditation—I'm an actuary, for example—but to be a lawyer or accountant or getting one of the underwriting designations gives you a credential that you always have. Someone can't take it away from you. An industry badge so to speak. Plus, you learn something by doing it, which makes you smarter and more capable in the business."



BRENDA M. OLSON

Founder, Chief Executive Officer and President
ORG Corp.
Bigfork, Mont.
Age: 46

Within one year of Brenda M. Olson's 2003 creation of ORG Corp., it became the leading firm in Montana in number of captives and captive premium volume. It remains in that top slot today. Directing and managing Montana's largest captive management firm, she is in charge of strategic risk consulting and alternative risk financing for clients in a variety of industries and oversees captive insurance licensing, formation and management. She's also chairwoman of the Montana Captive Insurance Assn. Inc., and the founder and manager of the Montana Reinsurance Exchange, a reinsurance pool for Montana captives.

WHAT WOULD YOU CHANGE:

"Insurers and agents alike need to focus more on what their customers want and improve service quality in key areas. Customers don't like receiving quotes or declarations a few days before renewal. Insurers demand premiums up front while customers wait months to get policies, sometimes to find surprise exclusionary endorsements. Fronting costs are often seen as too high for the services being provided: More insurers need to partner with customers in this area. Claims service seems to be a low priority for many insurers, yet highly valued by insureds. Dissatisfaction with insurance company service is a frequent reason that our clients have turned to captive insurance: to get the service they want and need."

Wellness & Consumer-Driven Health Plans: Contradictory or Complementary?

A Business Insurance Online Executive Forum™



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- **Stephanie Pronk**, Chief Health Officer, RedBrick Health, Minneapolis, MN
- **Mark Snyder**, Director of Benefits, Owens Corning Corp., Toledo, OH

QUESTIONS TO BE ADDRESSED:

- Which is more effective – incentives or penalties – at raising use of wellness programs?
- How can health risk assessment data help employers and employees?
- What are IRS rules that impact wellness initiatives?
- What information technology infrastructure is needed for an optimum CDHP environment?

SAVE THE DATE:

Tuesday, August 14, 2007

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WOMEN TO WATCH

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WILLIAM NEUMANN

STACEY REGAN

Deputy Treasurer-Insurance
General Electric Co.
Fairfield, Conn.
Age: 41

Stacey Regan manages a world of risk at General Electric, which has operations ranging from jet engines to financial services to news and entertainment in more than 70 countries. In overseeing the company's global risk and insurance programs, Ms. Regan is responsible for design, strategy, procurement and management. Ms. Regan, who became GE's global risk manager in 2001, also has developed a contract guidance tool for managing risks as part of GE's aggressive growth strategy; expanded GE's captive, Electric Insurance Co., to cover risks in the European Union and Canada; and introduced benchmarking and process improvement programs with GE's insurers and brokers to ensure that the company's risk management and insurance programs are aligned with company objectives.

In addition, Ms. Regan has co-led the Fairfield, Conn., hub of the GE Women's Network, which helps women advance within the company and promotes collaboration on solutions across the GE's various business units.

BEST PROFESSIONAL ADVICE A former boss of Ms. Regan's bearing no relation, Tom Regan, "told me that it's great to think things through but to pay attention to your gut and what that's telling you. I think in my instance, it's helped me make the right decisions. One in particular was when I decided to leave Becton Dickinson to work for GE Capital. A few folks commented to me that it was not the right decision to make because I had such a great position and opportunity at Becton. I was the planned successor as the head of risk management at Becton. (But) I had the confidence to follow my instinct, and in retrospect, it is the best career path decision I have made."

AUDREY M. SAMERS

Global Ethics
and Compliance Officer
ACE Ltd.
New York
Age: 43

After working initially at a law firm following her graduation from Columbia University School of Law, Audrey M. Samers joined the New York Insurance Department in 1998 as special counsel to the superintendent on Holocaust-related issues. She was named the department's deputy superintendent and general counsel in 2001, where she served until joining ACE in 2006 as deputy global compliance officer and associate general counsel. Ms. Samers assumed her position as global ethics and compliance officer in January.

EARLY ASPIRATIONS: "I didn't intend to have this specific position, but I always wanted to have a career where I worked at a dynamic company with intelligent and energetic people who are also guided by ethics, and where I could help in that company's growth."



WOMEN TO WATCH

A gallery featuring color photographs and expanded profiles of the 2007 Women to Watch is available online at www.BusinessInsurance.com/Women2007.



PAMELA RITZ

President and Founder
Specialty Risk Management Inc.
Lago Vista, Texas
Age: 53

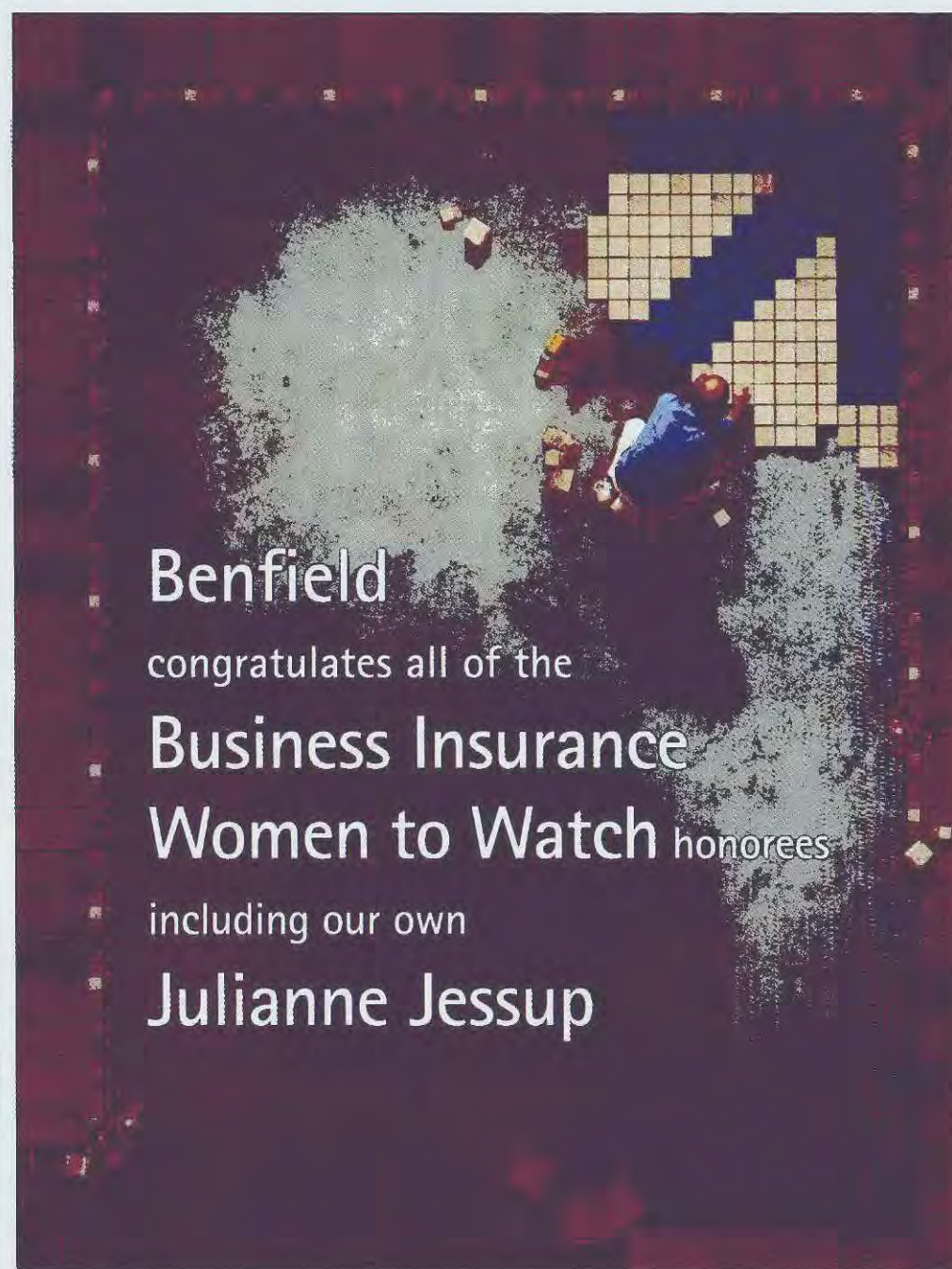
Where there is risk, there are people like Pamela Ritz, whose lengthy career has led her to develop and head her own company, Specialty Risk Management Inc., which provides risk management solutions to small, midsize and large

organizations, including such global entities as Lloyd's of London.

She is responsible for introducing her company's national 1-800 hotline service, which has been expanded to include crisis management for food-borne illness and product recall claims on behalf of underwriters and her private client base.

The service has logged in excess of 200,000 inbound calls and is backed by an internally developed database system that allows her company's risk managers to be interchangeable when fielding a client problem, enabling any risk manager to interact with any client.

WHAT WOULD YOU CHANGE: "Insurance is a business solution. I wish more time and effort was spent on creating the right insurance solution and educating the insured on the value of the insurance product and whether it will deliver the desired solution, rather than just boiling it down to competitive pricing and landing the competitive deal. In insurance, you often get what you pay for."



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Women to Watch honorees
including our own
Julianne Jessup

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TAMARA SHELTON

Managing Director-Retirement
Buck Consultants L.L.C.
Dallas
Age: 47

Tamara Shelton joined Buck Consultants 25 years ago immediately after graduating from the University of Texas at Austin. From the beginning, Ms. Shelton has worked with some of the nation's largest corporations in helping them design their pension programs. She has quickly moved up the ranks at Buck. At the age of 29, she was named a principal, the youngest person at Buck to be promoted to that level. She also has been Buck's Dallas office manager and currently is managing

director of Buck's retirement practice, its biggest revenue-producing division. She also serves as only one of two women representatives on Buck's Leadership Council. Ms. Shelton is a fellow of the Society of Actuaries, a member of the American Academy of Actuaries and an enrolled actuary.

ADVICE TO YOUNG WOMEN: "You have to know a lot of detail. You need to learn the law. You need to always put your clients first. Finally, you need to maintain a lot of self-discipline to balance what you need to do at work and still have some kind of home life."



makers to gain its approval, and working as a contractor for the Orleans Parish School Board to navigate its post-Katrina insurance issues. Earlier this year, she was contracted as a consultant to assist New Orleans' Ernest N. Morial Convention Center with its insurance program. After spending 15 years as a public entity risk manager for various municipalities and school districts, she is revered for her in-depth understanding of risk management issues facing public entities. A top producer since joining Gallagher in 2000, Ms. Sylvester was recognized in 2006 as a top 10 producer for all of Arthur J. Gallagher's North American retail brokerage operations and producer of the year for its mid-South region.

NANCY SYLVESTER

Managing Director, Public Entity & Scholastic Division
Arthur J. Gallagher Risk Management Services Inc.
Baton Rouge, La.
Age: 49

Like many industry professionals following Hurricane Katrina in 2005, 2006 was a busy year for Nancy Sylvester, whose accomplishments include co-authoring legislation allowing Louisiana state public housing programs the flexibility of combining lines of coverage and testifying before law-

GREATEST INFLUENCE: "Early in my career, I was fortunate to associate with a very wise and experienced insurance/claims professional, Ben Franklin. (Yes, his name is Ben Franklin. He currently is the claims supervisor for Calcasieu Schools in Lake Charles, La.) From Ben, I learned so much: show up early, work hard, read the fine print, speak the truth and, most importantly, treat people how you wish to be treated. Add a little humor to the mix and everything works out fine. All very basic, all very critical."

175 women advance their careers.

ADVICE TO YOUNG WOMEN: "You have to be a self advocate. I learned that the hard way. If you are making a contribution to the organization, don't be afraid to let people know that you are making a contribution, that you're proud of that contribution, that you're committed to the organization. You're the only person who can do that. Make sure that early in your career that you reach out to people that you respect. If you like the way someone leads, reach out to them and begin to build your network."



GAIL SOJA

President
Chubb Custom Insurance
Warren, N.J.
Age: 52

Gail Soja began her career in insurance as a file clerk at Fireman's Fund Insurance Co. in Tennessee. She joined Chubb in 1984 as an excess umbrella underwriter and has been a career-long advocate for mentoring in the workplace. As a member of Chubb's Women's Development Council, she helped develop the organization's mentoring program, which has helped about

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LAUREN VAIL

Director of Total Rewards,
Compensation and Benefits Department
Newell Rubbermaid Inc.
Atlanta
Age: 34

Lauren Vail did something two and a half years ago that few in benefits management would dare to do. Despite Newell Rubbermaid's workforce of mostly blue-collar, hourly employees, Lauren Vail eliminated all existing medical insurance plan offerings and implemented a full replacement consumer-driven health care program. Since then, the program has been successful in containing costs and main-

taining employee satisfaction. Before her work at Newell Rubbermaid, Ms. Vail spent eight years in human resources consulting with Towers Perrin Inc.

WHAT WOULD YOU CHANGE: "Our industry tends to try to fit people into a category very early, expecting you to specialize in life, health, pension, compensation, etc. However, as you advance, you realize that the programs must all fit together to deliver on the corporate objectives. We should find a way to rotate individuals through various specialties early in their career to support their advancement and help them become more well-rounded leaders."



KATE VAN HULZEN

Principal and Los Angeles
Communication Line of Business Leader
Buck Consultants L.L.C.
Los Angeles
Age: 37

Kate Van Hulzen has been a financial writer and communications consultant for her entire professional career. Ms. Van Hulzen specializes in designing and implementing strategies to help corporations communicate their benefit programs. A customized communications campaign she developed for Northrop Grumman Corp. resulted in a signif-

icant increase in employees participating in the company's 401(k) plan, as well as a big rise in the average contribution. Fluent in Spanish, Ms. Van Hulzen has helped clients communicate benefit plans for Spanish-speaking employees. She has earned several industry awards for her communications projects.

ADVICE TO YOUNG WOMEN: "It is important to realize that all of us will make mistakes. What sets us apart is what we do about it when we find out we made a mistake."



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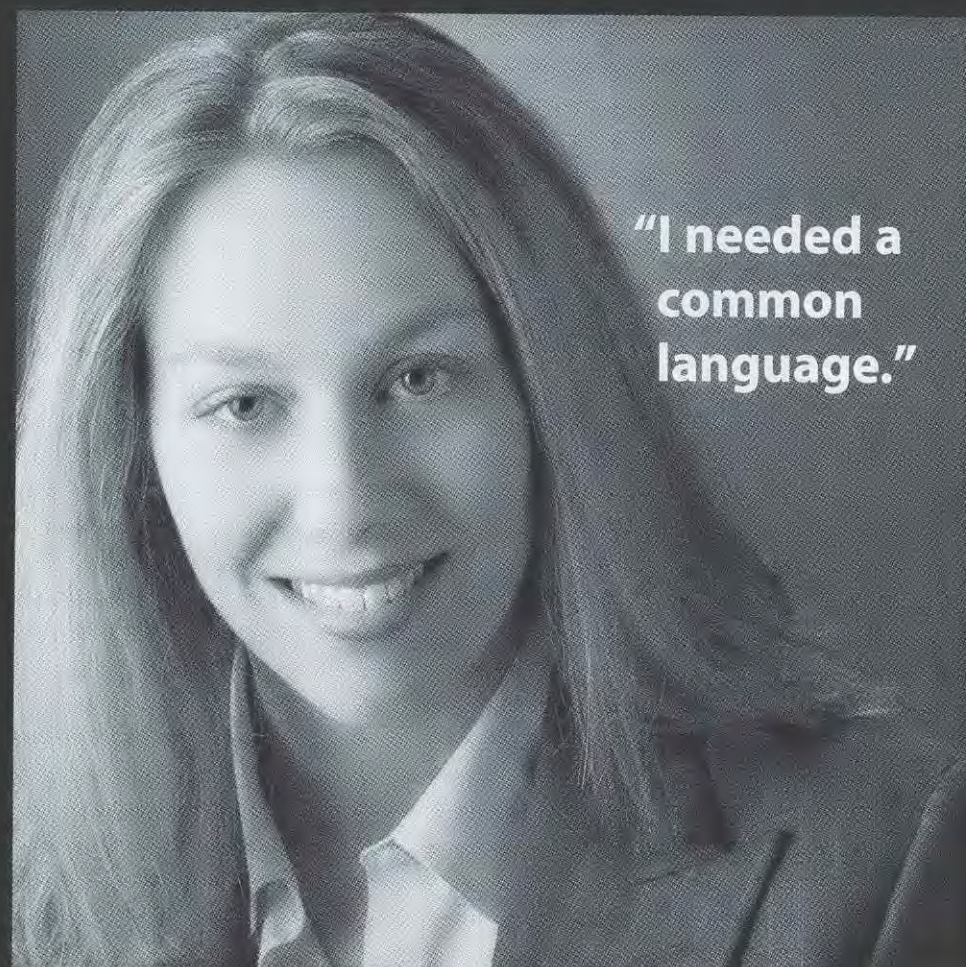
SHERRON WILLIAMS

Chief Underwriting Officer,
Professional Liability Operations
XL Insurance (Bermuda) Ltd.
Hamilton, Bermuda
Age: 44



As the chief underwriting officer of XL Insurance (Bermuda) Ltd.'s professional liability unit, Sherron Williams oversees a team of 15 people managing the second-largest portfolio of business within XL's Bermuda operations. Ms. Williams—who joined XL as a trainee underwriter in 1991—regularly participates in industry events, sharing her industry knowledge and expertise with peers. Most recently, she co-chaired the 2007 Bermuda Professional Liability Underwriting Society Symposium, held on the island in June.

BEST PROFESSIONAL ADVICE: "It was by my prior manager when I assumed this role...he said to me 'Don't forget the importance of empowering those who report to you.' Essentially, he was saying that often times you find a manager who is threatened by a (employee) who is smarter than them, more creative than them, has a better working relationship with key contacts...and as such feels that (he/she) shouldn't develop them further. Embrace those strengths and allow them to soar. I have tried to adapt that. I feel that I have a very loyal team. They are welcome to disagree with me. If they come to me with an idea, I say go with it. As a manager, that's probably the best piece of advice I've received."



"I needed a
common
language."

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Melissa O. Leuck, ARM • Risk Manager, Pharmaceutical Industry

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LORI WINDOLF CRISPO

Senior Executive Vp
Bollinger Inc.
Short Hills, N.J.
Age: 47

Lori Windolf Crispo joined her family's Short Hills, N.J., insurance brokerage, Bollinger Inc., in 1985 and spent the next three years in a training program learning about personal lines, commercial lines and employee benefits. When Bollinger secured an exclusive sports accident and liability program with CIGNA Corp. in 1989, Ms. Crispo was tapped to manage Bollinger's new amateur sports division. Today the sports division has grown to 22 employees and generates in excess of \$5 million in revenues annually for Bollinger. As senior executive vp, Ms. Crispo is responsible for operations and sales management of the division and is considered a leading female authority in amateur sports insurance and risk manage-

ment. She has authored a number of risk management manuals for her clients and their members as well as a number of in-depth studies on sports safety. She also has created insurance and risk management Web sites for clients, was a featured monthly columnist for Lacrosse Magazine on insurance issues and recently launched a blog on sports safety, www.sportssafetyiq.com.

ADVICE TO YOUNG WOMEN:

"For young women looking at career choices, insurance is an underdog industry that doesn't get the recognition it deserves. It may not have the cachet of investment banking or other professional careers, but insurance offers many rewards, especially to women.

The primary benefit that I have seen (and experienced) is that you can have a high-level position, whether in an agency or on the company side, and still achieve a very good work/life balance. The job will be intellectually and creatively stimulating. It is a great career for those with good people skills who like the idea of developing very strong bonds with their clients; it is an equally great career for those who like numbers more than people—there is something for everyone. The insurance industry is a challenging and financially rewarding career path, and for motivated women, I believe there are fewer obstacles to getting to the 'corner office.'"

KATHRYN YATES

Communication Global
Practice Director
Watson Wyatt Worldwide
Chicago

Kathryn Yates has been helping organizations manage change, effectively communicate with employees on benefit issues and increase overall employee engagement. Ms. Yates focuses on the latest technologies to help employers communicate on retirement and health care benefits at a time when employees are expected to take on a more active role in their retirement and health care planning. Ms. Yates is a past president of the Council of Communication Management.



GREATEST INFLUENCE: "Perhaps not what you'd expect as there weren't a lot of women in senior positions when I began my career. Also, as the first in an extended family to attend college, 'career' wasn't a familiar concept. However, I learned from many sources good and bad. Learned patience from an impatient manager, learned the value of taking time in performance reviews from an otherwise bad manager who surprised me

with the gift of time and attention. Learned the power of gracious behavior from both Jackie Joyner-Kersey (Olympic athlete) and Bill Norris (founder of Control Data Corp.) and I've more recently learned from younger associates who keep me fresh with new media. Dedication and perseverance I've learned from my daughter, an Olympic athlete."



JOANNE YBARGUEN DORSEY

Vp-West Region Aviation Practice Leader
Wells Fargo Insurance Services
of Nevada Inc.
Las Vegas
Age: 51

After 13 years as a commercial accounts manager and then manager of the account staff at Regal Aviation—a small Hillsboro, Ore., aviation agency—JoAnne Ybarguen Dorsey joined Marsh Inc.'s Phoenix aviation division as assistant vp in 2002. She was promoted to vp in 2004 and became manager of the division in 2005, overseeing accounts such as Portland International Airport, McCarran International Airport and other general aviation airports. In February 2006, Ms. Dorsey joined Wells Fargo Insurance Services of Nevada Inc. in Las Vegas. As its vp and west region aviation practice leader, Ms. Dorsey is charged with creating and growing the practice by coordinating risk transfer and risk financing alternatives for aviation clients of Wells Fargo & Co. and WFIS. In April, she became the west region's aviation resource, handling aviation insurance-related problems that team members of the bank or WFIS refer to her.

GREATEST INFLUENCE: "There is not just one person but several. The common thread with all has been their integrity and honesty with their clients and customers. I have worked for and with several different brokers in my 30 years of insurance, and the most successful business colleagues have been the ones that have always remembered that they work for their clients. They have listened, brought value and solutions to clients' problems and concerns."

CAROL A.N. ZACHARIAS

Senior Vp and Chief Counsel for
Professional Risk
ACE USA
New York
Age: 51

After joining ACE USA in 2003, Carol A.N. Zacharias established a dynamic model of delivering legal services that is designed to benefit underwriting needs as well as offer value to policyholders. Based on a concept she adopted from an early role model, Ms. Zacharias has forged an integrated team of lawyers, regulatory compliance and state filings experts who work closely with marketing and actuarial experts to brainstorm problems,

solutions, cutting-edge ideas and marketplace innovations. Ms. Zacharias has participated in leadership roles on several American Bar Assn. committees and subcommittees in an effort to promote the advancement of her profession in the areas of litigation, business insurance and executive management liability. She currently is the co-chair of the Insurance Coverage Subcommittee of the ABA's Committee on Corporate Counsel.

GREATEST INFLUENCE: "Two people. Terry Van Gilder, who started Chubb's D&O underwriting practice, and Ralph Jones, who managed it later. They were visionaries. They took chances. They had

a vision of a team—not a typical underwriting team. Terry wanted a talented, hungry, hard-working dream team. He gave it to us to run. Early in our careers, we could do what we want, make mistakes, take charge and responsibility. We all were in the same boat and relied on each other as well as Terry. I really learned how to take risks and take chances and take charge in our little world. Ralph moved me away from being a technical lawyer. I'd bring in all of this work, and he'd push it aside and ask, 'Carol, what do you think we should do?' He moved me toward being a counselor, a general counsel, an adviser."



Teena Hostovich



service: (sər-vəs)

- n. 1. dedication to a task, timely; see READY / WILLING / HELPFUL. 2. the act of being devoted to helping others.
- v. 1. to meet the needs of; see also Teena Hostovich.



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REQUEST FOR PROPOSALS

REQUEST FOR PROPOSALS

LEGAL NOTICE

LEGAL NOTICE

REQUEST FOR PROPOSALS

DB0016 - Investment Banking, Accounting, Actuarial and Legal Experts to assist the Insurance Department in its review of EmblemHealth's Conversion Proposal.

Pursuant to Section 7317(j) of the Insurance Law, the Superintendent of Insurance ("the Superintendent") is authorized to hire independent financial, health, legal and other experts and consultants to assist in the review of EmblemHealth's proposal to convert to a for-profit stock corporation. To enable the New York State Insurance Department ("NYSID") to carry out its functions in connection with the review of EmblemHealth's proposal, the NYSID seeks investment banking, accounting, actuarial and legal consultants to provide additional expertise and guidance. The consultants retained by the NYSID will be called upon to obtain, analyze and examine information provided by EmblemHealth; provide the Superintendent with advice about the fairness of the proposed transaction to existing contract holders and members; opine about the value of the assets (minus outstanding liabilities) of EmblemHealth at the time of the proposed transaction, as well as the pricing of the contemplated initial public offering, and the tax implications of the conversion. In addition, the consultants will be expected to prepare written reports that identify and analyze issues relevant to the NYSID's review of the EmblemHealth proposal, and perform such other and further tasks as the Superintendent deems necessary to thoroughly review the proposed transaction.

The work will be performed at: NYS Insurance Department, One Commerce Plaza, Suite 1850, Albany, NY 12257

Proposals will be due on Friday, August 31st at 4:00pm and should be sent to the contacts listed below.

To obtain a copy of the RFP or for more information please contact:

Karol O'Sullivan, Chief Budgeting Analyst,
NYS Insurance Department,
One Commerce Plaza, Albany, NY 12257
Phone: (518) 474-6848 • Fax: (518) 486-6809
Email: rpf@ins.state.ny.us

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LEGAL NOTICE

NOTICE OF FINAL IMPLEMENTATION OF
SCHEME OF ARRANGEMENT
IN THE COURT OF SESSION, SCOTLAND
IN THE PETITION OF
**THE MERCANTILE & GENERAL
REINSURANCE COMPANY LIMITED**

NOTICE IS HEREBY GIVEN in the matter of The Mercantile & General Reinsurance Company Limited (the "Company") that, following the implementation of the Company's scheme of arrangement (the "Scheme") on 22 September 2005 and the subsequent payment in full of all Scheme Creditors' Crystallised Liabilities (as defined in the Scheme), the Scheme was finally implemented in accordance with clause 6.1 on 5 July 2007.

The Scheme has been implemented in accordance with its terms and, accordingly, it has been terminated and no further payments shall be made to Scheme Creditors by the Company in respect of Crystallised Liabilities.

Should you have any questions or require further information regarding this Notice, please refer to the Company's website at www.mgre.co.uk

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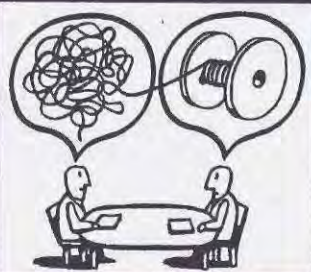
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UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

In re
Petition of Jan C. H. Endresen, as foreign
representative of

Oslo Reinsurance Company (UK) Limited
and Oslo Reinsurance Company ASA,

Debtors in Foreign Proceedings.

Chapter 15

Case No. 07-12211 (RDD)
Jointly Administered

NOTICE OF FILING AND HEARING ON PETITIONS UNDER CHAPTER 15 OF THE UNITED STATES BANKRUPTCY CODE

PLEASE TAKE NOTICE that on July 19, 2007, Jan C.H. Endresen, (the "Petitioner"), as the duly appointed foreign representative of Oslo Reinsurance Company (UK) Limited ("Oslo Re UK") and Oslo Reinsurance Company ASA ("Oslo Re ASA") (collectively, the "Scheme Companies") filed a Verified Petition Under Chapter 15 For Recognition Of Foreign Proceedings And Motion For Permanent Injunction (the "Petition and Motion"), pursuant to chapter 15 of title 11 of the United States Code (the "Bankruptcy Code") with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").

PLEASE TAKE FURTHER NOTICE that, among other things, the Petition and Motion seeks the entry of an order granting recognition in the United States to a jointly administered adjustment of debt proceeding (the "English Proceedings") pursuant to section 425 of the Companies Act 1985 and implementing the Schemes of Arrangement of the Scheme Companies sanctioned by the High Court of Justice of England and Wales (the "English Court") on April 19, 2007 for Oslo Re UK and on June 13, 2007 for Oslo Re ASA, and providing for a permanent injunction and related relief. The Schemes include business written under the former names of the Scheme Companies and business which has been transferred into the Scheme Companies. Broadly, the business included in the Scheme was written by various companies within the Storebrand, Polaris and Norden groups (both UK and Norwegian). A full description of the business included in the Scheme and the names of the companies which wrote the business can be found in the Scheme and on the website at www.oslore.no.

PLEASE TAKE FURTHER NOTICE that the Bankruptcy Court has scheduled a hearing with respect to the Petition and Motion for 2:00 p.m. (New York time) on August 29, 2007, or as soon thereafter as counsel may be heard, before The Honorable Robert D. Drain in Courtroom 610 of the Bankruptcy Court located at The Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004, to consider the Petition and Motion, and any motion, answer, objection or other response thereto made in accordance with this Notice.

A copy of the Schemes of Arrangement and related notice regarding the submission of claims was previously sent to each person or entity of which the Scheme Companies were aware and which they believed was or might be a Scheme Creditor, and for which they had a last known contact address. Copies of the (i) Notice, (ii) Official Form Chapter 15 Petition of each Scheme Company, (iii) Petition and Motion (without the exhibits thereto), (iv) the List submitted pursuant to Bankruptcy Rule 1007(a)(4); (v) the Statement of Foreign Representative required pursuant to 11 U.S.C. §1515; and (vi) the proposed order requested, are available to parties-in-interest on the Bankruptcy Court's website at <http://www.nysb.uscourts.gov> (a PACER login and password are required), on the Scheme Companies website at <http://www.oslore.no/> at the Oslo Re Scheme Page (in addition to the Schemes themselves) or upon written request to the Petitioner's United States counsel (including by facsimile or email) addressed to:

Sidley Austin LLP
787 Seventh Avenue
New York, New York 10019
(212) 839-5599 (fax)
Attention: Alex R. Rovira
arovira@sidley.com

PLEASE TAKE FURTHER NOTICE that any party-in-interest wishing to submit a response or objection to the Petition and Motion or the relief requested by the Petitioner must do so in accordance with the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure, and electronically with the Court by registered users of the Court's electronic case filing system in accordance with General Order M-242, (a copy of which may be viewed on the Court's website at www.nysb.uscourts.gov) and by all other parties-in-interest, on a 3.5 inch disc, preferably in Portable Document Format (PDF), Word Perfect or any other Windows-based word processing format, which disk shall be sent to the Office of the Clerk of the Court, Room 614, One Bowling Green, New York, New York 10004-1408. A hard copy of such response or objection to be sent to the Chambers of the Honorable Robert D. Drain, United States Bankruptcy Judge, and served upon Sidley Austin LLP, 787 Seventh Avenue, New York, New York 10019 (Attention: Geoffrey T. Raicht and Alex R. Rovira), United States counsel to the Petitioner, so as to be received on or before 4:00 p.m. (Eastern Standard Time) on August 27, 2007.

PLEASE TAKE FURTHER NOTICE that if no response or objection is timely filed and served as provided above, the Court may grant the recognition and relief requested in the Petition and Motion without further notice.

PLEASE TAKE FURTHER NOTICE that the hearing with respect to the relief requested in the Petition and Motion may be adjourned from time to time without further notice other than an announcement in open court of the adjourned date or dates at the hearing or any other further adjourned hearing.

Dated: July 20, 2007
New York, New York

Sidley Austin LLP
Attorneys for the Petitioner
787 Seventh Avenue
New York, New York 10019
(212) 839-5300 (tel)
(212) 839-5599 (fax)
Attn: Geoffrey T. Raicht
Alex R. Rovira

Sales force severance suit headed to trial

CNA Financial Corp. accused of improper denial of benefits

By JUDY GREENWALD

CHICAGO—Ninety former employees of CNA Financial Corp. can proceed to trial on allegations the insurer wrongfully denied them severance benefits and for federal common law fraud, a federal judge in Chicago has ruled.

However, the judge dismissed a breach of contract allegation in his July 24 opinion in *Wayne Rosenberg vs. CNA Financial Corp. and the CNA Severance Plan*.

Plaintiffs contend Chicago-based CNA saved more than \$30 million by wrongfully concealing the severance plan amendment.

The decision focused on whether the plaintiffs had received adequate and timely notice under the Employee Retirement Income Security Act of 1974 that their severance plan had been modified to deny them severance benefits.

Plaintiffs contend Chicago-based CNA saved more than \$30 million by wrongfully concealing the severance plan amendment, according to the decision.

The plaintiffs were working as sales representatives when CNA sold its life business operations to Swiss Reinsurance Co. in 2004. Their positions were eliminated, and they were terminated on April 5, 2004.

CNA later denied their claims to severance benefits.

According to the decision, CNA updated its severance pay plan on its intranet site in August 2003, but "did not highlight, underline, or draw attention to the newly added language" that denied severance benefits to the employees.

The employees were notified on CNA's intranet and by a copy of the severance plan that was sent to their homes on March 31, 2004, that they were not eligible to receive the benefits.

"By any objective understanding of CNA's promise to timely notify its employees of material changes to their benefit plans, it was unreasonable for CNA to knowingly wait to tell plaintiffs of the amendment disqualifying them from severance benefits until almost seven months after the amendment took effect, and four days before each was terminated from employment," said Judge James F. Holderman in his decision.

A spokesman for CNA, which had sought to dismiss the suit, had no comment.

International NEWS

Most Japan earthquake damage not insured

Insured damage one-third of 2004 temblor

By MICHAEL BRADFORD

KASHIWAZAKI, Japan—Insurers will pay only a small portion of billions of dollars in losses from the deadly earthquake that struck Japan earlier this month.

The 6.8-magnitude quake was responsible for at least 11 deaths, around 1,800 injuries and as much

region.

The recent quake damaged or destroyed more than 12,000 buildings, which translated into losses of around 200 billion yen (\$1.65 billion), according to the prefecture.

At least one large commercial loss is uninsured: Tokyo Electric Power Co.'s Kashiwazaki Kariha nuclear power plant was heavily damaged by a fire that was started by the temblor and remained shut down last week. The prefecture said damage to the facility is expected to amount to around 700 billion yen (\$5.8 billion).

A TEPCO spokesman in Tokyo would not confirm the prefecture's damage estimate, saying the utility will release its own estimate soon. He said TEPCO has no insurance coverage in place to respond to the damage and will fund the loss itself.

The quake uncovered some problems in the power plant's crisis response plan, according to Japan's Nuclear & Industrial Safety Agency.

"There were several human errors," said Hisanori Nei, NISA's director. Among them was a slow response by personnel at the

facility to report the leakage of water containing radioactive materials, he said.

The quake caused water pipes used in the plant's fire protection system to break. Water from the pipes washed into an area containing radioactive material and carried a small amount of the material out to sea, Mr. Nei said. The amount of material released was not found to be hazardous or to have caused environmental damage.

See **QUAKE** next page



LANDOV

Japanese government officials have said earthquake damages to a Tokyo Electric Power Co. nuclear plant could be \$5.8 billion.

as 1.5 trillion yen (\$12.4 billion) in property damage and economic losses, according to figures released by government officials in Niigata prefecture, where most of the damage was located.

Insurers are expected to pay claims amounting to around \$168 million, according to catastrophe modeler Risk Management Solutions Inc. of Newark, Calif. The modeling company said the insured damage is expected to total about one-third of those from a 2004 earthquake that struck the



REUTERS

Huge portions of Gloucestershire, England, are underwater following recent flooding. Insurers have said claims from the floods are likely to be more than \$2 billion.

Insurance rates likely to increase after massive flooding in England

By ETTIE SCHMITT

As insured loss estimates from recent flooding in England rise, buyers may need to brace for flood insurance rate hikes or even withdrawal from the market by some insurers, experts say.

The July floods hit East Anglia, the Midlands and the Thames Valley regions, affecting thousands of commercial properties and homes. Late last week, the Assn. of British Insurers said in a statement that the insured loss from the latest flooding

is likely to reach £1 billion (\$2.05 billion), with 3,500 claims already filed from businesses and another 12,000 claims coming in from homeowners.

The July floods followed widespread inundation in northern England in June. The Chartered Institute of Loss Adjusters and the ABI have estimated the insured cost of those floods to be more than £1.5 billion (\$3.08 billion). In its latest update last week, the ABI noted that insurers are dealing with 27,500 household

and 7,000 business claims from that flooding.

And the July floods may result in larger insured losses.

London- and Bristol-based Darren Combes, partner at Davies Chartered Loss Adjusters, said he would be surprised if the July floods were less costly than those in June, because the sums insured are likely to be larger.

"The June and July floods are two of the biggest natural disasters we

See **FLOOD** next page

Australia disqualifies GenRe executive

Court had overturned previous ban over financial reinsurance

By SARAH VEYSEY

SYDNEY, Australia—The Australian Prudential Regulation Authority has disqualified Milan Vukelic from being a director or senior manager of a general insurer for his role in financial reinsurance transactions, which he knew would be used to present false or misleading information.

Mr. Vukelic was from 1997 to 2002 the London-based chief execu-

tive officer of the alternative solutions division of General Reinsurance Corp.

During his tenure, that division negotiated financial reinsurance deals with Australian insurers FAI Insurance Group, New Cap Reinsurance Corp. and Zurich Australian Insurance Ltd.

An investigation by APRA found that Mr. Vukelic authorized the transactions, despite being aware that they would be used to present "false or misleading information" in published financial statements and mislead authors and APRA.

APRA in 2004 disqualified Mr. Vukelic in relation to financial reinsurance deals. That ban, however,

was overturned on the grounds that there was insufficient evidence of his involvement in the questionable transactions to support a disqualification.

But during a subsequent APRA investigation of General Reinsurance Australia, which began in 2005, the regulator found additional information about Mr. Vukelic's conduct that "demonstrated that he was not a fit and proper person" to hold a senior position within the insurance industry in Australia.

APRA has now disqualified several executives from Gen Re and other companies in connection with certain financial reinsurance transactions.

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Commentary

This Lady Biker takes risk, and the course

This summer, I officially crossed the line from "ride behind" to Lady Biker.

I could blame it on the handwriting analyst at Liberty Mutual Group's booth at this year's RIMS conference in New Orleans. She said that my Catholic schoolgirl script indicated a desire to take more risks.

But when I shared this observation with my colleagues and business associates, they all laughed.

"She obviously doesn't know you," most of them said.

Funny, I never really thought of myself as being much of a risk-taker. Then again, while others may live by the motto "don't rock the boat," my life has been punctuated by a series of Titanic-like catastrophes. I've encountered business risk, financial risk, emotional risk. So I guess it really wasn't out of character to buy a motorcycle to commemorate reaching the half-century mark this summer. I needed to add a little physical risk to my dossier.

According to the theory of "risk homeostasis" put forth by Gerald Wilde, a professor emeritus of psychology at Queen's University in Ontario, risk-tolerance levels vary by individual, with some people willing to take on greater risk than others. Risk-tolerance levels also don't change, even when we get older. As a result, when the level of acceptable risk in one part of an individual's life changes, there will be a corresponding rise or drop in acceptable risk elsewhere, he theorized.

Mr. Wilde's theory proves itself in my risk-taking behavior. As I enter the latter stages of adulthood, a time when I am finally settling down, I feel the need to shake things up by embarking on a dangerous recreational activity. In fact, many health insurers consider motorcycling to be an "extreme sport" and specifically exclude coverage for injuries sustained in bike accidents. I think biking could actually make me a better insurance risk because wending my way through Colorado's mountains on a 600-pound piece of motorized equipment can be quite a workout.

Even with my higher-than-average risk-tolerance level, I still feel the need to manage my exposure to live to ride another day. So before I headed out on the highway looking for adventure, I enrolled in an intensive weekend crash-course (no pun intended) in motorcycle safety.

Whenever I tell people I bike, they usually ask if I wear a helmet, as if that's all it takes to ensure a rider's safety. But the course, which was developed by the Motorcycle Safety Founda-



**JOANNE
WOJCIC**

Senior Editor Joanne Wojcik, who rides a 2007 Harley-Davidson XL 883L Sportster 883 Low, can be reached at jwojcik@businessinsurance.com.

tion, taught me that even a full suit of armor wouldn't adequately shield me from other vehicles and road hazards. Instead, I needed to learn how to ride defensively because motorcycles are virtually invisible to other vehicles. I learned about the "no zone," the blind spot around a truck or other vehicle. I

Why I chose a Harley over a Honda: Loud pipes save lives.

not see yourself in the side-view mirror of the vehicle in front of you, then the driver can't see you, either. That's why so many motorcyclists "ride the line" to the left or right of the lane so they will be seen. This tendency to be invisible is also why I chose a Harley-Davidson over a Honda. Loud pipes save lives.

The effect of alcohol was another major component of the classroom instruction. Even though I already knew that one beer has the alcohol equivalent of a jigger of hard liquor or a five-ounce glass of wine, what I didn't know was that alcohol causes greater impairment to motorcycle riders than drivers of other vehicles. It made me decide that for me there would be no "poker runs," where riders go from bar to bar picking up playing cards, and presumably drinking alcohol.

There is a downside to my new avocation, however. I've noticed a little less of an adrenaline rush each time I take to the streets, maybe because I'm starting to get the hang of riding. Once I've got a few thousand miles on my treads, I may feel the need to do something more to meet my risk-tolerance threshold.

So I've started planning my 60th birthday celebration. What do you think about hang-gliding?

403(b): IRS final rules affect nonprofits

CONTINUED FROM PAGE 3

mon, consultants say the role of the employer has been minimal, essentially just transferring deferrals to mutual fund and annuity providers.

But the IRS says it is time for employers to maintain a written document so that employees know their rights, administrators and employers understand their responsibilities, and government agencies can determine whether the plans satisfy legal requirements.

A written 403(b) plan document "benefits participants by providing a central document setting forth their rights and enables government agencies to determine whether the arrangements satisfy applicable law and, in particular, for determining which employees are eligible to participate in the plan," the IRS said in the regulations.

The final regulations also will broaden what is known as the universal availability rule for such plans. Under the requirement, 403(b) plans that permit only salary deferrals must be offered to all employees except those, such as nonresident aliens and employees working less than 20 hours a week,

specifically allowed to be excluded under federal law.

While a 1989 IRS notice broadened the group of employees that could be excluded from salary-deferral only 403(b) plans—including those covered by collective bargaining agreements—the rules issued last week repeal the earlier IRS notice. The new rules require employers to extend salary-only deferrals in 403(b) plans to unionized employees as well as visiting professors, who are not covered under another 403(b) plan.

At minimum, the expanded universal availability will require employers to notify previously excluded employees of their new right to contribute to 403(b) plans.

"There will be a communications issue," said Peter Gold, a principal in the Stamford, Conn., office of Buck Consultants L.L.C.

Beyond that, though, extending 403(b) plans to union-represented employees could make the plans a collective bargaining subject, some speculate.

For example, unions might seek employer matching contributions, said Dan Schwallie, a consultant in

the Cleveland office of Hewitt Associates Inc.

In a pro-employer provision, the final rules make clear that employers can terminate 403(b) plans, with plan assets then distributed to participants. While employers always could freeze the plans by not allowing new contributions, there previously was no way to terminate a plan, meaning a plan that an employer no longer wanted could continue for decades.

The inability to terminate 403(b) plans may have blocked nonprofit employers, which have been allowed to offer 401(k) plans since 1997, from making the switch.

"Some may now decide to make the move," said Mr. Schwallie.

But most 403(b) plan sponsors are likely to stay put, said Flora Olsen, a consultant in the Phoenix office of Watson Wyatt Worldwide.

Ms. Olsen noted that a key advantage that 403(b) plans have over 401(k) plans is that 403(b) plans are exempt from an IRS non-discrimination test that compares salary deferrals of highly-paid employees to lower-paid employees while 401(k) plans are not.

Such testing is a "real hassle," Ms. Olsen said.

Quake: Leads to radiation contamination

CONTINUED FROM PREVIOUS PAGE

There was a delay in reporting the leak, a TEPCO spokesman confirmed. He said, however, that personnel at the plant did react properly, albeit slowly, in alerting authorities. "Basically they did the right thing," he said.

TEPCO acknowledged in response to questions from NISA that there was an absence of technical personnel to measure radiation

in the water leak because those staffers left when an evacuation order was given. That problem is being evaluated and TEPCO will establish a system whereby radiation can be measured in such situations, the utility said in a statement.

The utility also said it will better prepare its in-house firefighting team to respond to fires at the plant and will consider establishing a hotline communications system with

the local fire department.

Mr. Nei said NISA will investigate the incident and could recommend other safety-related changes at the plant.

The International Atomic Energy Agency is sending a team to examine the damage in the hope of "identifying lessons learned that might have implications for the international nuclear safety regime," the agency said in a statement.

Flood: U.K. damage rivals 1990 gale

CONTINUED FROM PREVIOUS PAGE

have seen in terms of scale and the value of the property affected," Mr. Combes said.

Fitch Ratings Ltd. in London said in a statement that for the insurance industry, "the flooding is the most severe natural catastrophe in the United Kingdom since hurricane-force winds at the start of 1990 in England and Wales cost the sector £2.2 billion (\$4.25 billion).

The total cost to insurers from the June and July flooding is likely to exceed £3 billion (\$6.17 billion), Fitch said.

Businesses affected by the June floods included London-based confectionery and beverages company Cadbury Schweppes P.L.C., which was forced to temporarily close a factory in Sheffield.

A spokesman for the company said that all the staff are now back onsite and the company was seeking to minimize disruption to production by outsourcing it to sister

factories in the United Kingdom and Europe.

"We do have insurance in place," the spokesman said, declining to provide details.

Experts say that while the floods will result in a large insured loss, they will not threaten the financial strength of the U.K. insurance industry. Rates are expected to harden, though.

Warnings on rates, capacity

David Stephenson, London-based associate director of Fitch Ratings, warned buyers that rates will rise in the wake of the floods.

There is also some concern that insurers may withdraw cover altogether, particularly if there is pressure from the reinsurance sector.

Aon Ltd., the U.K. arm of brokerage Aon Corp., said that if the government does not invest more in flood defenses, some insurers may withdraw cover.

"Insurers could remove flood cover in more areas of the United

Kingdom if the government does not start investing in adequate flood defenses rapidly," Aon said in a statement.

"Property owners could become more exposed to recovery costs as high-risk, uninsurable regions become more widespread following an inevitable reassessment by insurers of their role in dealing with flood claims," said Bill Gloyn, chairman of European real estate at the London-based Aon Ltd.

London-based Neil Greaves, head of the major loss practice at Marsh Ltd., a unit of New York-based Marsh & McLennan Cos. Inc., said that the floods highlighted the importance of business continuity planning.

"Investors will be looking to see how the company responds. Its reputation will be enhanced if it responds well and damaged if it is slow or disorganized. The key is to get the business up and running, and to drive forward the insurance claims as quickly as possible," Mr. Greaves said.

Disability: Combined approach a win-win

CONTINUED FROM PAGE 4

ability management, the speakers said.

"I wouldn't expect that (each provider) would be experts in all of these things," Mr. Bass said. "We need to learn how to work together with vendors and what protocols and triggers will get employees to the resources they need."

WaMu's integration efforts include a Web-based benefit delivery site that all providers must contractually agree to support. The portal allows employees to access health risk assessments, wellness programs, health plan comparison tools and other offerings from WaMu.

The Seattle-based financial services company also utilizes a "health advocate team" that interacts telephonically with employees and their physicians.

When an employee calls to apply for short-term disability benefits, for example, the health advocate team might refer the worker to resources such as a healthy pregnancy program or a work/life program that helps with, say, services for caring for an elderly parent.

Meeting needs boosts ROI

The approach keeps employee needs central in WaMu's integration efforts while working through a single point of contact and providing a positive return on invest-

ment, Ms. Bogner said.

SCE's pilot behavioral health services effort required a mental health and employee assistance program provider to train examiners working for the claims administrator with which SCE contracts.

That way claims examiners can recognize triggers to referring claimants to the company's EAP program, Ms. Jacobs said. SCE's efforts include an outreach program staffed with return-to-work job coaches.

Their efforts get triggered depending on a number of employee circumstances. For instance, it could be used for employees that have missed more than 90 days of work but are likely to return within 30 days.

That helps because SCE was finding that many disability claimants that return to work are soon out again because of compounding psychosocial issues, Ms. Jacobs said.

As one example of how the job coach has helped, Ms. Jacobs told of a meter reader who claimed she was disabled following childbirth. The coach learned, however, that the meter reader was a victim of domestic violence with four children and had recently left a shelter for another unstable living arrangement. The coach helped the woman to find legal and financial assistance, and counseling for her and her children along with other services. She also was placed in a new position at SCE.

575 attend DMEC conference

BOSTON—Attendees at the Disability Management Employer Coalition's 12th Annual International Absence and Disability Management Conference heard presentations on a variety of workforce risks and the need to keep employees central to employers' health and disability management integration efforts.

Discussions included absence management, produc-

tivity improvement, addressing worker mental health and managing workers compensation pharmacy benefits.

About 575 people attended the annual conference, which was held July 15-18 in Boston.

DMEC's 2008 conference will be held Aug. 10-13 in Denver.

More information is available at dmeconline.org.

—By Roberto Cenicerros

Products & Services

Lexington increases fire cover capacity

NEW YORK—Lexington Insurance Co., a unit of American International Group Inc., has increased capacity for U.S. fire property insurance to \$500 million from \$250 million.

The full property fire capacity is accessible through Lexington.

For more information on Lexington's property fire insurance, contact Jennifer Wilkinson, product line manager for health care, higher education and property division, at jennifer.wilkinson@aig.com or at 617-330-4307.

Standard introduces LTD program

PORTLAND, Ore.—Standard Insurance Co., a subsidiary of StanCorp Financial Group Inc., has introduced Basic LTD, a long-term disability product designed for employers with large groups of employees at higher risk for disability, such as workers who perform physically demanding jobs.

Basic LTD coverage is a nontraditional LTD plan offering a lower benefit percentage in return for benefits that are not reduced by Social Security Disability Insurance payments, work earnings or other income that the employee receives

or is eligible to receive.

Basic LTD is for groups with 15 or more covered employees. It includes features such as an employee assistance program for groups with 15 to 2,500 covered lives, a reasonable accommodation expense benefit and rehabilitation plan provisions.

For more information, visit www.stancorpfinc.com.

XL releases guide for design professionals

EXTON, Pa.—XL Insurance, the global insurance operation of XL Capital Ltd., has released The XL Insurance Contract Guide for Design Professionals: A Risk Management Handbook for Architects and Engineers. The guidebook, which was produced by XL Insurance's Design Professional group, offers professional liability insurance and loss prevention education programs for architects and engineers.

The Contract Guide covers more than 100 topics of issue-driven discussions, claims scenarios, problem-solving strategies and contract language solutions.

Several Contract Guide chapters are dedicated to emerging trends such as green design and sustainability, building information modeling, offshore outsourcing, building commissioning and innovative design technology.

The full guide is provided only to XL Insurance policyholders, but the first nine chapters, the Primer, are available online at www.xldp.com. The Primer provides a summary of contract concepts such as dealing

with risk and negotiating a contract.

More information is available at www.xlinsurance.com.

Guide covers stages of coverage disputes

DUBLIN, Ireland—Research & Markets Ltd. has published Insurance Coverage Dispute Report, a guide to issues that can arise at every stage of a coverage dispute, from the initial inquiry into whether a policy exists, to questions of law, evidentiary matters, procedure and strategy.

Topics in the report include case management, venue, discovery disputes and privileged documents, insurance policy interpretation and extra-contractual claims. The book is updated as needed, generally twice a year.

For a complete index of the report or to order a copy, go to www.researchandmarkets.com/product/966a38/insurance_coverage_dispute. The report also can be ordered by mail at Research & Markets Ltd., Guinness Center, Taylors Lane, Dublin 8 Ireland.

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Employers tackle illegal use of prescribed drugs

Pharmacy networks, generics also boost cost-reducing efforts

By ROBERTO CENICERROS

BOSTON—Implementing a workers compensation pharmacy network helped one Fortune 500 company reduce its medical spending with network prescription pricing and an increased use of generic drugs among injured employees.

Curbing the misuse of legally prescribed drugs could further help her company and other employers address costs while also helping injured employees improve their clinical outcomes, said Charlotte L. Perkins, the company's chief human resources officer.

To reduce its medical spending, Performance Food Group—a Richmond, Va.-based food marketer and distributor—has launched a workers comp pharmacy benefit manager program, contracted with tens of thousands of pharmacies and adopted drug formularies for its typical workplace injuries, Ms. Perkins said.

The company has little trouble directing employees to its workers comp network pharmacies because state laws limiting employers' ability to send injured workers to specific physicians often are silent on pharmacy care, Ms. Perkins told the Disability Management Employer Coalition's annual conference July 15-18 in Boston.

"Interestingly enough, Rx is not covered by a lot of the same laws under state regulations, so you can direct pharmacy a whole lot more than you can on the medical side," Ms. Perkins said.

But getting the network pharmacy and other prescription cost reduction efforts in place required Ms. Perkins to mandate that the company's health insurer, workers comp third-party administrator, a disability case manager and two brokers cooperate to reduce costs.

She was frustrated after years of watching workers comp prescription costs exceed by 50% to 75% the price paid for the same drugs purchased through group health plans—a common problem for many employers.

Over time, the proportion of medical dollars spent on pharmaceuticals in the workers comp system has risen as high as 38%, said Betsy Robinson, assistant vp for Intracorp, a Philadelphia disability case management service provider owned by CIGNA Corp. In contrast, prescriptions account for 15% of medical costs in group health plans.

One solution for Performance Food Group came by contracting with pharmacies in a similar fashion as group health plans, Ms. Perkins said. The pharmacies with which she now contracts—including Wal-Mart Stores Inc., major drug-store chains and small pharmacists in rural areas—are connected through a point-of-sale system.

The electronic system assists with

the utilization review of prescriptions provided by doctors to employees. Pharmacists under contract also must provide generic prescriptions when they are appropriate.

Employees like the new system because they don't have to wait for reimbursement after paying for their first prescription, Ms. Perkins said. Instead, Performance Food Group's health care insurer, CIGNA, and Intracorp take on the risk for employees' first prescription fill. If an employee's claim is ultimately denied, CIGNA and Intracorp retain the cost, she said.

Now, 89% of Performance Food Group's new workers comp prescriptions are filled with generic drugs, up from 30% previously, Ms. Perkins said. That compares favorably with a roughly 70% generic fill-rate in the company's health care benefits plan. And, 99% of employees with workers comp claims now receive network rates for their prescription drug expenditures, she said.

The effort has reduced pharmacy costs by 22%, Ms. Perkins said.

On a related front, Ms. Perkins said her goals for the future include further reducing the misuse of legally prescribed drugs, something from which many employers could benefit, she said.

A recently launched drug utilization review already has helped Ms. Perkins identify instances of employees simultaneously obtaining drugs such as Vicodin and OxyContin from their health insurance plans and from their workers comp doctors, Ms. Perkins said.

"It's been amazing to us how many people we caught double dipping...which is where they are getting the same prescription from both sides of the house," Ms. Perkins said.

Addressing employee misuse of prescription drugs often requires properly addressing chronic pain, said David Day, clinical program manager for CIGNA HealthCare in Hartford, Conn.

One in five workers at any given time report suffering from chronic pain, Mr. Day said. Making sure employees obtain the appropriate care to control that pain can reduce the use of narcotics since injured workers are less likely to increase their dose or use multiple drugs to reduce their pain, he said.

But misuse of legally prescribed drugs is only one concern for employers.

A study released July 16 by the U.S. Department of Health and Human Services Substance Abuse & Mental Health Services Administration found 16.4 million U.S. workers currently are illicit drug users and about 15 million heavy alcohol users hold full-time jobs.

Employed drug users cost employers twice as much in medical and workers comp expenses as do their drug-free co-workers, said Mr. Day, who noted such workers have a 60% higher absentee rate and an 84% greater utilization of their health benefits.

Settlement: Hartford resolves bid-rigging investigation

CONTINUED FROM PREVIOUS PAGE

and agents via a Web site and toll-free telephone number accessible to clients.

Of the \$115 million settlement package, the bulk—\$84 million—will go toward restitution for certain of Hartford's variable annuity contract holders found to have been harmed due to alleged market timing activities from 1998 through 2003.

Hartford will also pay a total of \$26 million in penalties, of which \$20 million will go to New York, and \$3 million each will be paid to Connecticut and Illinois.

Another \$5 million will be paid into a fund to refund certain commercial property/casualty policyholders related "to a limited number of isolated instances of improper quoting between 2001 and 2004," Hartford said.

The \$115 million settlement amount will be largely covered by \$83 million in reserves previously set aside for regulatory matters, Hartford said. The insurer

the settlement.

Jeffery Berg, senior analyst at Moody's Investors Services said: "We had previously highlighted

all of the regulatory issues surrounding the company, most of our near term concerns have been alleviated."

Meanwhile, as part of its quarterly earnings filing last week, Hartford disclosed that it is one of about 20 companies targeted by Connecticut Attorney General Richard Blumenthal in a separate probe into the reinsurance industry.

The subpoena, which Hartford received in May, sought information related to the insurer's "participation in certain reinsurance facilities," Hartford said. Hartford wrote reinsurance for nearly 30 years but exited the market in 2003 to focus on its property/casualty business, divesting its HartRe unit to Bermuda-based Endurance Specialty Holdings Ltd.

The company said it is cooperating with Mr. Blumenthal's investigation.



SPLASHNEWS

Among other problems, the probe 'uncovered that Hartford failed to police opportunistic hedge funds that were market timing or making rapid trades in and out of its variable annuities.'

Andrew M. Cuomo, New York Attorney General

er—which last week reported a 24.8% boost to profits for the first half of the year to \$1.50 billion—also took a \$30 million charge to second-quarter earnings a result of

concerns about compliance challenges for the company given its market leading position on both P/C and life sides. The fact that the settlement itself resolves virtually

News In Brief

CONTINUED FROM PAGE 1

jurisdictions that have adopted adequate land use and control measures as determined by the Federal Emergency Management Agency. The change is largely opposed by the insurance industry.

House bill calls for 401(k) disclosures

U.S. Rep. George Miller, D-Calif., has introduced legislation that would require plan administrators to disclose to plan participants all fees charged to 401(k)-type retirement savings plans in clear and simple language. The 401(k) Fair Disclosure for Retirement Security Act of 2007 also would require administrators to disclose to plan participants more detailed information on investment strategies, risks and returns, among other requirements.

Calif. officials launch joint probe into SCIF

The California Highway Patrol, California Department of Insurance and San Francisco District

Attorney's Office said they have formed a joint task force to investigate allegations of "potential misconduct" by former employees of the State Compensation Insurance Fund. The investigation is separate from the insurance department's ongoing top-to-bottom review of San Francisco-based SCIF. In April, about half a dozen fraud investigators from the department's law enforcement division began examining whether any laws were broken in the payment of administrative fees in connection with SCIF's group insurance programs, which provide discounted workers compensation insurance for members of trade associations.

China approves units of AIG, Liberty Mutual

American International Group Inc. subsidiary AIU Insurance Co. and Liberty Mutual Group Inc. have received approval from the China Insurance Regulatory Commission to establish wholly owned subsidiaries in China. AIG General Insurance Co. China Ltd. will be headquartered in Shanghai, while Liberty Insurance Co. Ltd. will be based in Chongqing.

Validus shares priced at \$22 in offering

Validus Holdings Ltd. priced its initial public offering of 15.2 million shares at \$22 per share. The IPO price came in slightly lower than expected, as

Hamilton, Bermuda-based Validus said earlier that it would offer 15.7 million shares between \$24 and \$26 per share. Underwriters had the option to purchase up to 2.3 million additional shares, which are listed on the New York Stock Exchange under the symbol "VR." Shares closed Friday at \$21.85.

House votes to reauthorize OPIC

The House of Representatives has voted to reauthorize the Overseas Private Investment Corp. through Sept. 30, 2011. Among other things, OPIC provides up to \$250 million in political risk insurance for U.S. companies involved in projects in most developing countries. Under the reauthorization bill approved by the House last week, OPIC would not be permitted to provide support in countries declared by the U.S. State Department to be state sponsors of terrorism. The Senate must also approve the four-year reauthorization.

Court upholds California disability rating schedule

A California appeals court last week sided with an employer and Zurich North America Insurance Co. by upholding the use of a post-reform workers compensation permanent disability rating schedule. California's 3rd District Court of Appeals ruled in *Energetic Painting & Drywall Inc. vs. Workers' Compensation Appeals*

Board that a workers comp judge erred when he applied a 1997 schedule to rate a back and neck injury suffered by Jose Reyes Ramirez in July 2004. Instead, the appeals court found that reform legislation adopted in 2004 called for using a rating schedule crafted in 2005 to supersede the 1997 schedule. The date of Mr. Ramirez's injury and the dates his temporary disability benefits began and ended were at issue in the case.

Noted

SCOR S.A. will own more than 96% of Swiss reinsurer Converium Holding A.G. with the additional 14.9 million Converium shares that were tendered in an acceptance period that ended July 26....Aetna Inc. has promoted Mark Bertolini to president, effective immediately. Mr. Bertolini, who had been executive vp and head of business operations, will assume the duties of president from Aetna Chairman and Chief Executive Officer Ronald Williams....Steven N. Weisbart, vp and economist for the Insurance Information Institute, has been named chief economist of the organization. Mr. Weisbart, who joined the III in 2005, succeeds Robert P. Hartwig, who was promoted to president in January....A Tulsa County District Court judge has set a Feb. 11, 2008, trial date for former Oklahoma Insurance Commissioner Carroll Fisher on a charge of filing a false 1999 income tax return.

Stock Index

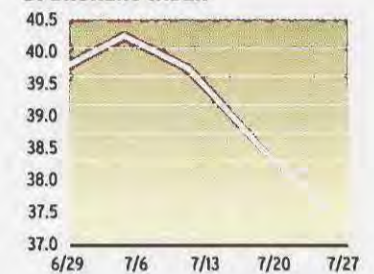
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Up-to-the-minute data for all 82 companies that comprise the BI Stock Index can be found at www.BusinessInsurance.com.

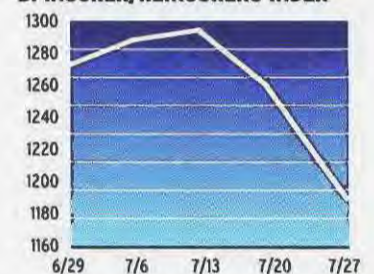
BI STOCK INDEX



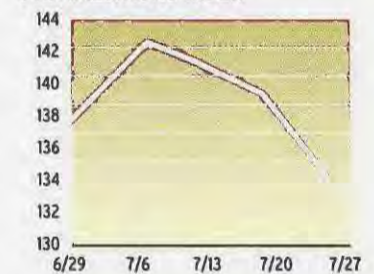
BI BROKERS INDEX



BI INSURER/REINSURERS INDEX



BI MANAGED CARE ORGANIZATIONS INDEX



Percentage change of BI Stock Index vs. key indicators

BI/STOCK INDEX	3180.75	-4.75%
DOW JONES	13265.47	-4.23%
S&P 500	1458.95	-4.90%

LARGEST GAINS

MBA Inc.	4.81%
Brown & Brown Inc.	3.99%
AFLAC Inc.	3.14%
United Fire & Casualty	2.46%
Hilb Rogal & Hobbs	1.64%

LARGEST LOSSES

IPC Holdings Ltd.	-12.81%
AXA	-11.28%
Zenith National Insurance	-11.15%
PMA Capital Corp.	-10.44%
Selective Insurance Group	-10.13%

Source: Financial Content Inc. <http://financialcontent.com>



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Thieves milk dairy firms' crate supply

It's become quite fashionable lately to latch onto the green movement. And for some thieves, it's also proved profitable.

These bandits are milking rising oil prices—and creating a less control problem for some companies—by stealing dairy-owned plastic milk crates and cashing in at recycling centers.

Last year, the thieves snatched up to 20 million of the petroleum-based plastic crates, which have been targeted as a result of steadily climbing oil prices. The material now reportedly fetches 22 cents a pound at recycling centers, up from 7 cents a pound in 2005.

Dairies aren't merely crying over spilled milk here—the thefts cost the industry up to \$80 million a year, according to the International Dairy Farmers Assn. California dairies succeeded last September in having a state law passed making it illegal for a plastics recycler to accept plastic milk crates unless proof of ownership is provided. And some companies have hired private investigators to track down milk crate thieves.

IDFA Vp Clay Detlefsen hasn't heard of any insurance companies getting involved yet and wouldn't advise dairy farmers to call them. For one thing, the

thefts are haphazard.

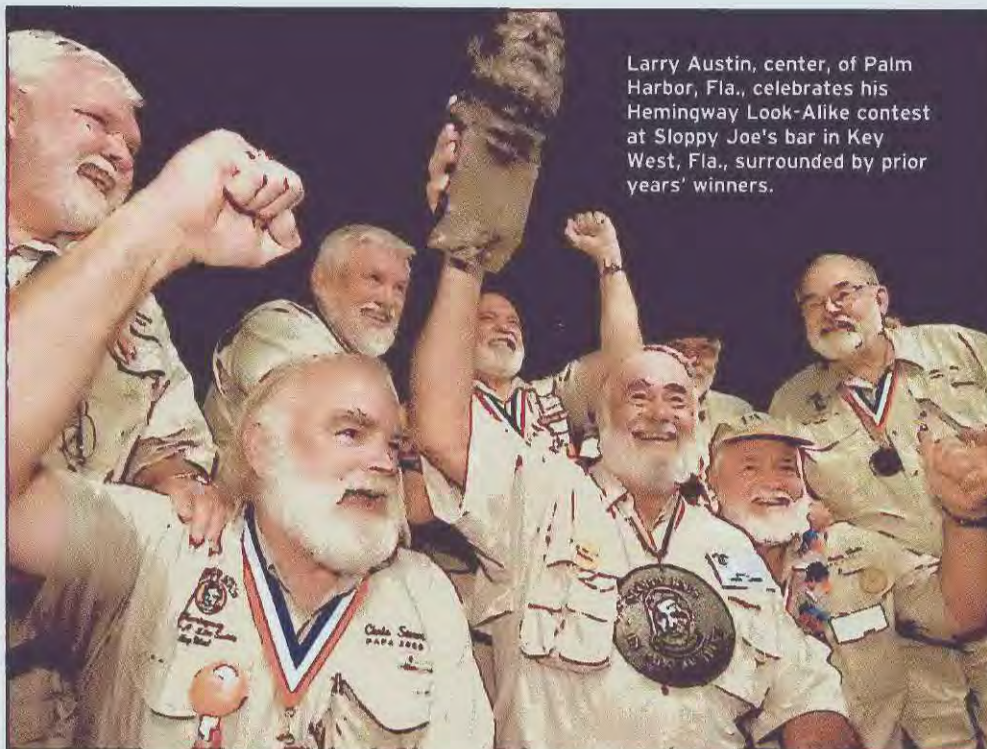
"It would be difficult to say, 'Well, I lost 50 cases at the Safeway on Main Street and 22 at the 7-Eleven over here. It's kind of an inexact science, not the sort of thing insurance companies would be able to handle so neatly,"

Mr. Detlefsen said. And if enough large claims were filed over the matter, overall rates might increase.

"This is really the dark side of recycling," Mr. Detlefsen said.

Business Insurance END PAGE

Contributing:
Mark A. Hofmann,
Beth Murtagh,
Sally Roberts



Larry Austin, center, of Palm Harbor, Fla., celebrates his Hemingway Look-Alike contest at Sloppy Joe's bar in Key West, Fla., surrounded by prior years' winners.

ANDY NEWMAN

For whom the (winning) bell tolls

Larry Austin has a few things in common with Ernest Hemingway.

He likes cats, Key West and, according to published reports, "having a good time."

And now, the Palm Harbor, Fla.-based insurance agent has something else in common with Papa Hemingway—his appearance.

Mr. Austin recently won the "27th Annual Hemingway Look-Alike Contest."

Mr. Austin, who sports an impressive white beard, beat 122 other contestants

at the event, which is held at Sloppy Joe's bar in Key West to mark the birthday of the famed author. Mr. Austin competed for a decade before winning the ultimate accolade.

Mr. Austin said he's a big Hemingway fan, but isn't a writer himself. Given his affinity for Hemingway, maybe Mr. Austin ought to take a crack at writing.

A little dose of Papa's straightforward prose could go a long way toward making the sometimes murky verbiage of insurance policies a bit clearer.

Two of New York Gov. Eliot Spitzer's closest aides have been suspended after an attorney general's office probe found they had engaged in a smear campaign against the state Senate's Republican leader, Joe Bruno, a longtime political adversary.



LANDOV

Spitzer aides' digging on political rival leads to probe by current AG

When he was state attorney general, Eliot Spitzer liked to present himself as a knight in the shiniest of armor. He took on what he called ethically unacceptable practices, most notably in the insurance industry.

Through his investigations such as the payment of contingent commissions, he helped win settlements totaling billions of dollars from some of the biggest names in the industry.

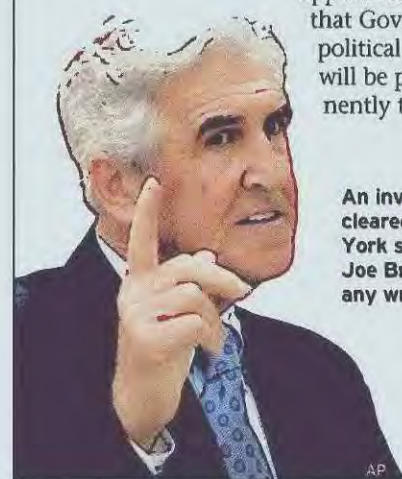
But during recent weeks, New York's Democratic governor has found himself the object of ethics questions. A state investigation by current Attorney General Andrew Cuomo found that some of Gov. Spitzer's closest aides engaged in a smear campaign against the state Senate's Republican leader, Joe Bruno, a longtime political adversary.

The aides in question directed state police to gather information about Sen. Bruno's use of state aircraft that would be potentially damaging to the lawmaker. The investigation, however, cleared Sen. Bruno of any wrongdoing.

Gov. Spitzer has denied having any role in a smear campaign.

Sen. Bruno has called for further investigations to determine whether the governor's aides broke any laws in their political expedition.

While what happens next on the legal front remains far from certain, what does appear certain is that Gov. Spitzer's political armor will be permanently tarnished.



An investigation cleared New York state Sen. Joe Bruno of any wrongdoing.

AP

See the world, Hackensack to Cape May

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WHERE DO YOU FIT IN?

What is the best diversity? Well, I could be wrong, but I believe, uh, diversity is an old, old wooden ship that was used during the Civil War era.

by Norman, the legend of Ron Burgundy

next

The Project Y Web site hopes to lure Generation Y twentysomethings into the insurance industry using images of hip young adults and quotes from popular movies and TV shows.

A new Web site is trying to dispel the myth that a career in insurance isn't cool.

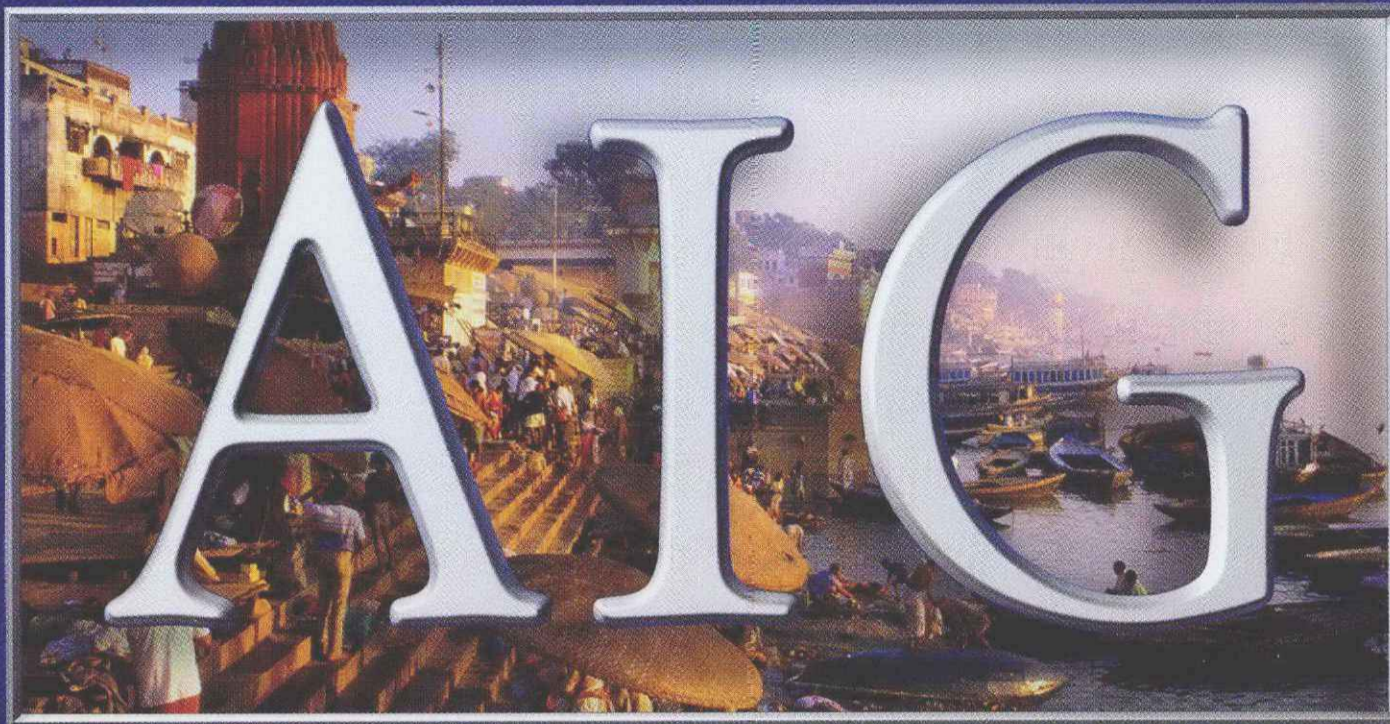
Whether it's succeeded is for the kids to decide.

"Somewhere along the way, being an insurance agent got lumped in with lawyers and used car salesmen to become the subject of a lot of barroom jokes," the Web site begins. "We'll let the lawyers and car salesmen stick up for themselves because Project Y is all about insurance."

The site, www.projecty.nj.org, was launched recently by the New Jersey chapter of the Young Insurance Professionals, in conjunction with the Professional Insurance Agents of New Jersey trade group. The Project Y site hopes to lure Generation Y twentysomethings into the industry using images of hip young adults and quotes from popular movies such as "Anchorman: The Legend of Ron Burgundy" and TV shows such as "Scrubs."

The site intends to inform Generation Y that joining the insurance industry not only offers diverse job opportunities, it also can be lucrative, educational and a lot of fun "with golf outings and cocktail parties as far as the eye can see."

The site also highlights the travel opportunities that come with joining the industry and, specifically, the New Jersey chapter of the YIP. "You may have the opportunity to travel all over the state," the site boasts.



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