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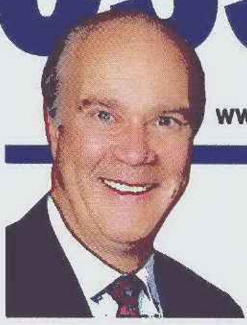

CASUALTY COSTS FALL AS INSURERS HANG ON TO EXISTING CLIENTS/P3

EX-HRH EXEC ROBERT LOCKHART LAUNCHES NEW YORK BROKERAGE AIMED AT MIDDLE MARKET/P3

N.C. WASTE PLANT FIRE COVERED BY UNITS OF AIG/P4

In Brief

CSU team reduces hurricane forecast

The hurricane forecasters at Colorado State University have scaled back their predictions for this year's hurricane activity yet again. In its latest update, the team forecast only two more named tropical storms, one of which would grow to hurricane strength, for the rest of the year. That would bring the total of named storms for 2006 to 11, six of which would be hurricanes. At the beginning of the hurricane season, the team had predicted 17 named storms, nine of which it said would grow into hurricanes.

Greenberg wins right to see AIG memos

American International Group Inc. was ordered last week to share with former AIG Chairman

See **IN BRIEF** on P55

Spotlight

WOMEN TO WATCH

Is the glass ceiling still intact? In a special report, *Business Insurance* examines the position of women in the insurance industry and finds that while progress has been made, inequality is far from gone. Plus, we profile 80 women who have made it in what remains, more often than not, a male-dominated business. **PAGE 11**

TRIA supporters draw hope from latest Treasury report

By MARK A. HOFMANN

WASHINGTON—A long-awaited government report on the state of the terrorism insurance market is being met with both relief and disappointment from supporters of a continued federal terrorism insurance backstop.

The disappointment arises from the failure of the report by the President's Working Group on Financial Markets to endorse an extension of the federal terrorism insurance financial backstop created by Terrorism Risk Insurance Act in 2002. In fact, the report says that while terrorism risk reinsurance capacity has increased, "the presence of subsidized federal reinsurance through TRIA appears to negatively affect the emergence of private reinsurance capacity because it dilutes demand for private sector reinsurance." The backstop, which was scaled back by the Terrorism Risk Insurance Extension Act of 2005, is slated to expire on Dec. 31, 2007.

But supporters are relieved the report doesn't say outright that the program should expire. TRIA "has helped support a continued increase in private sector participation in the terrorism risk insurance marketplace," according to a letter from Treasury Secretary Henry Paulson accompanying the report.

The report says that the affordability and availability of terrorism risk insurance have improved since

See **TRIA** on P54

Shootings spur crisis plan reviews

Schools step up security measures after spate of attacks

By JOANNE WOJCIK

MILWAUKEE JOURNAL SENTINEL

A Columbia County, Wis., law enforcement officer stands guard at a local high school after the principal was shot late last month.

School district risk managers across the country are reviewing their crisis policies and procedures following the barrage of school shootings that left at least eight people dead in the first two months of this academic year.

Even though most school crisis plans generally address school violence generated by students, more attention needs to be paid to the threat of outside intruders, safety experts say, because little can be done to stop a determined shooter once he or she has gained access to a school building.

The past two months have seen a rash of school violence, according to news reports. The violence began Aug. 24 when 27-year-old Christopher Williams went to an elementary school in Essex, Vt., looking for his ex-girlfriend, who was a teacher there. He couldn't find her and fatally shot one teacher and wounded another and he later shot himself twice in the head before being arrested.

A second incident occurred Sept. 27 when Duane Morrison, a 53-year-old drifter, took six girls hostage at Platte Canyon High School in Bailey, Colo. Mr. Morrison assaulted the girls and used them as human shields for several hours before fatally shooting one girl and killing himself.

Two days later, on Sept. 29, 15-year-old Eric Hainstock, a student at a school in rural Cazenovia, Wis., brought two guns to school and fatally shot the principal.

And just last week, on Oct. 2, Charles Roberts, a 32-year-old truck driver, entered a rural one-room schoolhouse in an Amish commu-

See **SECURITY** on P52

Mr. Tiner LANDOV

FSA chief pushes for disclosure

U.K. regulator may require brokers to reveal commissions

By SARAH VEYSEY

LONDON—The head of the U.K. insurance regulator has once again called on risk managers to push their brokers for greater disclosure of commissions they earn, and said that the regulator is increasingly open to the idea of mandating such disclosure if the market can't improve the situation on its own.

In a speech to insurance professionals last week, John Tiner, chief executive of the London-based Financial Services Authority, said the market was "light-years" away from finding its own solution to the question of full transparency.

And he said that while the FSA had been reluctant to impose mandatory disclosure of broker earnings, because it feels that such a rule would not necessarily resolve potential conflicts of interest, he was unsure that a market-led solution drawn up between insurers and brokers was likely to materialize any time soon.

He told attendees at his speech to the Insurance Institute of London, that "because of the diametrically opposed incentives of both sides," an agreed industry-led solution is not likely in the near future, according to a copy of his speech.

"As such, we feel the time has come to take a more objective and forensic look at the possibility of

See **FSA** on P54

INDEX

Women to watch...
women to learn from

We congratulate the 2006 Women to Watch in insurance, reinsurance, risk management and employee benefits, including:

Kathleen Burns
chief executive officer,
Aon eSolutions – Americas

Corbette Doyle
chief diversity officer,
Aon Corporation

Kathryn Hayley
chief executive officer,
Aon Consulting, U.S.

Kelly Smith
executive vice president,
Aon Re Global

AON

RISK MANAGEMENT | INSURANCE & REINSURANCE BROKERAGE | HUMAN CAPITAL CONSULTING | OUTSOURCING

On the Web

FEATURES

Women to Watch 2006

Accompanying the Women to Watch Spotlight in this week's issue of *Business Insurance* is a corresponding package on *BusinessInsurance.com*, featuring expanded profiles of all 80 women on the list of industry leaders.
Access the package at *www.BusinessInsurance.com/Women2Watch*.

WEBINAR

Free webinar scheduled on cash balance plans

Cash balance plans were once the fastest-growing type of pension plan design until several lawsuits alleged discrimination against older employees. Recent federal pension reform legislation and a court ruling involving IBM Corp. rebut those claims, affirming the legitimacy of these plans. Join *Business Insurance* Editor-at-Large Jerry Geisel and a panel of experts on Oct. 17 as they explore these recent developments and their implications with "Cash Balance Plans: Back on the Table." For more information and to register for this free *Business Insurance* Online Executive Forum event, visit *www.BusinessInsurance.com/webinars*.

EMERGING RISK STRATEGIES

A risk manager's take on business risk

Business Insurance columnist John J. Hampton continues his series of articles on the topic of "Emerging Risk Strategies" in an interview with Panasonic risk manager George Niwa. This interview as well as an archive of past columns and interviews by Mr. Hampton are on our site. Read the latest article online at *www.BusinessInsurance.com/EmergingRiskStrategies*.

Business Insurance®

REPORTING ON CORPORATE RISK AND EMPLOYEE BENEFIT MANAGEMENT NEWS

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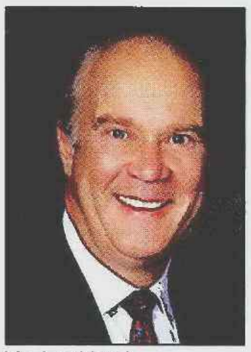
Former HRH exec forms brokerage

Kinloch Holdings to focus on midsize clients in New York

By DOUGLAS McLEOD

NEW HYDE PARK, N.Y.—A former president of Hilb, Rogal & Hobbs Co. is heading a new brokerage holding company that plans to target middle-market clients and expand regionally from an initial hub in suburban New York.

Robert Lockhart, who resigned as HRH's president and chief operating officer in May 2005, has formed Kinloch Holdings Inc., which completed its first move Sept. 29, acquiring Genatt Associates, a New Hyde Park, N.Y.-based broker. Genatt, which had $26 million in 2005 revenues, specializes in real estate, construction, transportation, health care and hospitality risks.


Mr. Lockhart

With Genatt as a base, Kinloch will expand with additional acquisitions in the New York area, new brokerage hires and organic growth, Mr. Lockhart said. The company's goal is to establish additional regional hubs in the Northeast and Mid-Atlantic regions—particularly in Boston and Washington—and to expand those operations with additional acquisitions, he said.

While Kinloch will take a measured approach to geographic growth, "acquisitions are something you have to be opportunistic about," Mr. Lockhart said. "If the opportunity came up in the next six months to launch a similar project in Boston, Philadelphia, Washington (or) Chicago, we would certainly look at that opportunity."

Kinloch is backed by equity capital from Northaven Management Inc. of New York and Hartford, Conn.-based CCP Equity Partners, formerly Conning Capital Partners. James Zech, investment manager with Northaven, is a director of Bermuda-based Max Re Capital Ltd. and a founding partner and president of insurance equity firm High Ridge Capital L.L.C.

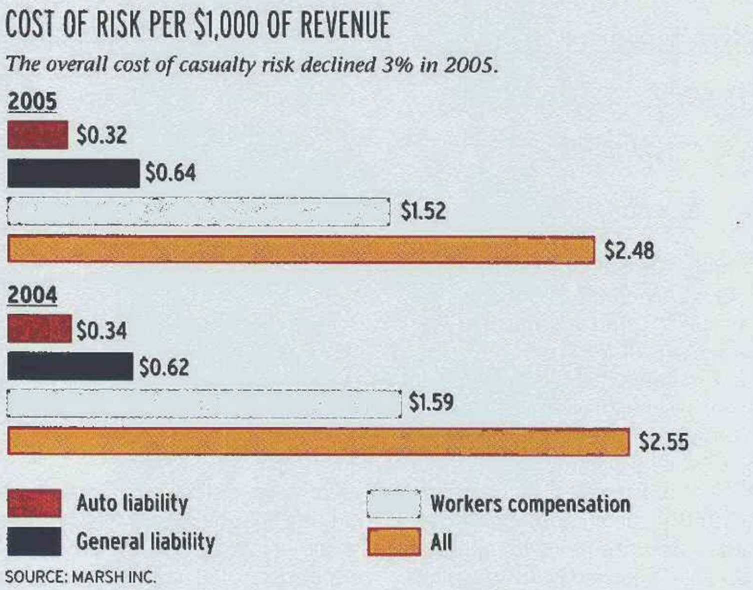
ING Capital L.L.C. will provide the new broker's debt financing, Kinloch reported.

Northaven and CCP have already provided much of the $150 million in equity capital that Kinloch expects to raise, Mr. Lockhart said, adding that a third equity investor is expected to provide additional capital for the company's next major acquisition.

Another such acquisition is not imminent, but a couple of smaller New York-area deals are in the works and could be completed this year, he said.

Unlike recent startup Integro Ltd.—which has focused on large corporate clients since its 2005 cre-

See **BROKER** on P53



Workers comp risks take larger bite of total costs

Cost of casualty risk drops overall by 3%, Marsh study finds

By SALLY ROBERTS

More primary casualty buyers remained loyal to their incumbent insurers in 2005 compared with 2004, while workers compensation took an increasingly prominent position in most companies' overall cost of casualty risk, a survey concludes.

In addition, Marsh Inc.'s "Casualty Cost of Risk 2006" survey found that policyholders in general reduced their cost of casualty risk in 2005 by 3% while retaining slightly more risk. The report is slated for release this week.

New York-based Marsh examined the 2005 insurance placements of 1,638 casualty buyers. About one-third reported revenues of $1 billion or more, and 35.5% reported revenues of $200 million or less. To get more meaningful comparisons, Marsh also examined the cost trends for policyholders for which it has two consecutive years of data.

The overall cost of casualty risk for those policyholders for which Marsh has 2004 and 2005 data, about 75% of the total, decreased 3% in 2005 to $2.48 per $1,000 of revenue. The cost reflects primary casualty insurance premiums, retained losses and claims handling expenses.

According to the report, retentions in 2005 rose 2.2% in workers compensation as the cost of risk fell 4.1% to $1.52 per $1,000 in revenue. Retentions rose 6% in auto liability as costs dropped 5.3% to 32 cents. In general liability, retentions dropped 4.5% while costs rose 4.1% to 64 cents.

George C. Pallis, a managing director in Marsh's national casualty practice and the study's publisher, said that despite a relatively stable casualty market, companies continue to "fine-tune" their casualty pro-

See **RISK** on P53

Employers optimistic about emergency plans

But brokers, insurers consider few to be prepared for disaster

By MARK A. HOFMANN

The adequacy of corporate emergency planning—just like the nature of beauty—may lie in the eye of the beholder.

A new survey conducted for *Business Insurance* by Greenwich Associates, a Greenwich, Conn.-based research group, indicates that's particularly true if the beholder happens to be beholding his or her own handiwork. For example, the report—"Corporate Emergency Plans: A False Sense of Security"—found that 27% of corporations called their corporate emergency plans either "fully" or "well" developed, while another 58% considered their plans at least partially developed.

But insurers and brokers have a different—and much less optimistic—take on their clients' level of preparedness. In fact, only 2% of the brokers and 6% of the insurers surveyed rated their clients' plans as either fully or well developed, with 38% of the brokers and 39% of the insurers considering their clients' plans only partially developed.

The report will be released this week.

Bill Bruno, senior vp at Greenwich, said that while the corporations thought they were further ahead than did the brokers and insurers, they were missing key components of what a broker or insurer would consider critical parts of an emergency plan, notably communicating the plan.

For example, only 35% of the companies surveyed said that they had communicated their emergency plan to their board and fewer than half—48%—said they had communicated their plan to employees. That stands in sharp contrast to what insurers recommend, with 94% of the insurers holding that emergency plans should be communicated to employees. Seventy-six percent of the corporations said they had communicated their plan to senior management, but fewer than one in three—31%—had shared it with their insurers.

The survey found that emergency training among corporations also

lagged far behind where their brokers and insurers said it should be. For example, during the past 12 months, only 28% of corporations have conducted companywide emergency training, and 72% did not. But 65% of brokers and 78% of insurers believe such training is of high importance.

In addition, corporations do not audit their emergency plans very frequently. Among corporations, 38% conduct annual audits, and 8% conduct them quarterly. But

See **PLANS** on P53

Facility insured by AIG units

By ROBERTO CENICEROS

APEX, N.C.—The operator of a hazardous materials facility that burned last week, forcing the evacuation of thousands of residents near Raleigh, N.C., has a pollution liability policy with a $28 million aggregate limit issued by American International Specialty Lines Insurance Co., among other coverages, documents show.

American International Specialty Lines is a unit of New York-based American International Group Inc. The pollution policy also provides limits of $24 million for each claim, with coverage provided from August 2005 to August 2008, according to an EQ Holding Co. certificate of insurance.

Wayne, Mich.-based EQ-The Environmental Quality Co. is a privately owned company that operates the Apex, N.C., toxic waste handling facility that erupted into flames late Thursday. The facility manages, packs and transports a variety of chemical waste products, and the fire raised concerns that released fumes could be toxic.

Local officials asked about 17,000 people to evacuate the area around the plant, but only about 4,000 had done so Friday afternoon, a spokesman for Wake County said.

EQ's certificate of insurance shows that its coverage was placed by Willis of Michigan Inc., a unit of Willis Group Holdings Ltd.

EQ also has a commercial general liability policy from Commerce & Industry Insurance Co. with a $1 million limit for each occurrence and a $2 million general aggregate. Commerce & Industry Insurance Co. is also an AIG unit. It also purchased excess liability on an occurrence policy form from American International Specialty Lines. That policy provides $10 million per occurrence with a $10 million aggregate.

Lexington Insurance Co., another AIG unit, also provides EQ with an excess umbrella policy with $15 million in aggregate limits and for each occurrence, the certificate of insurance shows.

AIG declined to comment.

AP PHOTOS

Last week, an Apex, N.C.-based toxic waste handling plant erupted into flames, which shot about 150 feet into the air, causing an evacuation of residents nearby.

EXISTING CAPITAL REQUIREMENTS FOR BERMUDA INSURERS

Class	Type of Company	Minimum Capital & Surplus
Class 1	Single-parent captives	$120,000
Class 2	Group or Assn. captives writing less than 20% of unrelated business	$250,000
Class 3	General commercial companies	$1 million
Class 4	Property catastrophe and excess liability companies	$100 million

SOURCE: BMA

Bermuda to tighten rules on commercial reinsurers

International changes in solvency oversight spur regulatory move

By RUPAL PAREKH

SOUTHAMPTON, Bermuda—Large commercial insurance companies in Bermuda will be held to increasingly stricter regulatory standards, but Bermuda-domiciled captives won't face similar scrutiny, the island's regulators say.

While the jurisdiction has long advocated a "risk-based approach," to insurance regulation—where entities are regulated according to their risk level—international changes in insurance oversight are prompting Bermuda regulators to tighten regulation of its commercial reinsurance sector.

The European Union is scheduled to launch its "Solvency II" capital regime in 2010, which is expected to encourage insurers to base their capital on risk assessment models, while regulators in the United Kingdom have begun requiring insurers to perform individual capital assessments taking into account their risk exposure.

The International Assn. of Insurance Supervisors, which represents insurance regulators and supervisors in some 180 different jurisdictions, also is in the process of drafting standards for capital and solvency regulations.

As a result, the Bermuda Monetary Authority plans to introduce within the next year enhanced capital adequacy requirements for Bermuda reinsurers, said Jeremy Cox, executive director and supervisor of insurance at the BMA, the independent body governing insurers on the island.

Mr. Cox and other regulators spoke during the second annual Bermuda Captive Conference, held last month in Southampton, Bermuda.

As part of the newly proposed capital and solvency requirements, Class 4 reinsurers—or those underwriting direct excess liability or property catastrophe reinsurance risk—will be subject to additional standards based upon each company's particular risk profile.

According to the BMA, among the possible implications would be a required individual company economic capital analysis, applied on top of the current risk-based capital formula.

The current capital requirements, however, will continue to apply to all other classes of insurers (see chart).

The heightened attention to regulation of large insurance entities comes at a time of growth in

See **BERMUDA** on P51

DB plans still valuable in Canada

But reforms needed to remove obstacles for employers

By GLORIA GONZALEZ

Despite the challenges in offering defined benefit pension plans, they can help achieve important employment objectives and should not be abandoned by Canadian employers, some plan sponsors say.

Other plan sponsors, though, say defined contribution plans provide certain advantages such as more flexibility for a mobile workforce and express little concern about certain risks associated with the plans.

Plan sponsors discussed their pension strategies at the Assn. of Canadian Pension Management's 30th national conference held Sept. 20-22 in Winnipeg, Manitoba.

One of the key frustrations for defined benefit plan sponsors is that the regulatory environment is uncertain and government officials are afraid to tackle some of the difficult issues involving defined benefit plans in Canada, said John Coyne, general counsel for Toronto-based Unilever Canada, a consumer products company with about 4,000 employees and retirees that offers both contributory and noncontributory defined benefit plans.

In Ontario, for example, there is a lack of clarity regarding surplus plan asset rules, Mr. Coyne said, adding that he speaks from the unusual perspective of a sponsor with a pension plan currently in a surplus position. "The policy environment in Ontario is almost rudderless right now," he said.

COVERAGE: More from the Assn. of Canadian Pension Management conference on page 47.

Another major obstacle for sponsors is the disparate provincial statutes and regulations that they must comply with, he said. "The patchwork of legislation right now is a complete hindrance to the way we manage our plan and the way we describe it and justify it," Mr. Coyne said.

"There's an extraordinary amount of confusion that a unitary system with some application of national standards would take care of."

Several changes need to be made to create a more favorable environment for defined benefit plans, including legislation that would allow employers to build bigger surpluses as a buffer against declines in funding positions and to sometimes use letters of credit, he said.

One potential change that Mr. Coyne said he does not want to see is the creation of a national pension guaranty fund similar to the U.S. Pension Benefit Guaranty Corp. Ontario is the only Canadian jurisdiction with such a fund. "I don't believe institutionalizing bailout funds is a good idea," he said. "It adds costs, it adds complexity, but worst of all it removes the discipline necessary for creating an excellent regulatory system."

Despite the challenges involved in maintaining defined benefit plans, they still can play a key role in offering a competitive compen-

See **CANADA** on P51

Boeing sued over 401(k) plan fees

Similar suits filed against other firms

By JUDY GREENWALD

EAST ST. LOUIS, Ill.—Chicago-based Boeing Co. is the latest company to face allegations that it did not adequately monitor and disclose revenue-sharing fees for its $23.7 billion 401(k) plan.

The lawsuit, which seeks class action status, was filed late last month in federal district court in East St. Louis, Ill., by St. Louis-based law firm Schlichter, Bogard & Denton, which has filed comparable suits against eight other major companies.

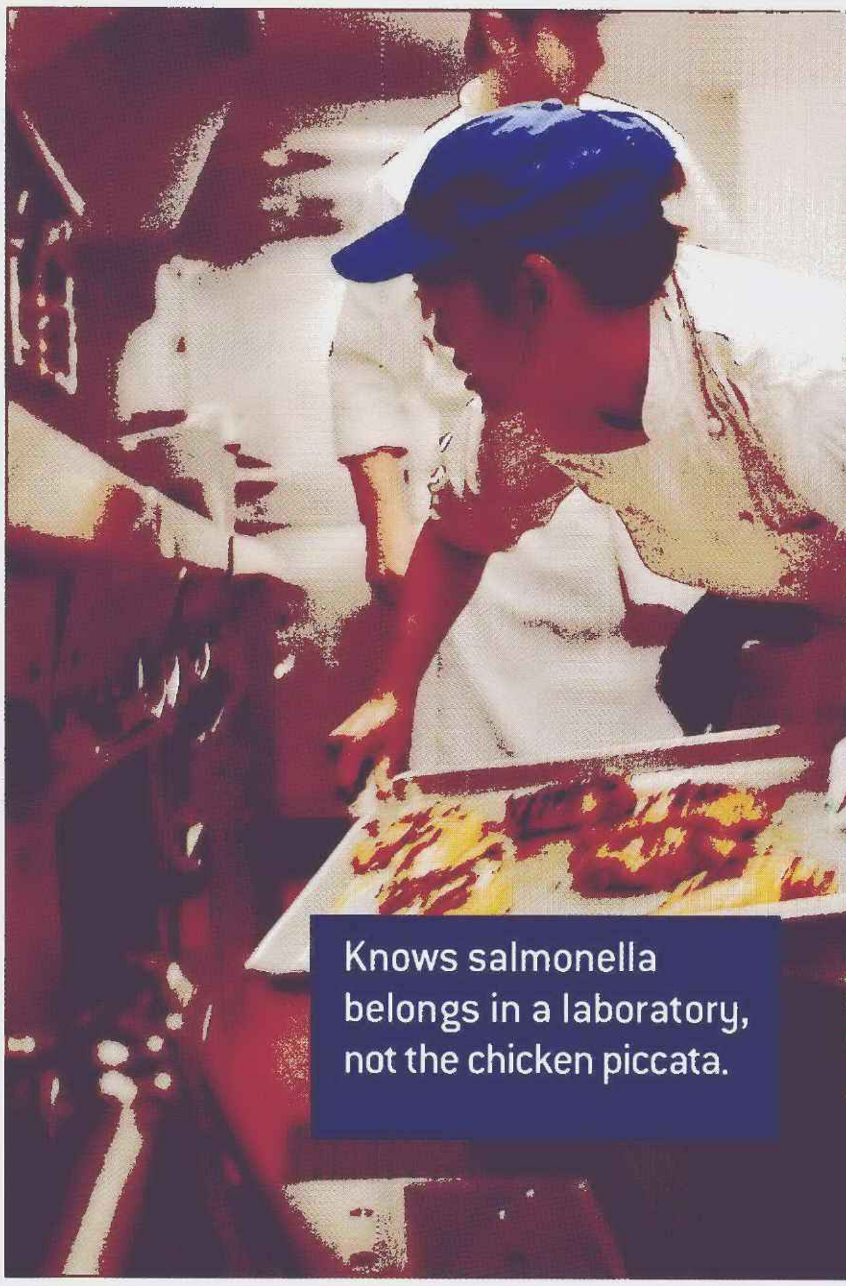
The suit charges that Boeing breached its fiduciary duties under the Employee Retirement Income Security Act by ignoring payments that 401(k) managers made to recordkeepers and other service providers and failing to disclose the fees to plan participants.

The suit also alleges that Boeing charged excessive management fees for the employer stock fund option and held too much of the stock fund's assets in cash, thus reducing participants' returns, according to attorney Jerome J. Schlichter.

A Boeing spokesman said, "The company does believe that our savings plan is structured appropriately and meets all the legal requirements."

The allegations in each of the lawsuits filed by Schlichter, Bogard & Denton "are unique to the particular company involved. There's nothing that should be read into this about any other plan" of other companies, according to Mr. Schlichter.

The other companies targeted by the firm's litigation are San Francisco-based Bechtel Corp.; Peoria, Ill.-based Caterpillar Inc.; Chicago-based Exelon Corp.; Falls Church, Va.-based General Dynamics Corp.; Memphis, Tenn.-based International Paper Co.; Bethesda Md.-based Lockheed Martin Corp.; Los Angeles-based Northrop Grumman Corp.; and Hartford, Conn.-based United Technologies Corp.



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Comment

'Sorry, we don't have time for questions'

PAUL WINSTON

Associate Publisher and Editorial Director
Paul Winston's commentary appears monthly. E-mail: pwinston@businessinsurance.com

If you were asked to attend career day at a local elementary school to try and explain what an insurer does, where would you begin?

Would you start by telling them that insurance is a global industry that protects people and businesses from financial ruin due to unforeseen risks? You could, sure, but the rest of your presentation would be greeted by dozens of glazed-over eyeballs, some drooling, a few thuds from heads hitting desks and maybe a spitball whizzing past your head.

Remember, you likely are also competing for their hearts and minds with other parents, who may be dentists, firefighters, bullfighters, molecular biologists and plaintiffs attorneys.

Would you capture the imagination of these young minds with a PowerPoint presentation on how mathematics is the foundation of actuarial science, which helps insurers assess risk and establish premiums? Bo-ring. For a few minutes, you could perhaps dazzle them with some actuarial parlor tricks like predicting the life span of members of the audience, based on their current rate of consumption of Happy Meals or time spent on the monkey bars during recess or the number of vaccine booster shots they have received in their young lives? But basing your presentation on when the audience is statistically likely to die is probably not going to get you an invitation back to the classroom.

You could try to win them over to insurance by asking them if they've ever seen a talking gecko or a squawking duck on TV, but then you'd be faced with the prospect of a few hands raised in earnest, by kids who want to know how insurers trained these animals to speak and if the insurance industry has any other talking animals.

Perhaps you could cut to the chase and talk about claims, and how insurance pays for things like medical care when someone is hospitalized. But no doubt more than a few kids have overheard their parents muttering darkly about HMO claims hassles and will describe those conversations with near-perfect recall to the delight of their classmates and the embarrassment of you. Awkward.

If the facts of how insurance works are too challenging to deliver in an exciting and engaging way, you could instead try to scare the wits out of them.

Provide a dramatic description of the danger and destruction caused by natural catastrophes, such as the forces an F4 tornado applies to an average mobile home, the effect of black ice on a highway during rush hour, or tell what happened in New Orleans when Katrina overwhelmed the city's levees and resources.

Describe the consequences of having a job that does not provide health insurance when one becomes seriously ill. Or what might happen if someone trips over their toys littering the sidewalk and mommy and daddy didn't buy enough liability insurance.

This approach might be satisfying when you finally have their undivided attention, but when the crying starts and the nightmares follow, you could find yourself the target of unwanted parental attention.

You could keep it simple and say that insurers are there to pay people for a new home after it is destroyed by a fire or toxic mold, or when a car is damaged in a crash or stolen. It's simple and may convey the basics of insurance claims, but it might also start these children down a false path toward the belief that insurance means a free check, without any responsibility on their part—such as copayments, deductibles, a duty to try to avoid such losses and higher premiums after a loss. Probably better not to sugar coat things at an early age, lest it come back later to haunt the industry with a generation of irresponsible and unrealistic policyholders.

It's a difficult situation, and one I am thankful not to be in. Maybe the best approach is to volunteer to take the last slot on career day and then describe how not one of the other parents could do their jobs without insurance: The dentist, the lawyer (especially the lawyer), the pilot, the journalist, the firefighter and, yes, even the teacher would not have a job without the insurance that your profession provides.

Dazzle the kiddies with the power of insurance and, if you're lucky, none of them will ask for details.

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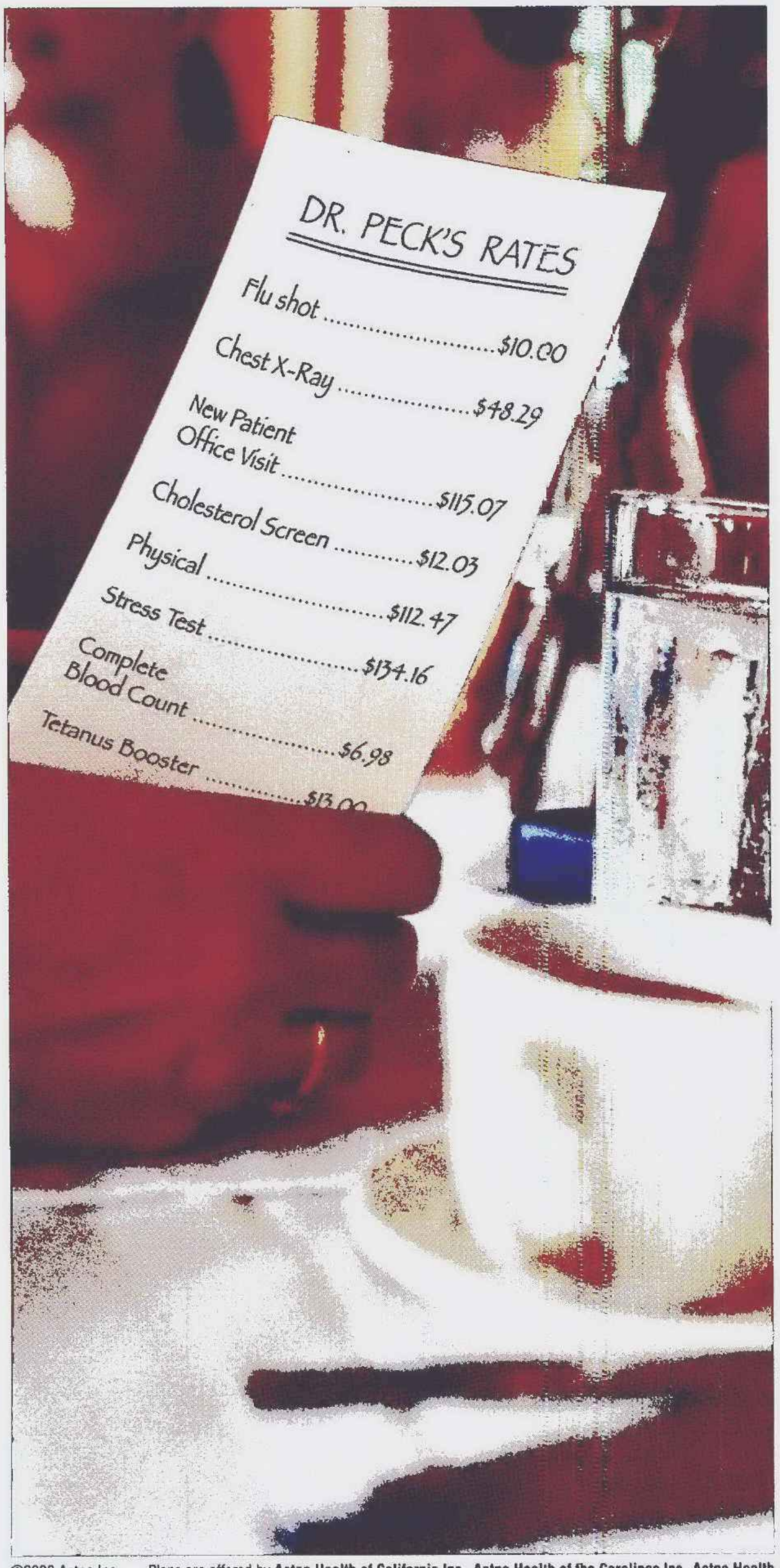
want
you to
know

Health Care Transparency



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Business Insurance OPINIONS

Editorials

Terror cover report is good news, bad news

IT COULD CERTAINLY have been worse. The President's Working Group on Financial Markets could have bluntly recommended that the federal terrorism insurance backstop be permitted to expire on Dec. 31, 2007. Fortunately, the group's much-anticipated report on the terrorism insurance marketplace stopped short of doing so, and for that risk managers and insurers alike can breathe at least a temporary sigh of relief.

Yet, while admitting that the program created by the Terrorism Risk Insurance Act has been a success in many ways, the report still inexplicably holds that the mere existence of the program somehow has crowded out a private reinsurance market for terrorism risk.

> **Rather than crowd out a market, the TRIA-created backstop allowed a primary market to flourish.**

We find it hard to believe anyone could say that. Until Congress enacted TRIA in late 2002, there was no private market for terrorism reinsurance to speak of, and even now, there's not much of one—a mere $6 billion to $8 billion for an exposure in which a single event can wreak tens of billions of dollars of insured damage.

In fact, we believe the report has it backwards. It is the backstop that created such a market as there is. The knowledge that there is as much as $100 billion in federally backed—and repayable—guarantees has allowed insurers to write terrorism coverage. Rather than crowd out a market, the TRIA-created backstop allowed a primary market to flourish.

We wish the working group had acknowledged more forcefully the necessity of having a backstop in place. It's up to the new Congress to waste no time in assuring that a long-term solution to the problem of terrorism insurance is implemented as early next year as possible.

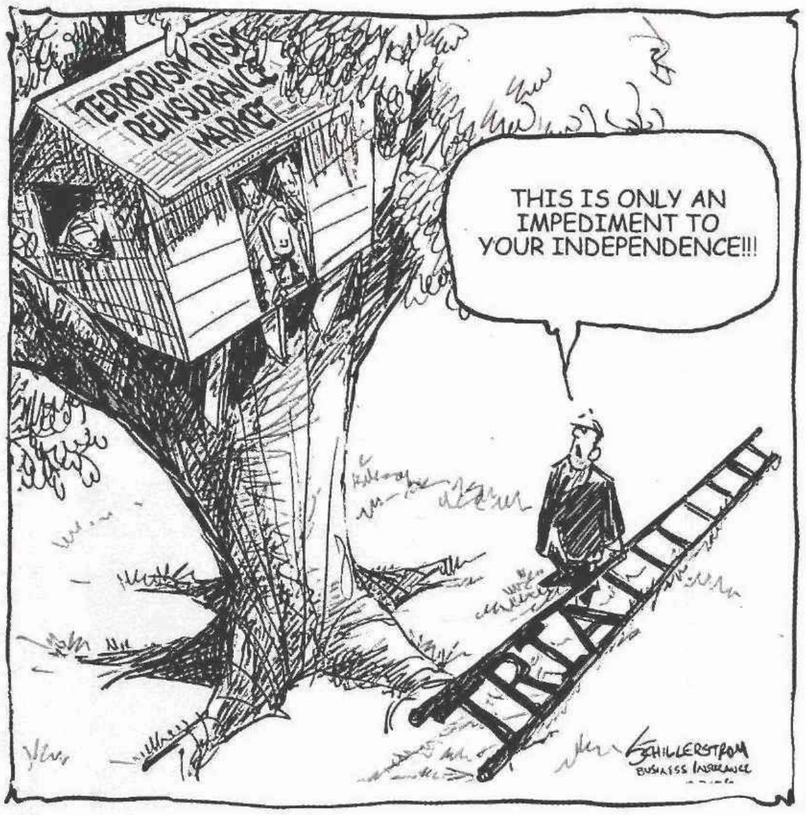
Accept no compromise on school safety issues

VIOLENCE in any form is deplorable, but it is especially heinous when it is perpetrated against children. The series of fatal shootings at schools around the country over the past two months is both shocking and frightening, because it shows a serious problem that seems to have no ready solution.

Attacks on schools by armed intruders are risks that demand action. But what can school district risk managers do that they aren't already doing? Crucial steps include requiring visitors to register, locking doors and implementing emergency response plans to notify police and account for students and faculty. Greater awareness and reporting of suspicious people or activity also play key roles in assuring safety.

As we report in a story beginning on page 1, it only takes someone propping open a door for convenience to compromise a school's safety efforts. Good risk management requires all in an organization to do their part. After all, a chain is only as strong as its weakest link, and when it comes to protecting children, no link should be compromised through unwitting carelessness.

Schillerstrom



Community Forums

A new feature allows risk and benefits management professionals to connect and exchange information at *www.BusinessInsurance.com*. The Community Forums is an easy-to-use discussion board that enables readers to ask questions, exchange ideas and voice opinions. Topic-focused categories include:

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- **In the News** to express opinions and comments.
- **Industry Focus Forum** on issues from probes, to quality improvement.
- **The Lighter Side**. Share stories of success as well as blunders.
- **General Forum**. Discuss general insurance market issues and conditions, trends and other topics.

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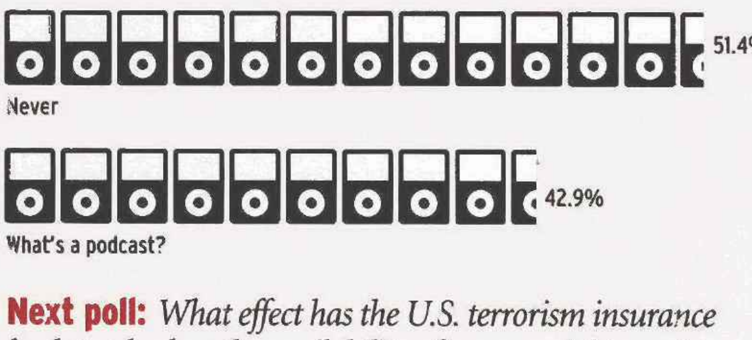

Next poll: *What effect has the U.S. terrorism insurance backstop had on the availability of commercial terrorism coverage?*

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SPOTLIGHT

LOOK INSIDE for the successes of these and the rest of our 80 notable women. See profiles starting on page 18 and expanded versions on our Web site, *www. businessinsurance.com*

Leaders, innovators are selected as 'Women to Watch'

Business Insurance's report on "Women to Watch" is our attempt to identify some of the women who are leading change in commercial insurance, risk management, employee benefits and related fields.

The 80 women profiled beginning on page 18 represent senior executives and innovators at a range of organizations. These women are leaders, but they are not the only women worthy of note. Choosing this list was difficult (see story page 47), as we received many nominations for women who are doing outstanding work in their organizations.

We like to think of the Women to Watch report as 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 has remained 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 last produced a special report on women in October 2000. That report looked at women's career contributions. This year's Women to Watch report was intended to spotlight current leaders as well as those who are 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 who are 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.

HOW THEY WERE CHOSEN:
The Women to Watch selection process is explained on page 47.

The profiles of the Women to Watch feature biographical information and answers to three questions we posed: What advice would you give to young women entering the industry? Who has had the greatest influence on your career? What would you change about the insurance industry, if you could?

Their answers provide insight that we hope will inform and inspire others who are working in this industry—both men and women. While we have published answers to one of the three questions in the magazine, the complete profiles with the women's answers to the other questions can be viewed online at *www.BusinessInsurance.com/Women2Watch.*

The Women to Watch are a special group who can help attract other talented people to this business. *BI* is looking forward to reporting on the contributions women are making and the changes they are leading.

Regis J. Coccia

Editor

WOMEN TO WATCH

WOMEN MAKE STRIDES, BUT STILL FACE CHALLENGES
/P12

WORKPLACE DIVERSITY IMPROVING IN INDUSTRY
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IN OUR NEXT SPOTLIGHT, OCT. 30: PROFESSIONAL LIABILITY RISKS

Women make strides in industry, but still face challenges

Demographics, changes in attitude help correct inequalities, but top female executives still uncommon

By JUDY GREENWALD

At one point during her long career in the insurance industry, Cecilia E. Norat—now director of state relations at New York-based American International Group Inc.—worked for a recently sold managing general agency.

The new owner told Ms. Norat she deserved to be named the MGA's president because she knew more than anyone else there, but would not be.

"If only you were not a woman," he told her, without a hint of irony. "I said, 'I think you're wrong, frankly,'" but he was not persuaded, said Ms. Norat.

The days when a qualified woman would be told something like that are clearly history. But many women in the insurance industry generally agree they still have a long way to go before their representation in the insurance industry begins to reflect their percentage of the general population.

Observers say this is a problem for U.S. business in general, but many believe the insurance industry has been particularly slow in welcoming women into its executive ranks.

However, observers say, the pressure of simple demographics—with the percentage of female college students already exceeding that of men—will ameliorate this inequality, particularly when combined with a more enlightened attitude by many male executives and more flex time, telecommuting, mentoring and diversity programs. (see story, page 16).

Clearly, women in general, and in the insurance industry in particular, still have a ways to go.

According to a report released in August by the U.S. Census Bureau, men earned more than women in each of the major industry sectors in 2005, but the earnings gap between men and women was the largest in the insurance and finance sectors.

The situation has improved from earlier years, observers generally agree. Susan Meltzer, assistant vp-risk management at Aviva Canada Inc. in Toronto, recalls when she first started working in the insurance industry in the 1970s, "I used to have to call all the men in the office 'mister,' and they called us by our first names."

"I would say, as time has passed, the role and penetration of women in leadership roles has increased," said Linda Johnson, executive vp at reinsurance intermediary Benfield Inc. in Minneapolis.

"I've had so many meals over the years where I was the only women at the table," she said. But at one recent dinner, five of the 12 attendees were women, Ms. Johnson said.

Many say, though, that while women have made significant progress, there is still much further to go.

"I would say, as time has passed, the role and penetration of women in leadership roles has increased."

Linda Johnson, Benfield Inc.

Barbara Schonhofer, managing director at London-based EJS Partners, an executive search firm, said, "Behind closed doors, I've been specifically asked not to produce a woman on a short list (of possible candidates) and I've asked why, and the reaction has been, 'Because they upset the balance of the team.'"

"You still don't see very many women running companies at all," said Marsha A. Cohen, senior vp and director of state relations at the Washington-based Reinsurance Assn. of America.

Women in the insurance industry today, in effect, still face the same sort of challenge faced by Ginger Rogers, doing everything Fred Astaire does, only backwards, she said.

Women who have reached the executive suite include Paula Rosput Reynolds, president and chief executive officer at Seattle-based SAFECO Corp., and M. Michele Burns, Marsh & McLennan Cos. Inc.'s chief financial officer, who has just been named chairwoman and chief executive officer of Mercer Human Resource Consulting.

The insurance industry has been particularly conservative, say some observers.

One factor is that women's childbearing years often coincide with a critical period in their career development.

"Women have babies. Men don't. That's the reality you've got to come to terms with," said Ellen Vinck, vp-risk management at BAE Systems Ship Repair Inc. in San Diego, who added she would not be able to maintain her current schedule if she still had small

See **WOMEN** on P14

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INSURING PROGRESS℠

Women: Make strides, but still face challenges in insurance industry

CONTINUED FROM P12

children at home.

"I think that the industry could improve in making itself a more welcoming environment for women that also have other responsibilities," said Alexandra Littlejohn, managing principal with New York-based brokerage Integro Ltd.

"There are ways of dealing with issues around family responsibilities and corporate responsibilities, including job sharing and day care," she said.

"It seems like women get to a certain point, and if they have that conflict, they obviously take family" over their job, said Ms. Littlejohn.

"There's a lot of emphasis on face time: 'I want to see you when I come in in the morning and when I leave at night,'" with lunchtime as the only time when women can be away and even then the attitude is, they "shouldn't be taking it," said Linda H. Lamel, a New York-based attorney with a solo practice.

"If a woman has to drop off her child at day care, or her mother at elder care, and needs to come in at 9:30 instead of 8:45, and you don't allow that, you're basically telling the woman she has to choose between her job and her family," said Ms. Lamel, whose previous industry positions have included executive director of the New York-based Risk & Insurance Management Society Inc.

Ms. Lamel said she recently proposed introducing flex time to a male workers comp executive in his 40s. His response was, "'I don't see it. It wouldn't fit in with our culture,'" she said.

It is difficult to convince men who have stay-at-home-home spouses that flexible work schedules "are both do-able and important," said Corbette Doyle, who was named Chicago-based Aon Corp.'s first chief diversity officer earlier this year and is chair of its national health care practice.

"There are very few companies that have taken aggressive positions on building flexible options for people with line level jobs" in insurance compared with other industries, including financial services firms, she said.

Another factor impeding women is "lack of access to informal networks," said Ms. Doyle. "I can't tell you how many stories I've heard from women cut out from critical decisions because they happen in the men's room."

This also often happens on the golf course, she said. "Almost all of our really successful saleswomen play golf," said Ms. Doyle.

However, Ms. Lamel said, "I know women who have learned how to play golf to be part of the social goings on, but it's never quite the same," she said. "I think even when women make it to senior ranks, or into the boardroom, there's still a difference" in how women are regarded.

Male board members often go on vacation together, she said. "I would bet no woman board member does that, so those things still create barriers."

Maryanne Sherman, president of Lawrenceville N.J.-based Sherman Think Tank, who is president of the Assn. of Professional Insurance Women Inc., an organization dedicated to the advancement of professional insurance women, said "When a merger occurs, (men) stick together and protect one another. Women tend to be on the outside of that and they lose out."

"I can't tell you how many stories I've heard from women cut out from critical decisions because they happen in the men's room."

Corbette Doyle, Aon Corp

Men have an advantage over women in that "they have grown up more working on teams, and doing things as part of a team," where women have not, said Karen M. Clark, president and CEO of Boston-based AIR Worldwide Corp., a risk modeling company.

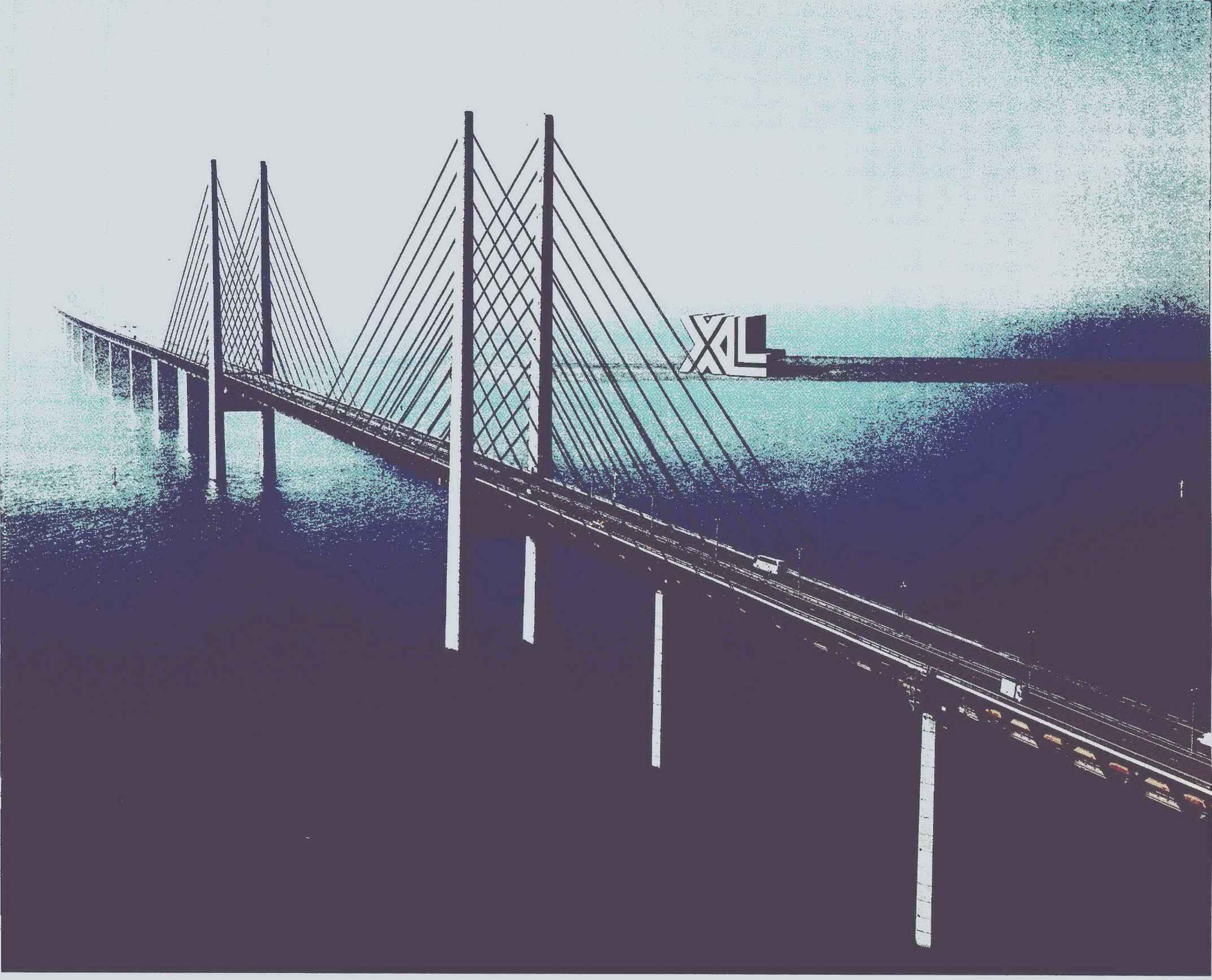
A company leader "really has to have the confidence and trust of other members of the team, and inspire and really lead and drive the team." But some women "feel like they have to do it all," said Ms. Clark.

Teresa L. Pahl, managing director at Hilb Rogal & Hobbs in Chicago, said part of the problem is insurance has "a very defined cycle that is probably more pronounced than in most industries, and that sometimes results in a decline in investing in some of the fundamentals of training and development at the early stages" of people's careers.

Some observers say the women themselves should take some responsibility for their failure to more thoroughly crack the executive suite.

For a risk manager to rise through the ranks of her company to become chief financial officer or treasurer, for instance, "you probably really need to leave risk management, go into the operations, get experience and understanding, and come back into risk management," said Ms. Meltzer.

But women have not tended "to do that kind of career development. I don't know why," said Ms. Meltzer. Now, though, "There is new generation of women behind us that is doing it right."



Some industry companies working to create opportunities

Mentoring and talent-management programs helping bring more women into senior management roles

By JUDY GREENWALD

The pressure of demographics, combined with more open-minded senior management and a concerted effort on the part of the insurance industry, will ultimately lead to women having greater success in cracking the executive suite, say observers.

Meanwhile, some firms have already achieved at least some degree of success in this area.

Observers note that women already represent a majority of college students, and this will inevitably be reflected in the insurance industry.

Eventually, the insurance industry will "have to acknowledge the demographic reality," said Linda H. Lamel, now an attorney with a solo practice, whose positions have included executive director of the New York-based Risk & Insurance Management Society Inc.

Timing is a factor as well, said Janice M. Tomlinson, executive vp at Warren, N.J.-based Chubb Corp.

Equal hiring of men and women did not start until the 1980s, and it will take some time for those women to gain the requisite experience to reach the industry's top levels, Ms. Tomlinson said. "The timing is about now, when you see more and more people moving to senior positions" from that era, she said.

Lori Dickerson Fouche, senior vp-specialty insurance marketing at Novato, Calif.-based Fireman's Fund Insurance Co., agreed. "I think there is a strong pipeline coming into view," she said.

And certainly there is open-mindedness today on the part of senior management, to invest both in their employees in general and to look for opportunities to promote worthy people, she said.

"I think you're going to see much better numbers as we go forward, because the younger women that are coming into the industry are facing a whole different world than we did," said Cecilia E. Norat, director of state relations at New York-based American International Group Inc.

"I think women are a lot stronger now than they were 20 years ago" and have laid the groundwork for those following them, said Alexandra Littlejohn, managing principal with New York-based brokerage Integro Ltd.

Meanwhile, many companies that have been particularly successful at promoting women have formal mentoring programs, said Ms. Lamel. "They make it happen."

"A lot of these things don't happen by themselves," agreed Ms. Tomlinson. "A lot of this has to do with how you look at talent, and a very vigorous talent-management program within an organization really does bring the best players forward and will enable this to happen over time."

Chubb was a 2006 winner of an award by New York-based Catalyst Inc., a nonprofit organization working to advance women in business, for its efforts to develop and advance women through the insurer's "Reach up, Reach Out and Reach Down" program.

"I think women are a lot stronger now than they were 20 years ago" and have laid the groundwork for those following them.

Alexandra Littlejohn, Integro Ltd.

As with any diversity issue, "It's something that companies have to continually work at," said Ms. Tomlinson. "Senior management's commitment to making something like this happen is, in fact, crucial. I think a conscious effort needs to be made within any organization to continue to advance women."

Others that have made this effort include Chevy Chase, Md.-based risk retention group United Educators Insurance, where women account for half of the board of directors and 40% of the professional staff, according to President and Chief Executive Officer Janice Abraham.

"We really have looked at diversity in its broadest sense," considering gender as well as age, ethnicity and race and "tried to make insurance, and United Educators specifically, as interesting and as attractive as we can possibly make it."

Hamilton, Bermuda-based XL Capital Ltd., which has several senior women executives—including two members of the five-person Office of the CEO—takes "a very gender-neutral approach to all our hiring," said Celia Brown, its executive vp and head of global human resources.

"The culture here is very much one of equality and respect," and having differentiations based on anything other than performance is just not part of the environment, said Ms. Brown.

In addition, the Washington-based Reinsurance Assn. of America is "top heavy with qualified, bright women," which is a tribute to President Frank Nutter, said Marsha A.

See **DIVERSITY** on P18

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CONTINUED FROM P18

rience—with special expertise in health care risks—with her when she was tapped to become principal and head of Integro's Chicago operations in June 2005. Prior to her current position, Ms. Aque served as a managing director and head of Marsh Inc.'s Chicago office. She holds an MBA from the University of Chicago and is an active member of various industry associations including the American Society for Healthcare Risk Management and Healthcare Management Financial Assn.

What would you change: Increase "the presence of women in more senior positions, more powerful positions."

WENDY BAKER

President
Lloyd's America Inc.
New York
Age: 53

Wendy Baker started her career in insurance through a management trainee program at Continental Corp. in 1976. She worked her way up, earning the title of president of Continental Reinsurance Corp. in 1990, becoming the first female president of a reinsurance company. Over the next several years, she worked at different organizations including Minet Ltd. and her own consulting firm, Beckman Advisors, before joining Lloyd's America Inc. in 1998. Ms. Baker was promoted to president of Lloyd's America in 2000, and is responsible for overseeing six offices in the United States, Virgin Islands and Montreal and for managing Lloyd's U.S. business.

Advice to young women: "Someone entering any business should learn the business and should never quit trying to gain more knowledge of how things work, new products, and new ways to sell the product. They should also be confident to say what they think, even if it is different than what a senior person thinks. As long as you are intellectually honest, you can stand up and say what you believe."

BRENDA BALLARD

Executive Vp
Westrope
Kansas City, Kan.
Age: 43

Brenda Ballard's insurance industry career began in 1986 as a marketing trainee for broker Alexander & Alexander, where she worked her way to become a vp. In 1995, she accepted a senior vp and property broker position at Westrope. In 1998, however, Aon Corp. recruited her to become director of its global property practice. But in 2001, Westrope brought her back to expand its property department. She is now the executive vp for property and a member of the senior management team at the wholesaler.

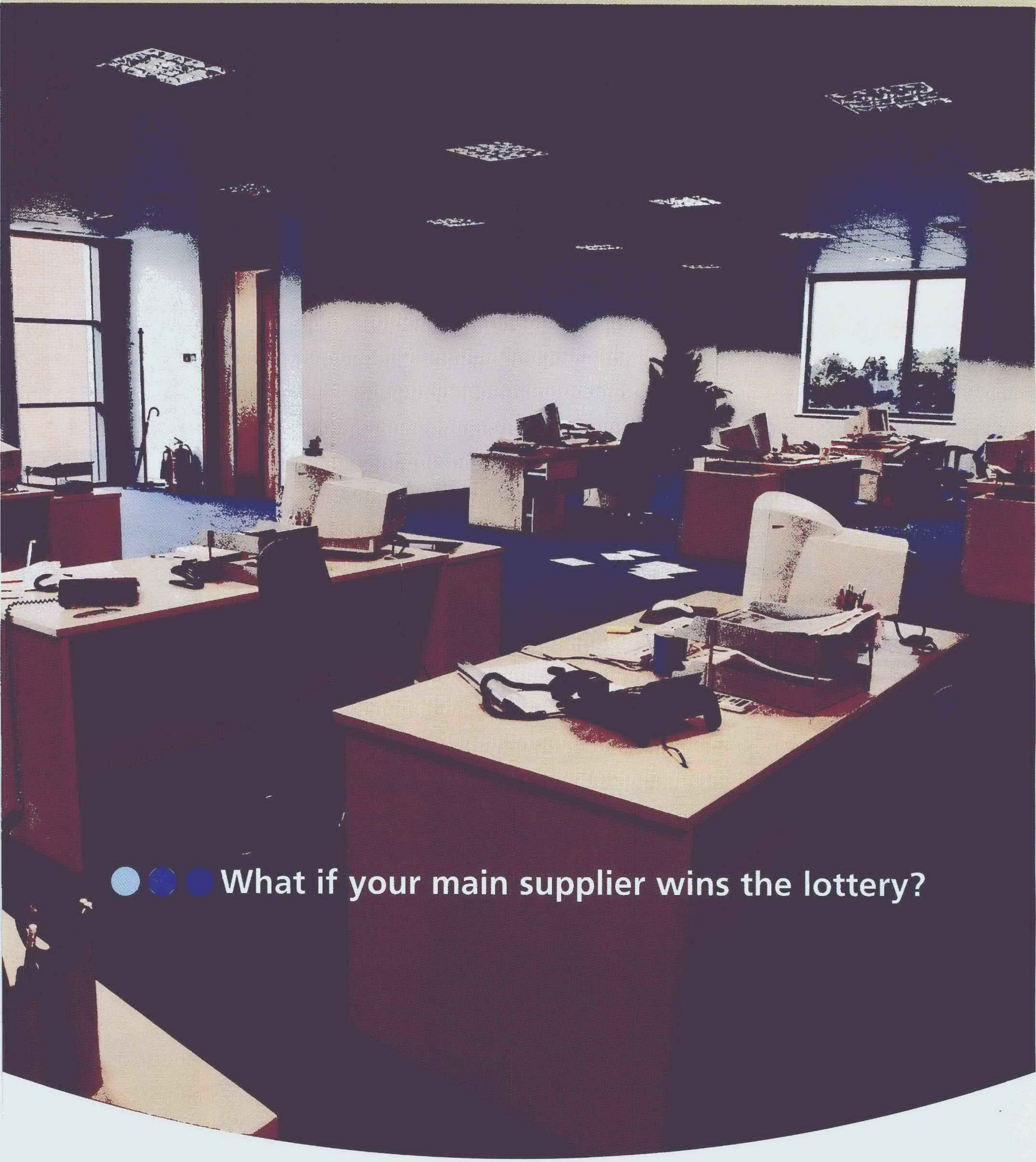
Advice to young women: "Work hard to become knowledgeable and technical because clients know immediately if you understand what you are talking about. Stay focused, flexible and always willing to learn more, no matter how many years you are in the business. And, learn how to play golf well. Take golf lessons and take your game as seriously as your career. It's a great way to earn the respect of others both in the office and on the course."

INGA K. BEALE

Chief Executive Officer
Converium Holdings Ltd.
Zurich, Switzerland
Age: 43

Inga K. Beale was named chief executive of Converium in February 2006. She started her reinsurance career working as an underwriter specializing in reinsurance at U.K.-based insurer Prudential Assurance Co. In 1992, she joined GE Insurance Solutions where she headed up the U.K. underwriting team. In 2001, Ms. Beale took on the role of global underwriting audit leader at Kansas City, Mo.-based GEIS, before becoming global underwriting coleader in 2002. In 2003 she assumed responsibility for GEIS property/casualty business throughout continental Europe, Middle East and Africa. In 2004 she was appointed president and chairman of GE Frankona Re in Munich, Germany.

Continued on P22


What if your main supplier wins the lottery?

CONTINUED FROM P22

ance career at Aon Corp. as an intern and now leads a team of 200 professionals as chief executive of Aon's Risk Services Americas' eSolutions Group—which provides clients with Internet-based claims and risk management tools. In 2003, she left the company for a time to join Marsh & McLennan Cos. Inc.'s technology solutions group. There, she led the group to record profit margins, helped manage the post-acquisition integration of two $60 million technology firms, and became the first female member of Marsh's executive committee. She returned to Aon in April, and in less than six months, Ms. Burns and her team have led the unit to its highest sales revenue in its six-year history.

Advice to young women: "Know that whatever they want to achieve, they can. Networking is absolutely essential; network with other women, but also more broadly than that. Being aggressive and not being afraid to go after it. Seeking out other women and keeping those relationships in your life with other women who have maintained balancing a professional career and a healthy marriage."

M. MICHELE BURNS

Chairwoman and Chief Executive Officer
Mercer Human Resource Consulting
New York
Age: 48

M. Michele Burns began her career as a senior tax partner at Arthur Andersen L.L.P. before joining Delta Air Lines Inc., where she last served as executive vp and chief financial officer. She then joined Mirant Corp., an Atlanta-based power company, and held several executive positions, including executive vp, CFO and chief restructuring officer. She joined Marsh & McLennan Cos. Inc. as executive vp and CFO earlier this year, and was appointed to her current position at Mercer last month.

Advice to young women: "Listen more than you talk. Work hard. Show up mentally and emotionally. Show up and give all to what you are attempting to do. Stay focused on your goals and don't be deterred."

PAMELA CARPENTER

Chief Operating Officer, Travelers National Accounts
St. Paul Travelers Cos. Inc.
Hartford, Conn.
Age: 52

Pamela Carpenter started in the industry as an account executive with Travelers in 1977, and later served as a manager in commercial lines in the Hartford, Conn., field office. In 1990, she became underwriting officer for the national accounts Northeast region. In 1998, she moved to the Hartford base of operations as a chief underwriting officer until assuming her current duties this year.

Advice to young women: "I would encourage them to pursue opportunities in the underwriting and marketing areas and to fix their sights on management positions. Although progress has been made, women are underrepresented in these roles in our industry and there is great opportunity for young women in this industry in the coming years. By staying focused, doing your job with integrity and accepting challenges, any young worker can build a foundation for a promising future."

KAREN M. CLARK

Founder, President and Chief Executive Officer
AIR Worldwide Corp.
Boston
Age: 49

Karen M. Clark had been an insurance company research associate for one year in 1983 when she began developing a simulation model to estimate property losses from hurricanes. Her original model, unveiled in 1986, became the basis for the AIR hurricane model. The following year, Ms. Clark formed AIR to extend the new technology to estimating losses caused by various natural catastrophes. Today, AIR not only offers models that estimate losses from all major natural catastrophes, it also has developed a terrorism model. In 2001, Ms. Clark was named Woman of the Year by the Assn. of Professional Insurance Women.

Continued on P26

Congratulations

Sarah Turvill and **Leslie Nylund**

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Advice to young women: "Most importantly, pick a career that they're passionate about and that they truly enjoy doing. Then know your real strengths and how you can best leverage them. Work hard, do your best and never give up. Women have to juggle a lot of different things, so it also helps to maintain a positive can-do attitude," which is necessary in any industry a woman enters.

MARSHA A. COHEN

Senior Vp and Director of State Relations
Reinsurance Assn. of America
Washington

Marsha A. Cohen held several management positions at insurers and reinsurers before she began her lobbying career at the RAA in 1992. While working at the RAA she created its for-profit education program as a separate profit center in 2001 and founded the Institute of Reinsurance Education last year. Before being named to her current position last year, she was senior vp and director of education. Among numerous industry activities, Ms. Cohen is a gubernatorial appointee to the New York and Virginia panels on homeowners insurance and treasurer of the District of Columbia Insurance Federation. In addition, she was the Assn. of Professional Insurance Women's Woman of the Year in 2005.

Greatest influence: "I had the opportunity to meet Myra Leigh Tobin, who was one of the first women managing directors at Marsh. She fought the battles for women who came after her. She is knowledgeable about the industry, has great people skills and always provided sound advice. It meant a great deal to me that someone like Myra believed in my capabilities. She would call and suggest that I might be interested in getting involved in various industry activities and I would take her advice on face value. Myra's valuable advice has encouraged and enriched my career."

CHRISTINE DANDRIDGE

Executive Director
Atrium Underwriting P.L.C.
London
Age: 50

Christine Dandridge began her career at Lloyd's of London in 1978 as a broker. She moved over to underwriting in 1980 and was named deputy underwriter of Atrium's Syndicate 609 in 1984. She became active underwriter in 1997 and she has been a director of Atrium since 1986. Ms. Dandridge is currently a member of the Lloyd's Market Assn. Marine Committee and the Council of Lloyd's.

Greatest influence: "There were three people who influenced me: Sir David Rowland (former Chairman of Lloyd's) who gave me my first job—but for him I would not be working in insurance at all; Ian Posgate (former Lloyd's underwriter and former member of the Council of Lloyd's) who I worked for in my first underwriting position—he was a brilliant negotiator; and lastly Mark Denby, the founder of Atrium Underwriting who proved that it's possible to have integrity and still be successful in the London market."

HELEN DARLING

President
National Business Group on Health
Washington
Age: 64

Helen Darling joined the National Business Group on Health after spending much of her career directing or advising on the purchase of health care. Early in her career, she was an advisor to Sen. David Durenberger, when he was the ranking Republican on the Health Subcommittee of the Senate Finance Committee. She directed three studies at the Institute of Medicine for the National Academy of Sciences. Later she was a consultant at Watson Wyatt Worldwide and then William M. Mercer. From 1992 through 1998 she directed the purchasing of health benefits and disability at Xerox Corp.

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What would you change: "As a benefits manager, I would most like to see dramatic change in the health care system. Most employers are spending well over $8,000 per employee for their health care, yet perhaps as much as one-third of this expense is wasted on medical care that is unsafe, not useful or not evidence-based best practice care that the patient should be getting.... If we reduced waste, we could also afford coverage for the 46.6 million Americans who have no health insurance."

PAMELA E. DAVIS

President and CEO
Nonprofits Insurance Alliance Group
Santa Cruz, Calif.
Age: 54

Pamela E. Davis entered the insurance business in 1989 when she launched the Nonprofits' Insurance Alliance of California. Since then, NIAC has grown to be a significant player in the nonprofit insurance market in California, with well over 5,000 policyholders and $50 million in annual premium volume. In 2000, with grants from the Bill and Melinda Gates and David and the Lucile Packard foundations, she launched the Alliance of Nonprofits for Insurance Risk Retention Group, which began writing business in 2001 and now provides coverage to about 2,000 nonprofit organizations outside of California. She also started an offshore association captive, which reinsures the two insurance programs.

What would you change: "I'd like to attend an event with senior executives of this industry and not have others automatically assume that I'm one of the spouses and not a peer."

ELIZABETH FRANCY DEMARET

Managing Director, Worldwide Risk Services Group
Arthur J. Gallagher & Co.
Itasca, Ill.
Age: 40

Elizabeth Francy Demaret got her start in the industry as a summer intern prior to attending college. Early in her career, she worked for CIGNA Corp. and Home Insurance Co, and in 1995, while working at Near North Insurance Co., she developed the Worldlink system which provided insurance regulation information in more than 100 countries worldwide for risk managers and insurance carriers. For the past five years, she has headed the Worldwide Risk Services Group for Gallagher, overseeing the international retail market niche.

Greatest influence: "The biggest influence on my career is that at each stop along the way and at each level, I found a mentor. A mentor can become a roadmap for your career, pointing out a new path that you haven't seen, identifying issues that you should focus on or skill sets that you need. Some people are lucky enough to find one mentor during their careers; I have been lucky enough to find several."

CAROL DENZER

Vp and Chief Information Officer
RLI Corp.
Peoria, Ill.
Age: 43

Before joining RLI, Carol Denzer was a treaty accountant at E. W. Blanch Co. in Minneapolis. She began her RLI career in 1987 as a reinsurance accountant. Ms. Denzer earned several designations and was promoted to a variety of accounting and reinsurance positions, including chief property/casualty accountant as well as manager, reinsurance accounting. Ms. Denzer was named assistant vp of reinsurance in 1998; vp, reinsurance and catastrophe management in 2004; and to her current position in 2006. Ms. Denzer manages a staff of about 170 professionals across RLI's various information technology and operational departments.

Advice to young women: "My advice is to learn as much as you can, be true to yourself and others. Hard work will earn you respect and integrity in all that you do and will carry you wherever and to whatever you want to accomplish. In today's work environment, you will need to strive to become an expert in your field, but you should never lose sight of the big picture. Set some achievable goals, achieve them and then set others. Try not to get too comfortable. Work at

Continued on next page

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building and maintaining mentoring relationships and support structures. Enjoy what you do."

MARIE GEMMA DEQUAE

Group Risk and Insurance Manager
NV Bekaert S.A.
Zwevegem, Belgium
Age: 58

Marie Gemma Dequae joined the NV Bekaert S.A. in 1985 overseeing building risk management awareness and setting up a global risk and insurance department. She is now the group risk and insurance manager at Bekaert as well as a director of Becare Ltd., the group's reinsurance company in Dublin, Ireland. Ms. Dequae also has been president of the Federation of European Risk Management Assns. since October 2005. In addition, she is also vp of the Belgian Risk Management Assn. and was president of the association between 1994 and 2005.

Advice to young women: "In the present changing world it is important to start with good training in the job, but education and training should be a permanent part of the job, for yourself as well as for the people you are working with. Good communication is also becoming a permanent element in risk management, as you will be dealing with a lot of different people in your company and also outside your company."

CORBETTE S. DOYLE

Global Chief Diversity Officer
Aon Corp.
Chicago
Age: 50

Corbette S. Doyle began her insurance industry career in 1979. Among other things, she worked in planning and underwriting functions at Utica, N.Y.-based Utica National Insurance Group, and in the research department of Willis Group Holdings Ltd., where she eventually went on to co-chair Willis' health care industry practice. In 1993, she joined Aon Corp. to launch a companywide health care practice, and in 2004 she was promoted to executive vp of Aon Risk Services with responsibility for a dozen industry practice groups. Earlier this year, she became Aon's first-ever chief diversity officer, reporting directly to the chief executive officer. Ms. Doyle was the recipient of the 2006 Assn. of Professional Insurance Women Inc.'s Woman of the Year award.

What would you change: "I would change the perception of the senior management of our clients, relative to the importance of risk management to their company. I would love to have CEOs, in particular, and CFOs on a secondary level, rank risk management as a more important function within their organizations."

LYNN DRENNAN

Chief Executive
Assn. of Local Authority Risk Managers
Glasgow, Scotland
Age: 53

Before she took up her post at ALARM in August 2006, Lynn Drennan was executive director of the Cullen Centre for Risk and Governance, and Head of the Division of Risk, at Glasgow Caledonian University. As chief executive of ALARM, Ms. Drennan heads the United Kingdom's association for risk management in the public sector, which has over 1,800 members. In addition, Ms. Drennan has conducted research projects for public and private sector clients, and has served on committees of the Chartered Insurance Institute, ALARM and the Institute of Risk Management.

Greatest influence: "I am fortunate in having had a number of line managers who encouraged and provided opportunities for me to learn and progress. The expression 'feel the fear but do it anyway' pretty much sums up the first 10 years of my career. It never occurred to me to say 'no' to taking on interesting tasks or projects, if I thought I could learn from them. The result was that one good thing tended to lead to another."

ALICE EDWARDS

National Practice Leader
Hilb Rogal & Hobbs Co.
Atlanta
Age: 45

Alice Edwards began her career in 1980 as an aviation underwriting assistant with the Insurance Co. of North America in London. She later joined Tomas Howell and spent six years as loss adjuster in Jakarta, Indonesia. In 1997, she joined Cunningham Lindsey in Atlanta as global business unit manager. She became senior property claims consultant with the Hobbs Group in Atlanta in 2002. Hobbs became part of Hilb Rogal & Hobbs Co. the same year, and in 2004, Ms. Edwards was named national practice leader of the brokerage's Complex Property Claims operation.

Advice to young women: "Young women often have a confidence problem. They feel that they have to prove themselves and keep proving themselves. My advice is to get the best professional designation you can, such as a CPCU or ARM, put it on your business card, and then get over the need to keep proving yourself. You're as good as anyone out there—if you believe it then so will everyone else. I also feel that women, more than men, need to have a long-term career strategy. The reality is that women still do most of the child-raising in our society. The best way to balance work and family, in my view, is to take a long-term approach. Build knowledge, street smarts and contacts early on. Get some early achievements under your belt. Then, if you need to, you will be able to go into maintenance mode for some years in the middle of your career while you spend some time with your small children. During that time, try to take on some high-profile or higher-risk projects that continue to build experience and add strength to your resume. Once (your children) are more independent, you can throw yourself back in to work as the center of your life."

KAREN K. FARRIS

President and Chief Executive Officer
Roach Howard Smith & Barton
Dallas
Age: 56

Karen K. Farris joined Dallas-based independent insurance agency RHSB in 1982 and went on to found the company's technology practice. She joined the company's board in 1989 and was named president in 1994 and CEO in 1996. In 2002, she was named the first woman chairman of Assurex Global, a brokerage network with more that 100 partner firms, and she also has served as president of the Dallas chapter of the CPCU Society and president of the Independent Insurance Agents of Dallas. She holds the Chartered Property Casualty Underwriter and Associate in Risk Management designations.

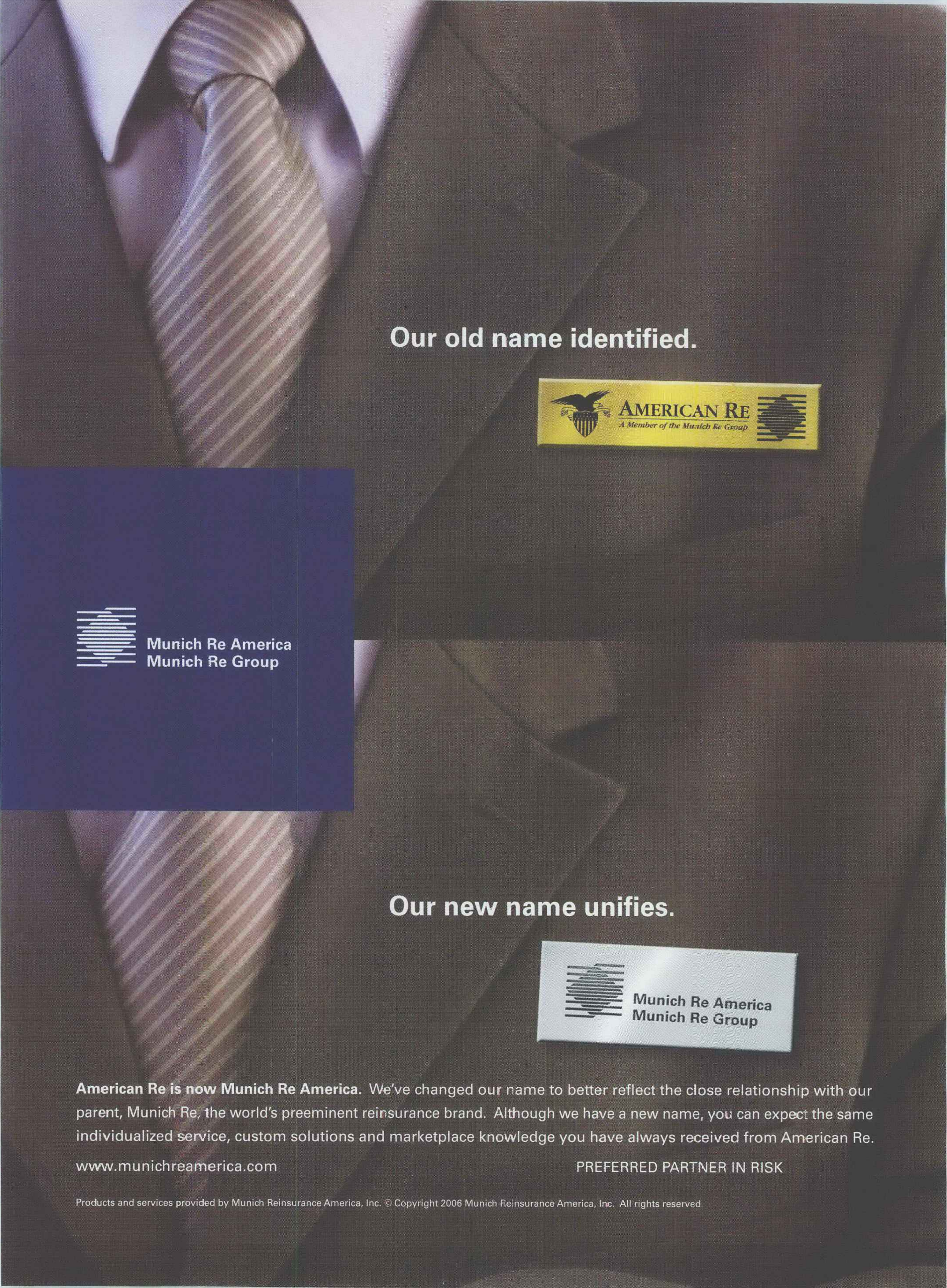
What would you change: "I would like to see more flexibility in the workplace in terms of job structure. The industry needs to find more creative ways to handle the needs of our clients and provide exceptional customer service, while still allowing our employees to balance their personal and professional lives. I would like to see us use technology to accomplish this."

TRISH GETTY

CEO/Executive Director
Assn. of Insurance and Reinsurance Run-Off Cos.
Alpharetta, Ga.
Age: 58

Trish Getty has been active in the insurance and reinsurance industry for more than 40 years. She spent most of her career in the area of reinsurance claims, cutting her teeth with Berkshire Hathaway's National Indemnity Re, where she spent the first 12 years of her reinsurance career. After serving in several management positions in the reinsurance industry, in 2004, she worked with a handful of insurance veterans to form the Assn. of Insurance and Reinsurance Run-Off Cos. as a way for insurers and reinsurers to address the common concerns associated with run-off business and to work together to identify solutions to their common problems. Serving as its founding CEO and executive director, Ms. Getty has built AIRROC in less than two years into an association with 55 members, including many of the world's largest insurers and reinsurers.

Greatest influence: "Art Betz, who was the director of reinsurance claims throughout the '70s and early '80s at National Indemnity Re. He was a son of a college professor, so he also loved to teach and I became his student and he my mentor. He taught me to be 100% honest; he grilled me on reinsurance and primary coverages; he pushed me into taking several insurance courses; and he gave me the confidence that I could achieve my goals. I owe so much to him."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ALEXANDRA GLICKMAN

Area Vice Chairman and Managing Director-Practice Leader, Real Estate & Hospitality Services
Arthur J. Gallagher & Co.
Glendale, Calif.
Age: 47

Alexandra Glickman entered the industry in 1983 working for Johnson & Higgins. She later launched Marsh Inc.'s real estate industry practice and created "Real Secure," an integrated professional liability and D&O product for the industry. As leader of Gallagher's real estate and hospitality practices for the past six years, she heads a team that insures a commercial real estate portfolio valued at $75 billion. She also remains a hands-on broker and is the area vice chairman of Arthur J. Gallagher & Co. Insurance Brokers of California Inc. In addition, Ms. Glickman is president of the Real Estate & Construction Industries Council for City of Hope, a cancer treatment and research center in Los Angeles.

What would you change: "I would make industry regulations more uniform and logical so that clients, insurers and brokers are not at the whim of each state. There's tremendous redundancy in this current system which doesn't appear to benefit anyone but the individual state that imposes it."

CONNIE HARDEN

Principal
Buck Consultants L.L.C.
San Francisco
Age: 58

Connie Harden joined Buck Consultants in 1991 after working for eight years as an attorney in the employee benefits groups of two law firms. She consults on a wide range of employee benefits legal issues and has served on an Internal Revenue Service task force to help the IRS develop COBRA health care regulations. More recently, she has been working to help clients implement innovative approaches in adopting consumer-driven health care plans.

What would you change: "I would slow things down a bit so we could spend more time talking face to face. Although e-mail has revolutionized business communication and made us more efficient, it can also interfere with the synergy that flows from direct interaction."

CATHY A. HAUCK

Executive Vp, General Counsel and Corporate Secretary
Partner Reinsurance Co.
Greenwich, Conn.
Age: 51

Cathy A. Hauck began her insurance career in 1984 as an attorney with New York-based American International Group Inc. Over the next 15 years, she gained solid expertise in corporate and regulatory matters for property/casualty insurers working at a variety of companies—including NAC Reinsurance Corp., where she served as associate general counsel and assistant secretary—before joining PartnerRe as executive vp, general counsel and corporate secretary in 1999. Ms. Hauck has previously served as chair to the National Conference of Insurance Legislators and currently is vice chair on the Reinsurance Assn. of America's legal committee.

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Visit the HealthPay Plus website at americanexpress.com/healthpayplus and contact us at 1-800-330-9822 or HealthcarePayments@aexp.com

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Greatest influence: "I began my legal career at American International Group and my first supervisor and mentor was Patrick Foley. He was extremely influential in my career in terms of broadening my experience, advising me and encouraging me to go for my brokers license, my CPCU courses, and my ARe (designation), to get a strong foundation in the insurance business."

BARBARA HAUGEN

Senior Vp
Council of Insurance Agents & Brokers
Washington
Age: 59

Barbara Haugen has represented commercial brokers since 1981, when she joined the National Assn. of Insurance Brokers as vp-government affairs. Ms. Haugen was NAIB's senior vp government in 1998 when that organization merged with the CIAB. She assumed her current position after the merger. In this role, Ms. Haugen was a driving force in the 2001 creation of the Council of Employee Benefit Executives, a board within the CIAB. Prior to entering the insurance industry, Ms. Haugen was a director of communications in the Carter Administration.

Advice to young women: "When I worked in the Carter White House, Sarah Weddington (assistant to the president) used to say 'It's fine to plan your career path and stay focused, but also stay open to new opportunities.' So I would advise young women entering the industry to take a chance when your gut tells you an opportunity would be fun, challenging and fulfilling."

KATHRYN HAYLEY

Chief Executive Officer
Aon Consulting U.S.
Chicago
Age: 48

After spending 21 years working with Deloitte Consulting in a variety of positions in the United States and abroad, Kathryn Hayley stepped into the top role at Aon Consulting U.S. in June. Among her responsibilities, Ms. Hayley has been charged with leading efforts for enhancing the organization's service delivery models, among other responsibilities. In addition, she serves on the board of directors for Gateway Foundation, the Chicago Shakespeare Theater and the Civic Consulting Alliance.

What would you change: "In human capital, we look at issues as benefit issues and retirement plan issues and tend to think more tactically than we should...we are dealing with the two biggest issues that are shaping the U.S. economy, and we need to think bigger and more creatively about ways to deal with these broad issues."

DR. PAMELA A. HYMEL

Senior Corporate Director, Integrated Health and Global Medical Director
Cisco Systems
San Jose, Calif.
Age: 51

Prior to joining Cisco, Dr. Pamela A. Hymel worked for a year as senior vp of Sedgwick CMS and for 16 years at Hughes Electronics Corp., where she last served as vp of human resources, medical services and HR systems. Dr. Hymel is board certified in both internal medicine and occupational medicine and is a Fellow of the American College of Occupational and Environmental Medicine. Dr. Hymel is on the Board of Directors for both the National Business Group on Health and ACOEM.

Advice for young women: "My primary advice is to follow your passion. It makes the day-to-day activities even more fulfilling. One of the main reasons I entered preventive medicine was because I wanted to help improve the health and well-being of employees by encouraging them to take better care of themselves in order to prevent chronic disease. Being passionate about the end goal helped me to be creative by taking the seemingly mundane tasks of setting up benefits and health management plans and integrating them into an overarching employee health program."

KAREN IGNAGNI

President and CEO
America's Health Insurance Plans
Washington
Age: 52

Karen Ignagni began her career in health care issues in the 1970s as a research analyst at the U.S. Department of Health & Human Services and then the assistant director for a group lobbying for national health insurance. She also was a staff member on the Senate Labor and Human Resources Committee. Prior to joining America's Health Insurance Plans—then known as the American Assn. of Health Plans—in 1993, Ms. Ignagni served as director of the employee benefits department of the AFL-CIO.

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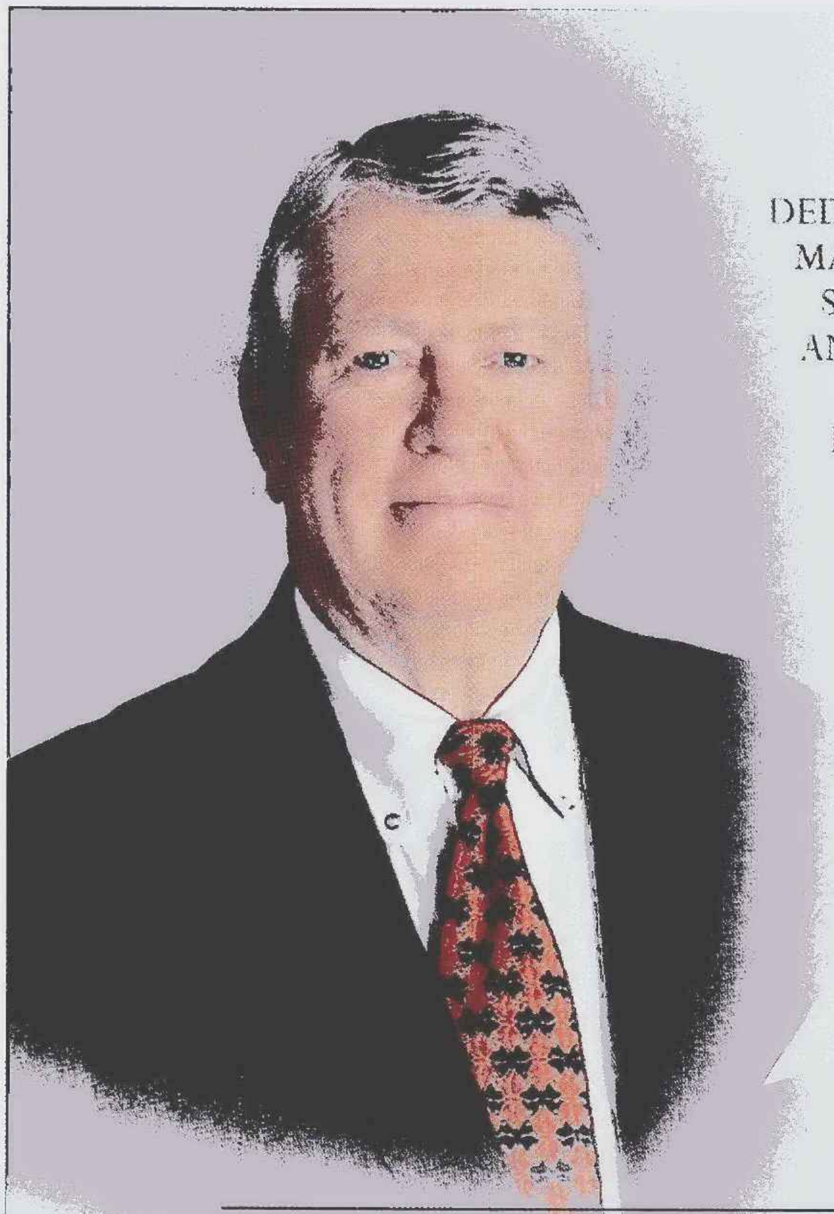

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(written by Bob Gallagher in 1984)

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ROBERT E. GALLAGHER 1923-2006

The employees of Arthur J. Gallagher & Co. pay tribute to our Chairman, Robert E. Gallagher, who passed away on August 30, 2006.

A true leader, philanthropist and consummate insurance broker, Bob was a source of inspiration to us all. Over his 58 year career, he was instrumental in growing a small Chicago insurance agency into a global, billion-dollar enterprise while fostering a culture based on integrity, client focus and teamwork.

We miss you, Bob, but you will always be with us. Your vision will guide us and the values you instilled in our company will continue to light our way.

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What would you change: "This is a vibrant and innovative industry with a fantastic story to tell. Our leaders in this industry have been so focused on performing for employers and consumers they haven't spent as much time on communicating what they are doing. They are changing the delivery system. It is important for our members to stand up straight and talk about that."

DORIS JOHNSON

Senior Vp and Managing Director Worldwide Field Operations and Administrative Manager, Claims
Chubb & Son Inc.
Warren, New Jersey
Age: 57

Doris Johnson, who has served in her current position since 1991, was Chubb's first female senior vp. Ms. Johnson leads the worldwide claims field operations and house counsel operations with more than 2,000 field and home office employees. Ms. Johnson began her career at Chubb in 1974, supervising a team of adjusters. She is a member of Chubb's Executive Diversity Council.

Advice for young women: "You are entering a very exciting industry, and one that has a lot of moving parts. Consider this a journey in which you not only go deep to master a subject area, but go broad to see how all the parts go together. Continually learn the industry inside and out. The insurance industry responds to the needs of the world. Be fully aware that this industry is driven by customer needs. Understand the customer's needs, respond to the customer's needs by knowing the vehicles available to help and how to put those vehicles together."

LINDA JOHNSON

Executive Vp
Benfield Inc.
Minneapolis
Age: 42

Linda Johnson, now the highest-ranking female in Benfield Inc.'s history, entered the industry after college graduation in 1987 as a management trainee for the company's predecessor organization, E.W. Blanch Co. In the early years of her career, Ms. Johnson held several sales and marketing positions while earning her master of business administration and Chartered Property Casualty Underwriter designation. She became executive vp in 2000 and was part of the senior leadership group involved in Blanch's sale to Benfield in 2001. Ms. Johnson heads Benfield's casualty specialties team.

Greatest influence: "My mother was a phenomenal role model for taking charge of your destiny. She became a single parent and immediately had to go on welfare. She then got a full-time job, finished college, earned her MBA and became controller of Bass Shoes. In the industry, Jane Nelson, who was president of St. Paul Surplus Lines, showed me how smart women in the business can be. Art Horowitz of E.W. Blanch was the first person I worked for as a reinsurance broker. He was a great role model with respect to strategic thinking."

SHARON KALETA

Chief Executive Officer and President
Disability Management Employer Coalition
San Diego
Age: 58

Ms. Kaleta, co-founder of the San Diego-based Disability Management Employer Coalition, is known as a grass-roots leader. Through her DMEC work, Ms. Kaleta helped create an industry professional designation, the Certified Professional in Disability Management. She also worked for two decades as a risk manager in the restaurant and aerospace industry. During a portion of that time, she also managed benefits that included overseeing a self-insured and self-administered disability program, which became a springboard for her DMEC work.

What would you change: "I think the insurance industry as well as employers in this country need to think about long-term objectives and be willing to put programs in place that don't benefit them in the second quarter but in the second year. The industry moves too slow. It needs quicker implementation of new innovative programs. We spend too much time talking and analyzing things to death instead of using common sense to find avenues that work. Some will not work, but most will. Just do it."

ANASTASIA KELLY

Executive Vp, General Counsel, Senior Regulatory and Compliance Officer
American International Group Inc.
New York
Age: 56

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Before being appointed to her current position, Anastasia Kelly was executive vp and general counsel of MCI/WorldCom, where she helped the company emerge from bankruptcy and resolve all criminal and civil investigations after it filed a corporate financial restatement in April 2004.

Advice to young women: Young women should find a mentor and network within the industry. "Learn everything you can, stay flexible and don't reject career paths out of hand because they may seem nontraditional."

MELISSA KERNS

Senior Vp
AIG Risk Management Group
New York
Age: 40

Melissa Kerns has spent her entire career in the insurance industry with AIG, joining the company as a professional associate in 1988. Currently, she is the profit center manager for the group's national account segment, which consists of property/casualty accounts with $700 million or more in sales.

Greatest influence: Charles Dangelo, president of AIG Global Risk Management. "He makes it look so easy, when running a company is certainly not easy to do."

JOY ERVEN LAUGHERY

Director of Stamping Office
Surplus Lines Assn. of California
San Francisco
Age: 37

Just before joining the Stamping Office in July 2003, Joy Erven Laughery worked for ACE Westchester Specialty Group as an underwriting and marketing supervisor. She got her start in the industry as an assistant broker at Commodore Insurance Services and at Swett & Crawford Group between 1992 and 1996. She then went to Colemont Insurance Group Inc. as an associate broker and in 1999, she became an assistant vp at Integrated Risk Solutions Inc. before joining ACE in 2001. In addition to her current position, she also serves as the Surplus Lines Assn. of California's chief financial officer and chief operating officer.

What would you change: "I would like to see more educational seminars on ethics and public relations. Many aspects of the insurance industry are insular, and not known to anyone outside of a small circle. Through education, the industry can improve professional conduct and shed light on insurance for consumers and business alike."

LOU ANN LAYTON

Managing Director
and National D&O Practice Leader
Marsh Inc.
New York
Age: 47

Before joining Marsh in 1987, Lou Ann Layton was an underwriter in Chubb Corp.'s executive protection department. Now, as one of the industry's leading professionals in directors and officers liability insurance, she works directly with numerous Fortune 250 clients on their D&O programs. Ms. Layton leads the Client Advisory Practice for the broker's Financial & Professional Liability Practice.

What would you change: "To retain more women at the vp-svp level. We need to provide women with balanced work/life situations that offer both short- and long-term career opportunities. We need to recognize that women may need to leave the 'fast track' for a few years to raise children or care for a parent. But they can provide much value during those years and even more when they are able to return to the fast track."

DEIRDRE H. LITTLEFIELD

Director of Business Development
Starr Marine Agency Inc.
New York
Age: 54

Deirdre H. Littlefield's more than 30 years of experience in both marine and nonmarine lines includes managing worldwide marine operations for the Chubb Group of Insurance Cos. and serving as a senior vp and director of special lines for Swiss Reinsurance America Corp. Just prior to becoming director of business development for Starr Marine Agency this year, she was president of insurance at Quanta Insurance Group. In September she was elected president of the International Union of Marine Insurance. She is the first woman president in IUMI's 132 year history, she said. She was also the first woman Chairman of the American Institute

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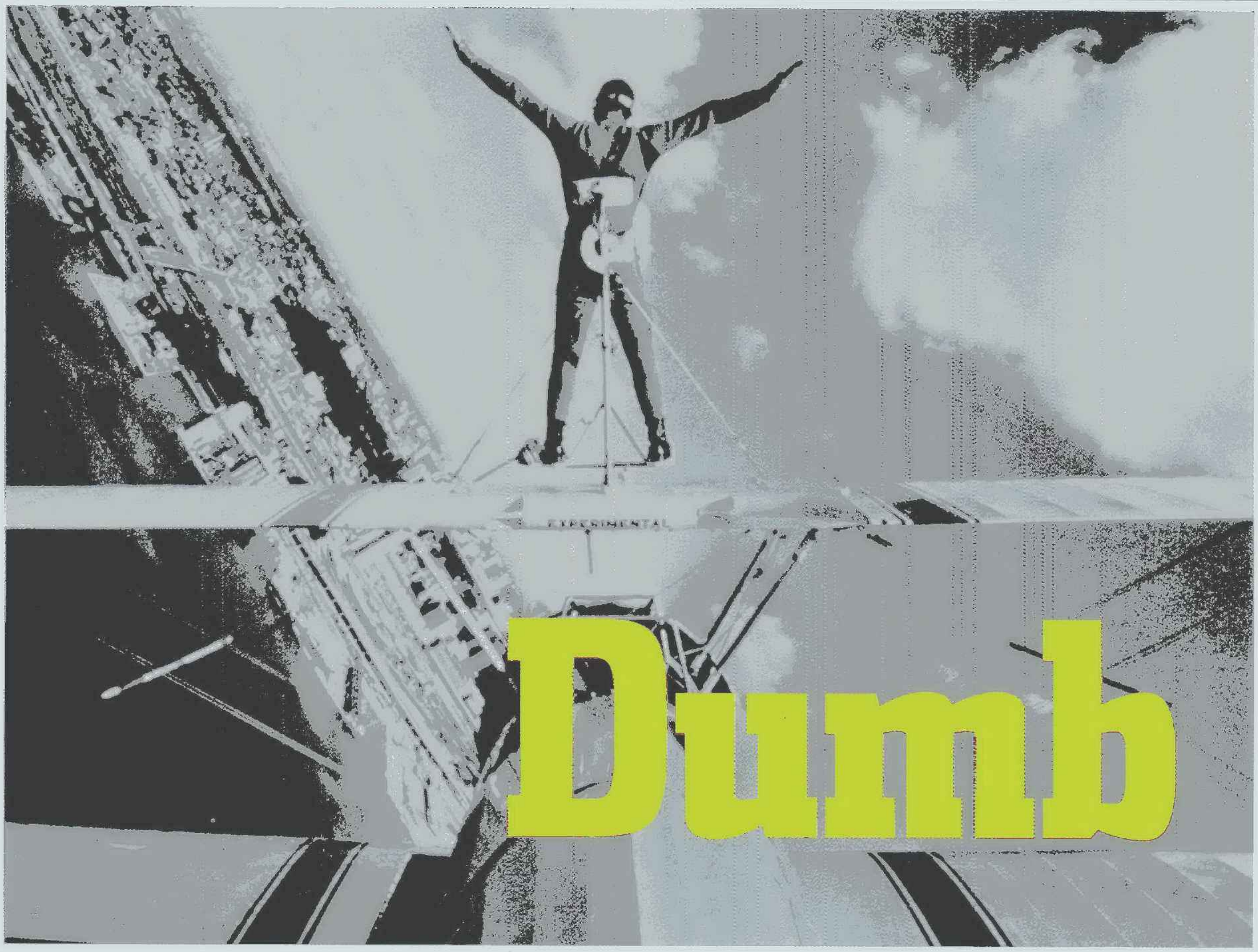

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of Marine Underwriters, serving from 2000 to 2002.

What would you change: "The public image of the insurance industry. It is an interesting and exciting industry which offers rewarding careers."

FIONA E. LUCK

XL Capital Ltd.
Executive Vp and Chief of Staff
Hamilton, Bermuda
Age: 49

Following a career from 1983-1997 at broker Marsh & McLennan Cos. Inc.—where Fiona E. Luck was appointed managing director and head of Marsh's global broking operations in Bermuda—and then a two-year stint at ACE Ltd., she joined XL Capital Ltd. as executive vp-group operations in 1999. When XL earlier this year realigned some of its senior management, creating an "Office of the CEO," Ms. Luck was named chief of staff. In this role, she is charged with overseeing all of the company's legal, marketing, human resources, corporate communications, corporate actuarial and corporate strategy functions, among other things.

Greatest influence: I was fortunate to have the three Bobs at Marsh who were great influences: Bob Clements, Bob Newhouse and Bob Redmond. Then I think of the influences of the two Brians—Brian O'Hara of XL and Brian Duperreault at ACE. Obviously there have been great women influences in my life as well—my mother; my grandmother; Ellen Thrower—a director on XL Capital Ltd.'s board; and Myra Tobin, who was the first woman managing director at Marsh.

EILEEN McCUSKER

Chief Operating Officer for U.K. and Ireland Region
XL Insurance Co. Ltd.
London
Age: 53

Eileen McCusker started her career in insurance as an engineering underwriter in Glasgow, Scotland. She joined XL Capital Ltd. when the Bermudian company acquired Winterthur International from Credit Suisse Group in 2001. Ms. McCusker is one of the most senior women at XL, responsible for more than 400 staff. Between 2004 and 2006, she was responsible for the reorganization of XL Insurance's Nordic operations under one management structure based in Sweden.

Advice to young women: "I'd say the most important qualities you can develop are self-belief, determination and integrity. We're very lucky—there are tremendous opportunities in our industry. Self-belief and determination will help you make the most of them. Integrity, in terms of delivering what you commit to, will get you noticed for all the right reasons. As a woman in a male-dominated industry, you'll get noticed anyway, but you'll be remembered by your integrity."

NANCY M. MELLARD

Executive Vp and General Counsel
CBIZ Benefits & Insurance Services Inc.
Leawood, Kan.
Age: 53

Nancy M. Mellard has more than 25 years of legal, licensing and compliance experience in the insurance industry. She joined CBIZ in 1996 and since then has built her division's licensing department and managed the legal consolidation of more than 20 corporations into a single division for CBIZ. Before joining CBIZ, she served as vp of legal affairs and was later promoted to senior vp and general counsel at the Grant Nelson Group Inc. in Kansas City, Mo. She also is leading CBIZ's Women's Initiative Program and serves as chairwoman of the legal counsel's committee of the Council of Insurance Agents & Brokers.

Advice to young women: "In all aspects of your life, surround yourself with people and associates that are smarter than you. This industry has changed significantly in the past 15 years and will continue to change. Don't let knowledge and change intimidate you or be seen as a threat. Both should be embraced as the greatest opportunities to grow."

SUSAN R. MELTZER

Assistant Vp-Risk Management
Aviva Canada Inc.
Scarborough, Ontario
Age: 52

At Canada Development Corp., where Susan R. Meltzer started in 1983, she leveraged her brokerage background from work at a Toronto broker to rise from the secretarial ranks into risk management for the company. Her experience there led to risk management positions at Bell Canada and then at Sun Life Assurance Co. of Canada. In her new position at Aviva, Ms. Meltzer is charged with developing and implementing an enterprisewide approach to risk management and assisting in the development of a mitigation plan for the insurer's identified risks. She served as president of the Risk & Insurance Management Society Inc. in 1999/2000 and is currently chairman of the International Federation of Risk & Insurance Management Assns.

Greatest influence: "From a risk management standpoint, it was the late Douglas Barlow," also a former RIMS president. "He was just an incredible man. He'd say: 'I have this idea rolling around in my head. I'm too old to do anything with it, so I'm giving it to you to figure is out.' He was just a fantastic mentor."

LARA MOWERY

Managing Director
Guy Carpenter & Co. Inc.
Minneapolis
Age: 37

Lara Mowery is head of Guy Carpenter's property specialty practice in the mid-America regions specializing in developing solutions for difficult risks. She is the firm's acknowledged expert in the Florida property market and has served on the Florida Hurricane Catastrophe Fund. Ms. Mowery has served as the business leader on the development of i-aXs, Guy Carpenter's online risk management platform. Before joining Guy Carpenter, she worked for E.W. Blanch Co. Inc. and its sister company, Paragon.

Greatest influence: "My grandmother has had the greatest influ-

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ence on how I approach the work environment. She owned her own business, and while I never consciously thought about it when I was young, she shaped most of my ideas of how women behave in the workplace. As I saw her, she was very in control, confident in her ability to make good decisions and conveyed a sense of belonging in any environment. Since starting my career, I have had several mentors who have provided invaluable advice and opportunities. I can't imagine trying to successfully negotiate all the decisions that make a career without guidance from people you respect and who appreciate your skills."

SUSANNE MURRAY

Senior Vp
Hilb Rogal & Hobbs Co.
New York
Age: 47

Before joining HRH in 2002, Susanne Murray was D&O senior vp, practice leader and director of the executive risk claims teams at Willis Group Holdings Ltd. She joined Willis in 1997 after spending 10 years at the New York law firm D'Amato & Lynch. Ms. Murray oversees the directors and officers and professional liability practice for HRH's Executive Risk Solutions.

Advice to young women: "Specialization. For me personally, and for many of the women that are on this list, the opportunity to specialize in a particular field of insurance, and taking advantage of that opportunity, cannot be stressed enough. While most of us fell into our careers (and perhaps continue to do so), I strongly recommend grabbing hold of a specialization and then continuously working at perfecting that specialization. This learning never stops, and that is just as important. Even if we don't want to call ourselves experts, we can provide a valuable service to others and be confident in our own abilities when we know what we are talking about.

CECILIA NORAT

Director, State Relations
American International Group Inc.
New York

Prior to joining AIG, Cecilia Norat was executive director of the New York State Insurance Fund from 1990 to 1996. She joined AIG as senior vp of AIG Claims Services Inc. She assumed her current position in 1999, leading a team responsible for tracking and analyzing proposed changes to insurance regulations and legislation in all 50 states. Ms. Norat was the Assn. of Professional Insurance Women Inc.'s Insurance Woman of the Year in 1996.

Greatest influence: Former New York Gov. Mario Cuomo has been the most influential person in Ms. Norat's career because he gave her the opportunity to join the New York State Insurance Fund as deputy executive director in 1986 after she graduated from Fordham University Law School that year. "That was the biggest boost to my career."

LORI S. NUGENT

Partner and Head of the Enterprise Risk Practice Group
Cozen O'Connor P.C.
Chicago
Age: 44

Lori S. Nugent, voted Illinois' "Super Lawyer" in 2005 and 2006 by her bar association peers, focuses on insurance, reinsurance, e-commerce and punitive damages issues. She co-wrote "Punitive Damages: A State-by-State Guide to Law and Practice," published in 2004, and "@Risk: Internet and E-commerce Insurance and Reinsurance Legal Issues," published in 2000. Before joining Cozen O'Connor in 2000, she was a partner with Blatt, Hammesfahr & Eaton beginning in 1994, and before that she was an attorney with Peterson & Ross, both in Chicago.

What would you change: "I see it happening a little already as a result of Sarbanes-Oxley and enterprise risk management. A lot better results are obtained when company executives don't restrict themselves to rigid silos of operation. One of the neat things about SOX compliance is that companies are encouraging that kind of thinking outside of their operating units to address overarching problems that, at the end of the day, can save the company millions."

LESLIE NYLUND

Executive Vp, North American Retail National Partner
Willis Group Holdings Ltd.
New York
Age: 44

Leslie Nylund's career spans the insurance and brokerage sides of the indus-

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try. She worked for American International Group Inc. in the large lines casualty/captive group and has been a senior production underwriter at Continental Insurance Co. She then moved on to Marsh Inc., where she was a managing director in charge of the global broking multilines and global broking environmental national practices at Marsh Global Broking. She then became managing director at Guy Carpenter & Co. Inc., where her responsibilities included overseeing several specialty practices. Ms. Nylund joined Willis in 2004 and now is responsible for Willis' sales performance, client service, administration, acquisition and recruiting in New York. She is a senior executive member on Willis' Employer of Choice committee, and she created the Willis Associate Client Advocate program and currently is mentoring two women associates.

What would you change: "I want the industry to finally have the courage to make the information technology investments needed to become efficient and effective so we can deliver quality service to our clients. We need a collaborative effort between insurers and brokers to focus on the back-office administration and service side of the business so we can deliver to the clients what they demand and require from the post-binding process. We need sets of uniform policy standards so we can more efficiently deliver policies that are accurate the first time, and we need systems to expedite claims payments. If we are more efficient with the paperwork, we can be more proactively consultative and creative."

JANICE OCHENKOWSKI

Managing Director
Jones Lang LaSalle Inc.
Chicago

Janice Ochenkowski moved from teaching high school English and French in 1980 when she joined the risk management department of a predecessor firm of her current employer, real estate services and money management firm Jones Lang LaSalle. Currently, she is responsible for global risk management. In addition, Ms. Ochenkowski is vp of the Risk & Insurance Management Society Inc. and is slated to become president of RIMS in 2007.

Greatest influence: "My father. He never placed a limitation on me because I was a girl. He always encouraged me to explore my interests."

SUSAN J. PATSCHAK

Executive Vp and Chief Operating Officer
Endurance Specialty Insurance Ltd.
Hamilton, Bermuda
Age: 45

Susan J. Patschak became an actuary before joining Tillinghast-Towers Perrin in 1985, where she worked for the next 17 years, holding several senior management positions. She then joined ACE Ltd. in 2002, where she served as global chief actuary and led a team of more than 100 actuaries. Ms. Patschak joined Endurance in 2004 and was responsible for the property catastrophe unit. Earlier this year, she was promoted to executive vp and chief operating officer. In addition to the responsibilities of her new position, she is a member of the executive team of Endurance Speciality Holdings Ltd., and serves on the Loss Reserve Committee overseeing the liability levels for all of the Endurance Specialty Holdings companies.

What would you change: "I think as far as the industry as a whole, I would love to see less regulation. But if you are looking at people in the industry, we need to raise the bar on the level of talent we select and hire. By taking a more proactive role and identifying the skill sets we need to succeed, we could then hire the best and brightest young people and raise the overall talent in our industry to a higher level."

MARY TODD PETERSON

Chief Operating Officer
and Chief Executive Officer Designee
Medmarc Insurance Group
Chantilly, Va.
Age: 52

Mary Todd Peterson on Jan. 1 will become CEO of Medmarc Insurance Group, a company she joined in 2001 as vp and chief financial officer. Ms.

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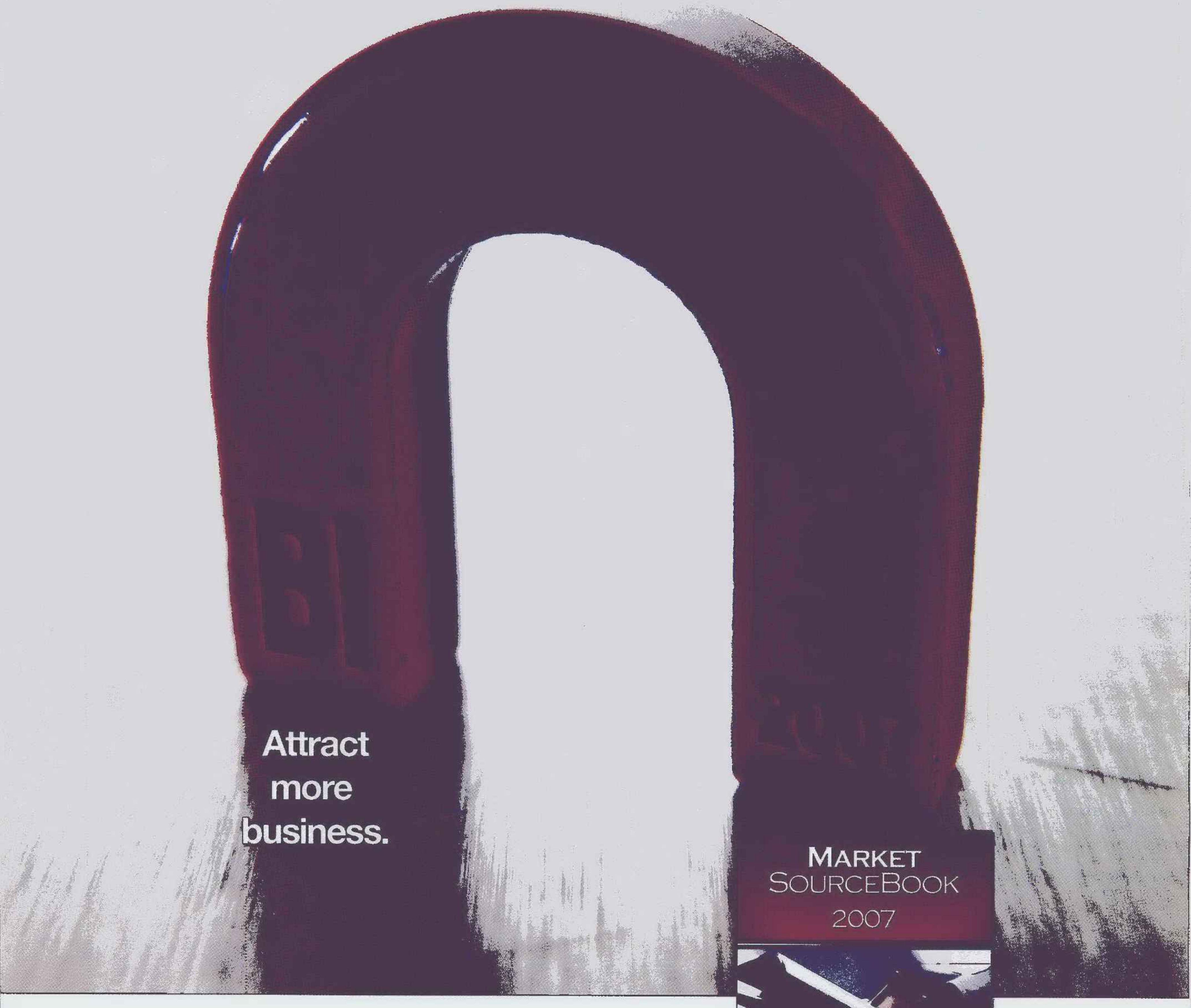

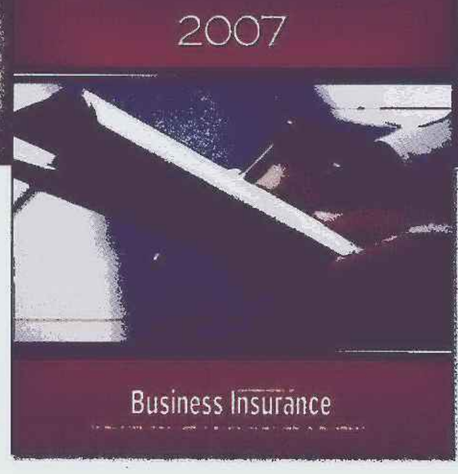

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Peterson was promoted to chief operating officer earlier this year. In 2005, she led the creation of a comprehensive strategic plan for the company. A certified public accountant, she was a partner with Johnson Lambert & Co., a public accounting and consulting firm specializing in insurance companies, from 1993-2001. Ms. Peterson, who began her career with the former Ernst & Ernst accounting firm, completed the Duke University Fuqua School of Business Advanced Management Program this year.

What would you change: "I think the one thing I would change would be irrational pricing. The industry goes through cycles, and sometimes prices decrease without sound basis. We need to have a more consistent rationale for pricing."

LEIGH ANN PUSEY

Chief Operating Officer and Senior Vp-Government Affairs
American Insurance Assn.
Washington
Age: 44

Leigh Ann Pusey joined the American Insurance Assn. as senior vp-public affairs in 1996, was named senior vp-federal affairs in 1999 and added the duties of chief operating officer earlier this year. She previously held several political positions, including communications director for former U.S. House Speaker Newt Gingrich, R-Ga.

Advice to young women: "It's a tough environment but full of opportunity. You need to know your subject—be smart, and be willing to work hard. Most importantly—think strategically."

PAULA ROSPUT REYNOLDS

President and Chief Executive Officer
SAFECO Corp.
Seattle
Age: 50

Before being tapped to head SAFECO earlier this year, Paula Rosput Reynolds had spent most of her career in the energy industry. After graduating from college, she worked at a consulting firm in Boston before entering the energy industry in 1979. Her previous management positions include serving as: a senior vp at Pacific Gas Transmission Co.; president and CEO of Duke Energy North America; and chairman, president and CEO of AGL Resources Inc., a holding company that includes six natural gas utility companies. In addition to serving on the board of SAFECO, she is on the boards of Coca-Cola Enterprises Inc. and Delta Air Lines Inc.

PAMELA RIPPENS

Senior Vp, Field Operations
Specialty Risk Services L.L.C.
Hartford, Conn.
Age: 42

Pamela Rippens landed a job with The Hartford Financial Services Group Inc. right out of college. Four years after joining as an account claims representative, she became assistant manager in SRS's Brea, Calif., hub office. By 1993, she was named assistant vp in Hartford's national accounts underwriting area. Ms. Rippens moved into her current position in 2001, and is responsible for the results of the third-party administrator's 1,300 field employees nationwide.

What would you change: "There is a belief that insurance and financial risk management is a male dominated, old school, good-old-boys industry. If women accept this view, then they will shy away from this field, and they shouldn't. I want to debunk this myth. Women should challenge this perspective of the industry. In my experience, women have a variety of career opportunities in the insurance industry that are personally fulfilling as well as have an impact on the growth of the business."

KAREN ROHAN

President
CIGNA Group Insurance
Philadelphia
Age: 43

Karen Rohan joined CIGNA in 1991 after holding management positions at Ernst & Whinney, now known as Ernst & Young L.L.P., and at Monarch Capital Corp. Ms. Rohan has advanced through numerous leadership roles at CIGNA, including serving as controller and senior vp of underwriting for CIGNA Healthcare. Named last year as president of CIGNA Group Insurance, she has executive management responsibility for CIGNA's life and disability units. Ms. Rohan also is president of CIGNA Dental & Vision Care.

Greatest influence: "I have what I call my personal board of directors. They are made up of business colleagues, friends and family. They have encouraged me to take risks and opportunities and to be passionate about what I do."

MARY ROTH

Executive Director
Risk & Insurance Management Society Inc.
New York
Age: 46

Mary Roth began her career at RIMS in 1985 as a research analyst after spending a couple years in research and development at Group Health Inc., a large nonprofit health services organization in New York. Ms. Roth steadily rose through the RIMS organization, assuming the position of assistant director of research and the director of membership and chapter services before being tapped for deputy executive director and then chief operating officer. Ms. Roth assumed her current position in October 2004.

Greatest influence: "First and foremost, it was former RIMS Executive Director Gene Ricci," who headed the organization from 1991 through March 1997. "He told me, 'You someday should have my job.' And after that, he was very supportive" in ensuring that Ms. Roth was involved in budgeting and strategic planning for the organization. "He also encouraged professional development. He put in my mind that someday I could be executive director of RIMS." Also, a group of RIMS leaders, including many RIMS presidents, were instrumental "in supporting my rise to this position and encouraging it."

JOY A. SCHWARTZMAN

Principal and Consulting Actuary
Milliman Inc.
New York
Age: 50

Joy A. Schwartzman joined Milliman in 1988 after working since the late 1970s as an actuary for American International Group Inc. At Milliman, she consults to insurers, reinsurers, banks and regulatory agencies on issues such as company valuation, adequacy of loss reserves and business profitability. Her actuarial work has been used in nearly 100 due diligence assignments, including ACE Ltd.'s purchase of CIGNA Corp.'s property/casualty business. Ms. Schwartzman also helped develop loss reserves as part of the Peoples Insurance Co. of China initial public offering in 2003, which was the first Chinese property/casualty insurance company to go public.

Greatest influence: "I was fortunate that I took a job earlier in my career at AIG. I was surrounded by many people from whom I learned so much, including Robert Sandler, who was the chief actuary at the time, Brian Duperreault...and being exposed to Mr. Greenberg and his brilliance and his great insights, I learned so much from them."

LUCILLE SGAGLIONE

Senior Vp, Specialty Claims
Zurich Financial Services
New York

After practicing law, Lucille Sgaglione entered the insurance industry in 1987 working in specialty lines areas. Ms. Sgaglione currently directs what is essentially a small company within a large organization. She manages about 500 claims people in the specialty claims, mass litigation and construction defect areas and has been in her current position for four years.

What would you change: "I would encourage the insurance industry to provide more varied opportunities for employees as their careers develop so that people who enter in one discipline can move to another if they choose to do so. That would help maintain talented people."

KELLY SMITH

Executive Vp
Aon Re Americas
Chicago
Age: 41

Kelly Smith has worked in the reinsurance field for 21 years, including 17 years at Aon Re, and six years in her current position. Ms. Smith's responsibilities include ensuring that Aon Re meets its client needs, while generating revenue and managing expenses. Among other things, she led the development of an online system to help Aon Re clients gain real-time claims, accounting and contract information on their reinsurance programs. Before joining Aon, she was employed at brokerage Thomas A. Greene & Co.

Greatest influence: "There's been a couple of people in my career who have been mentors: Michael Bungert, who is the president and CEO of Aon Re, has been a mentor for me for my entire career and continues to be, and Michael O'Halleran, who is chairman of Aon Re. I've been very fortunate to have mentors throughout my career that have made a difference. I really think there's a lot of people who have had a hand in my career."

KAREN V. SOTHERN

Senior Vp and Regional Executive Officer
ACE USA
Boston
Age: 43

Karen V. Sothern began her career in the insurance industry at CIGNA Corp., where she held various underwriting, business development and management positions including serving as senior vp of CIGNA Global Risk Management. Since ACE Ltd.'s acquisition of CIGNA's property/casualty business in 1999, she served as a senior vp in ACE USA's international division before taking her current position as senior vp and regional executive officer for ACE USA's New England Region in 2002.

What would you like to change: "If I could change something about the insurance industry it would be its image. Ours is a sophisticated

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global industry which has significant positive impact on our economy. In simplest terms, we help people and businesses fulfill their regulatory obligations to purchase insurance. The greater impact is our industry's affording people and businesses the opportunity to focus on their priorities—home, family, safety, running businesses, developing products, offering jobs and finding cures—rather than on risk, which we help mitigate."

ROBIN STERNECK

Head of Commercial Insurance
Swiss Reinsurance Co.
Kansas City, Mo.
Age: 49

Robin Sterneck held several leadership positions at GE Insurance Solutions before the unit was acquired by Swiss Reinsurance Co. earlier this year. As head of Swiss Re's commercial insurance segment, Ms. Sterneck leads the strategy and operations of the $1 billion unit, which includes small business workers compensation, programs and general binding authorities, excess and surplus lines insurance, agents and lawyers professional liability and the medical expense group product lines. Ms. Sterneck also serves as president of Coregis Insurance Co., Westport Insurance Corp. and First Specialty Corp.

Greatest influence: Firstly, "my parents. They lived by the quote from Louis Pasteur, 'Chance favors a prepared mind.' This has become my mantra." Secondly, "Jack Welch (former chairman and CEO of General Electric), who said, high-impact ideas can come from anywhere. He heard about something I was doing early in my career with GE and within months had me translating it for all GE businesses. As a result, the teams delivered $100 million dollars in additional revenue in 12 months."

KATHLEEN SWENDSEN

President, Travelers Global Technology Underwriting
St. Paul Travelers Cos. Inc.
Age: 49

Kathleen Swendsen's career began 22 years ago when she joined The St. Paul Cos. as a programmer and has since worked on special projects related to corporate mergers and acquisitions as well as a major restructuring. Before beginning her new role in July, she served as vp and chief administrative officer for the Travelers Financial and Professional Services unit that sells executive liability and professional coverages to public companies, financial institutions and various professionals. In her current position, she oversees a division with $495 million in gross written premiums and more than 200 employees.

Advice for young women: "Throughout your career, the degree to which you can be effective in your job will be a measure of your ability to work with...colleagues and customers. You don't have to like them. You don't have to agree with them on everything. You do have to find a way to build and sustain working relationships to achieve business goals. Don't burn bridges."

CLAUDIA P. TEMPLE

Director of Risk Management
Brunswick Corp.
Lake Forest, Ill.
Age: 44

Claudia P. Temple began her career in risk management in 1985 when she joined General Electric Co.'s health and safety department. In 1989 she moved to BorgWarner Inc. where she rose to the position of director of risk management before moving to her current position at Brunswick in 2002. In addition, she became chairman of the risk management council of Manufacturers Alliance/MAPI Inc. earlier this year.

Greatest influence: Geraldine Fielder, her former boss at BorgWarner. "Besides being a strong manager and great leader, she once told me that if you are given a job, you need to understand your authority and take responsibility."

ELLEN THROWER

Executive Director
St. John's University,
School of Risk Management
New York
Age: 59

Ellen Thrower is a professor and the executive director of the School of Risk Management, Insurance and Actuarial Science at St. John's University's Peter J. Tobin College of Business. The School of Risk Management was formed following a merger with The College of Insurance, of which Ms. Thrower was president. Before joining The College of Insurance, she was a professor and director of the Insurance Center at Drake University in Des Moines, Iowa. Ms. Thrower was the Assn. of Professional Insurance Women Inc.'s Insurance Woman of the Year in 1993.

What would you change: Improving the image and understanding of the industry. "There's a negative image that gets in the way of attracting talent."

KAREN BELDY TORBORG

Global Practice Leader-Private Equity and Mergers and Acquisitions
Marsh Inc.
New York
Age: 40

Karen Beldy Torborg joined Marsh in 1993 from Chubb & Son Inc., where she worked in underwriting. At Marsh, she started in the casualty practice before transferring to the private equity and mergers and acquisitions practice in 1996. At PEMA, she took on progressively more complex roles, including global chief operating officer and North America PEMA practice leader. She was named to her current position in 2005 and, that year, she was also appointed to the Marsh board.

What would you change: "I would improve the industry's ability to efficiently provide important risk-related data to consumers. I look forward to the industry's continued technological advancement in the area of data aggregation so that consumers can make decisions with the best information possible."

SARAH TURVILL

Chief Executive
Willis International
London
Age: 52

Sarah Turvill has spent all of her 28 years in the brokerage sector at Willis, which she joined in 1978 as an in-house lawyer. During her time at Willis, Ms. Turvill was an instrumental member of the team that built the European network of Willis Group Ltd. in the 1990s. Ms. Turvill also led the team that obtained a license to trade in China through a joint venture company, Willis Pudong Insurance Brokers. Ms. Turvill in 2001 became chief executive of Willis International, where she is responsible for 34 subsidiary companies with total revenue of $447 million and more than 3,800 employees.

What would you change: "The perception that (the industry) is really rather dull."

LAUREL A. ULRICH

Senior Vp, Regional Executive Officer
Western Region
ACE USA
Los Angeles
Age: 43

Laurel A. Ulrich began in the insurance industry in 1987 as a workers compensation claims representative at Travelers Property Casualty Corp., and then went to American International Group Inc. later in 1987. In 1990, she took a position at Johnson & Higgins, which was purchased by Marsh & McLennan Cos. Inc. during her tenure. She began working for ACE in 2001. In 2003, Ms. Ulrich became regional executive officer for the Western region as part of the insurer's coordination of its business units to represent "One ACE" to customers and distribution channels. Her leadership of ACE's Western region has helped it grow from four employees to 70.

Advice to young women: "The

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advice I offer young women entering the industry today is to learn as much as possible as quickly as possible. Take advantage of any education that is offered through your company and study and take the tests while you are still young and used to taking tests. The more proficient you are at the technical side of our industry, the better you will be at any job. Work long hours, take initiative, find a mentor and constantly ask questions."

MAXINE E. WALKER

Vp, Western Division Claims Manager
Factory Mutual Insurance Co.
Plano, Texas
Age: 47

Maxine Walker joined Factory Mutual Engineering & Research in 1981 as a loss prevention consultant, and later joined Arkwright Mutual Insurance Co. where she was assistant claims manager of southern operations. After Arkwright joined the other two Factory Mutual companies to form Factory Mutual Insurance Co., which does business as FM Global, Ms. Walker became claims manager for the forest products operation. She was named operations claims manager in New York in 2003 and assumed her current position earlier this year.

Advice to young women: "Do not limit your career opportunities based on gender. Determine what your career goals are, and always strive to be the very best. Embrace the challenges and opportunities which may come your way and allow yourself to take risks. You will be amazed to discover what you can accomplish through your hard work and commitment."

LISA WALL

Senior Vp-Account Executive, Risk Management
Lockton Cos.
Kansas City, Mo.
Age: 40

Lisa Wall began her career as an auditor at KPMG in 1988, before moving to a unit of Seafield Capital Corp. where she eventually became corporate internal auditor and risk manager. She joined Lockton in 1997 and currently she is a leader in Lockton's risk management team that focuses on providing clients with guidance on risk financing and the accounting and tax treatment of risk transactions. She is also chair of Lockton's captives practice where she developed the brokerage's proprietary captive financial forecasting model and consults with clients on the formation and implementation of captive programs.

What would you change: "This is a great industry. Our work helps the global economy prosper. But the industry isn't well understood. To some, insurance seems like a black box. We need more transparency in the industry, so we can strengthen trust with clients, regulators and public officials."

SHELLY WOLFF

North America Leader of Health and Productivity
Watson Wyatt Worldwide
Stamford, Conn.
Age: 49

Shelly Wolff has more than 20 years experience in employee benefits, risk management and insurance programs. Prior to joining Watson Wyatt, she was responsible for workplace absence and disability programs at General Electric Co. for nine years. Among her many accomplishments are leading a companywide cross-functional project to reevaluate GE's paid time off benefits, creating a new program that has become a model in the industry for benefit design and delivery. She joined Watson Wyatt in 2003. Ms. Wolff is a board member of the Council for Employee Health and Productivity at the National Business Group on Health. She has also received the Quality Leadership Award from the Commission for the Certification of Disability Management.

Greatest influence: "My college freshman adviser. He re-directed me to a program that required a masters degree, which extended my college training beyond what was planned. However, it put me on a completely different path, which allowed me to move into business, disability and health care, which was not in my career plans."

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LEGAL NOTICE

UNITED STATES BANKRUPTCY COURT - SOUTHERN DISTRICT OF NEW YORK

In re
Petition of Ipe Jacob and Nigel Ruddock as Joint Provisional Liquidators of
UIC INSURANCE COMPANY LIMITED,
Debtor in a Foreign Proceeding.

In a Proceeding Under Section 304 of the Bankruptcy Code

Case No. 96-44385 (JMP)

PLEASE TAKE NOTICE that, in accordance with the Order Scheduling Hearing and Specifying the Form and Manner of Service of Notice, dated August 8, 2006 (the "Scheduling Order"), the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") has scheduled a hearing for October 27, 2006 at 10:00 a.m. (the "Hearing") before the Honorable James M. Peck in the Bankruptcy Court, One Bowling Green, New York, New York to consider the motion (the "Motion") of Ipe Jacob and Nigel Ruddock (the "Petitioners") for a Permanent Injunction and Order Granting Recognition and Giving Full Force and Effect to UIC Insurance Company Limited's ("UIC") Scheme of Arrangement, pursuant to section 425 of the Companies act 1985 of Great Britain, and related relief.

PLEASE TAKE FURTHER NOTICE that the terms of the proposed order granting the Motion (the "Proposed Order") are substantially set forth below:

1. that the Scheme of Arrangement (as defined in the Motion) shall be given full force and effect in the United States, and shall be binding on and enforceable against all Scheme Creditors (as defined in the Motion) in the United States upon sanction of the Scheme of Arrangement;

2. that all persons and entities, including, without limitation, all Scheme Creditors are hereby permanently enjoined from taking any action in contravention of, or inconsistent with, the Scheme of Arrangement;

3. that all person and entities, including, without limitation, all Scheme Creditors are permanently enjoined from seizing, repossessing, transferring, relinquishing, or disposing of any property of UIC in the United States, and its territories, or the proceeds of such property, to any person or entity other than the Scheme Officers (as defined in the Motion);

4. that all person and entities, including, without limitation, all Scheme Creditors are permanently enjoined from: (a) commencing or continuing any action or legal proceeding (including, without limitation, arbitration, mediation or any judicial, quasi-judicial, administrative or regulatory action, proceedings or process whatsoever), including by way of counterclaim, against UIC or any of its property in the United States, and its territories, that is involved in the foreign proceeding, or the proceeds thereof, and seeking discovery of any nature against UIC, except as provided in the Scheme of Arrangement; (b) enforcing any judicial, quasi-judicial, administrative or regulatory judgment, assessment or order, or arbitration award and commencing or continuing any act or action or any legal or equitable action or proceeding (including, without limitation, arbitration, mediation or any judicial, quasi-judicial, administrative or regulatory action, proceedings or process whatsoever) or any counterclaim to create, perfect or enforce any lien, attachment, garnishment, set-off, or other claim against UIC or any of its property in the United States, and its territories, or any proceeds thereof, including, without limitation, rights under reinsurance or retrocession contracts, except as provided in the Scheme of Arrangement; (c) invoking, enforcing or relying on the benefits of any statute, rule or requirement of federal, state, or local law or regulation requiring UIC to establish or post security in the form of a bond, letter of credit or otherwise as a condition of prosecuting or defending any proceedings (including, without limitation, arbitration, mediation or any judicial, quasi-judicial, administrative or regulatory action, proceedings or process whatsoever) and such statute, rule or requirement will be rendered null and void for proceedings; (d) drawing down any letter of credit established by, on behalf of, or at the request of, UIC, in excess of amounts expressly authorized by the terms of the contract or other agreement pursuant to which such letter of credit has been established; and (e) withdrawing from, setting off against, or otherwise applying property that is the subject of any trust or escrow agreement or similar agreement in which UIC has an interest in excess of amounts expressly authorized by the terms of the contract or any related trust or other agreement pursuant to which such trust, escrow, or similar arrangement has been established;

5. that all persons and entities, including, without limitation, all Scheme Creditors in possession, custody, or control of property of UIC in the United States, or its territories, or the proceeds thereof, will be required to turn over and account for such property or proceeds to the Scheme Officers;

6. that nothing in the Proposed Order shall in any respect prevent the commencement or continuation of proceedings against any person or entity other than UIC; and

7. that no action taken by either of the Petitioners, the Scheme Officers, their successors, agents, representatives, advisers, or counsel, or any of them, in preparing, disseminating, applying for, implementing or otherwise acting in furtherance of the Scheme of Arrangement, the Scheduling Order, the Proposed Order, UIC's section 304 proceeding, any further order for additional relief in the section 304 case, or any adversary proceedings in connection therewith, will be deemed to constitute a waiver of the immunity afforded to the Petitioners, the Scheme Officers, their successors, agents, representatives, advisers, or counsel pursuant to section 306 of the Bankruptcy Code.

PLEASE TAKE FURTHER NOTICE that, on August 26, 1996, the Bankruptcy Court issued an Order Granting Application for Preliminary Injunction (the "Preliminary Injunction"). The Preliminary Injunction shall remain in full force and effect until entry of further order of the Bankruptcy Court.

PLEASE TAKE FURTHER NOTICE that, the Hearing may be adjourned at anytime without notice; provided, however, that the Petitioners will electronically file a notice of any such adjournment on the Bankruptcy Court's electronic case filing system (a copy of which may be viewed on the Bankruptcy Court's website at www.nysb.uscourts.gov).

PLEASE TAKE FURTHER NOTICE that, all parties-in-interest opposed to the relief sought in the Motion must appear at the Hearing at the time and place set forth above. All papers submitted for the purpose of opposing the relief sought in the Motion shall be filed with the Bankruptcy Court with a copy to Chambers of the Honorable James M. Peck and served on Chadbourne & Parke LLP (Attn: Howard Seife, Esq.) so as to be received on or before three days prior to the Hearing. The Scheduling Order, the Proposed Order, the Motion and any supporting papers and the Preliminary Injunction will be made available upon request at the offices of the Petitioners' United States counsel at the address below:

Chadbourne & Parke LLP • Attorneys for the Petitioners • 30 Rockefeller Plaza
New York, New York 10112 • (212) 408-5100 • Attn: Howard Seife, Esq. and Francisco Vazquez, Esq.

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International NEWS

German firms grapple with tough bias law

Measure seen as more stringent than E.U. directive

By RICHARD MILLER

MUNICH, Germany—German risk managers are expressing concerns over increased workplace lawsuits following the recent passage of an anti-discrimination law that they contend is even tougher than the European Union directives it is based on.

"You get some E.U. directive on some legal issue, and the Germans always manage to do it super extensive, super correct, and that is what happened to the anti-discrimination law," said Ralf Oelssner, chairman of the Deutscher Versicherungs-Schutzverband e.V.—the German commercial insurance buyers association—and director of corporate insurance at Cologne-based airline Lufthansa A.G.

"It could lead to a very different type of litigation, increased litigation," he added.

An immediate concern is that companies with a named perils liability policy may not be covered for violations under the anti-discrimination law, noted Herbert Palmberger, a partner and head of the German insurance and reinsurance law group at law firm DLA Piper U.K. L.L.P. in Cologne. "I would strongly advise (companies) to check that," he said.

Under the law, known as Allgemeines Gleichbehandlungsgesetz, employers are expressly prohibited from discriminating against job applicants or employees based on race or ethnic origin, gender, religion, disability, age or sexual orientation.

In effect since mid-August, the legislation transposed into national law four E.U. directives on equal treatment.

Christian Berg, a labor and employment lawyer in the Frankfurt office of Squire, Sanders & Dempsey L.L.P., a U.S.-based international law firm, said the German law went beyond the scope of the E.U. directives. For example, it imposed a higher burden of proof on employers than required under E.U. law, he said.

"You get some E.U. directive on some legal issue, and the Germans always manage to do it super extensive, super correct."

Ralf Oelssner, Lufthansa A.G.

According to a primer on the AGG prepared by Mr. Berg, the law requires employers to protect their workers from discrimination and discriminatory harassment by coworkers or third parties, such as customers. In addition, a job applicant or employee can claim damages within two months after being discriminated against. Damages may include claims for non-monetary losses, such as pain and suffering, and compensation generally is not limited under the AGG, the primer notes.

Mr. Berg said it remains to be seen what amounts German courts will find adequate as compensation for discrimination.

The AGG will also have a major impact on insurers since it protects against discrimination in civil mass contracts, which includes insurance contracts, Mr. Berg added.

The law's impact was a topic of discussion at last month's DVS symposium in Munich, with members questioning whether the AGG would expose German companies

See **LAW** on next page

World Bank may offer cat pool assistance

Help directed at developing nations

By RICHARD MILLER

BUCHAREST, Romania—In a new role for the World Bank, the international organization is exploring ways to become a provider of risk management and insurance solutions to help developing countries manage catastrophic risks.

One option under consideration is the creation of a global reinsurance facility—a global risk pooling solution made available to its 184 member countries.

The idea, though, is not to "crowd out the reinsurance market," said Eugene Gurenko, lead insurance and risk management specialist at the World Bank in Washington. "It is really a facility to facilitate government access to reinsurance markets," he said.

The global reinsurance pool was mentioned in a speech by Mr. Gurenko at the International Catastrophic Risks Forum in Bucharest, Romania, last week.

Since the bank has developed expertise in assisting some countries in managing their catastrophic risks, the intention now is to see how to "streamline this type of assistance by providing global products," said Mr. Gurenko, elaborating on the bank's initiative in an interview. For example, the organization has assisted the government of Romania with the creation of a government-backed catastrophe pool.

See **WORLD BANK** on next page

Probe of HIH collapse yields new guilty plea

Former exec admits to misleading statements

By SARAH VEYSEY

SYDNEY, Australia—The former company secretary of failed Australian insurer HIH Insurance Ltd. has pleaded guilty to four criminal charges related to the company's collapse.

In the Supreme Court in Sydney, Australia, Frederick Lo on Friday admitted three counts of making false or misleading statements and one of failing to properly exercise his powers as an officer of the defunct insurer between May 1999 and October 2000.

A sentencing hearing was slated for January.

HIH became Australia's largest ever corporate collapse when it went under in 2001.

In addition to the criminal charges filed against Mr. Lo, last year he was disqualified from acting as a director or senior manager of a general insurer by the Australian Prudential Regulation Authority. APRA found that Mr. Lo had not exercised due care and diligence in several instances while he was company secretary of HIH.

Several other former executives of HIH have faced criminal charges, and some have been jailed or banned by the country's insurance regulator for their role in the company's downfall.

Most recently, Dominic Fodera, the former chief financial officer of HIH was ordered to stand trial on six criminal charges related to the unraveling of the insurer.

Following an investigation by the Australian Securities and Investments Commission, Mr. Fodera was ordered in the Downing Centre Local Court in Sydney, Australia, to stand trial on charges that he failed to inform directors and the company's auditors of the true terms and effect of contractual arrangements entered into between and Hannover Re Group in the financial year to June 30, 1999.

In 2003, a report released by the Australian Royal Commission investigating the failure of HIH found that mismanagement led to the insurer's spectacular collapse.

Lloyd's keeps names but eyes changes

By STUART COLLINS

LONDON—Following the completion of a review, Lloyd's of London has decided to continue accepting capital from individual investors, known as names.

Lord Levene

Lloyd's initiated the review of how investors' capital is provided to Lloyd's insurers—through what is known as the annual venture—as part of the market's strategic plan, which was unveiled in January (*BI*, Jan. 23).

The market group that conducted the review determined that there is a place for both private capital—that supplied by individuals—and corporate capital in the insurance market. However, the review also concluded that the current "one-size-fits-all" approach to the annual venture was no longer viable, and proposed two options to allow for greater flexibility and to strengthen the Lloyd's market.

In a letter to the market, Lloyd's Chairman Lord Peter Levene said that "there is consensus in the market that Lloyd's benefits from a diverse capital base" and that the "annual venture structure supports this diversity."

"We, therefore, have no plans to disturb the current terms on which private capital participates. However...it is clear that the current basis on which private capital participates is not a sustainable model for the future," Lord Levene said.

In addition to the letter, Lloyd's issued a report in which it identified two alternative models through which private capital could participate—through a more flexible agency agreement and special purpose reinsurance syndicates.

"I would encourage managing agents and those representing private capital at Lloyd's to explore these and other possibilities," he said.

Lloyd's is seeking a market-led response, according to a spokesman.

Laws: Bias rules tougher in Germany

CONTINUED FROM PREVIOUS PAGE
to widespread U.S. style anti-discrimination lawsuits.

"The AGG could potentially lead to a U.S.-style situation, but we are working in a different legal culture," said Stephan Schramm, managing partner of Bremen-based broker Gebrüder Krose, in an interview. He addressed the topic in a speech at the DVS conference.

Germany currently has no punitive damage awards or class action lawsuits, he noted. "We won't have a final answer (on its impact) until our highest court has said: 'This is the way we want to look at the AGG,'" he said. "Yes, there is the potential to be concerned, but let's wait."

Some risk managers aren't waiting to protect themselves from the potential liability. Klaus Braukmann, managing director of Conti Versicherungsdienst in Hanover, part of tire and auto components maker Continental A.G., is already looking into employment practices liability insurance. Such insurance covers anti-discrimination lawsuits and is common in the United States.

"At the moment, you have to decide whether you want to buy insurance or not," said Mr. Braukmann. "If the risk pops up and you buy insurance, then it will be very expensive. It is like (directors and officers insurance). Fifteen years ago in Germany, everybody said, 'There is no risk here.' We bought the insurance at that time and got it for a relatively decent price, and could continue this decent price until today, so that is the idea behind it."

Other European companies, namely those with U.S. operations who are familiar with the risk, are now looking for worldwide coverage, added Johannes Jung, executive manager at Gebrüder Krose, who has had several requests from clients.

World Bank: May offer cat pool assistance

CONTINUED FROM PREVIOUS PAGE
In the past, the World Bank's role has been mostly that of a lender—a business model that has not changed much over the last 60 years, Mr. Gurenko said.

However, capital markets now are providing most of the financial resources to developing countries. "So, for the middle-income countries who are the key shareholders of the bank, they really would like to see the World Bank being the provider of risk management and insurance services as well as being a sovereign lender," he said.

The concept was endorsed by members last month at the World Bank's annual meeting in Singapore. Emphasizing that the mechanism for such a project is a "work in progress," Mr. Gurenko said the goal is to present a formal proposal to members at the bank's next annual meeting in the fall of 2007.

Regarding the possibility of a global reinsurance facility, Mr. Gurenko said it is similar to the concept of a catastrophe bond. But rather than being provided directly by capital market investors, it would be provided by the facility, which in turn would reinsure itself through the capital markets or reinsurance.

"It would be a special facility for governments, and maybe government-backed insurance schemes, to get additional capacity for dealing with catastrophe risk," he said.

"It is really a way to bring the reinsurance market and the governments of the world closer so that private risk capital becomes, I would say, more available to fund the risk of national disasters in emerging markets." It would also reduce costs for many emerging markets, he added.

Considering the banks work in helping countries deal with catastrophic risk, "it makes sense for me to hear that they are now developing a tool that could be applicable, at least in theory, to all the emerging countries," said Alberto Monti, an associate professor of comparative law at Bocconi University in Milan, Italy. He is also a consultant at the Paris-based Organization for Economic Co-operation and Development's financial affairs division.

Products & Services

MassMutual updates disability policy

SPRINGFIELD, Mass.—Massachusetts Mutual Life Insurance Co. has updated its comprehensive disability income insurance offering to include eased underwriting requirements and higher coverage limits.

For applicants age 45 and younger, blood work and urinalysis have been replaced with a less invasive and quicker oral fluids test, gathered with a swab of the inside cheek. Additionally, instead of a paramedical exam, physical measurements, such as height, weight and blood pressure, are sufficient.

MassMutual also has increased income replacement levels, allowing individuals earning higher salaries to protect more of their income. For example, for executives and professionals—including engineers, CPAs and attorneys—MassMutual can issue up to $20,000 of monthly income protection, when those individuals already are covered by group long-term disability insurance through their employers. In addition, for physicians MassMutual now can issue up to $10,000 of income protection per month, up to age 60.

Payments will continue until age 65 or 67, depending on the policy.

Radius Executive Select, an individual disability income insurance programs targeted to high-income earning executives that was introduced by MassMutual in 2005, extends coverage limits for high-ranking executives, such as chief executives, corporate presidents, senior and executive vps and managing directors, allowing coverage of a larger percentage of their salaries. The highest income earners who have long-term disability coverage in place can receive a maximum of $50,000 per month if totally disabled.

For more information visit *www.massmutual.com*.

St. Paul Travelers unveils fraud cover

ST. PAUL, Minn.—Insurance companies have access to increased protection for employee dishonesty, fraud and other related losses under an enhanced product introduced by St. Paul Travelers Cos. Inc.

Travelers SelectOne for Insurance Companies Financial Institution Bond covers insurance companies for employee dishonesty and other types of loss including computer crime, forgery or alteration of securities, and kidnap and extortion.

Some key enhancements of the program include:

- Expanded employee dishonesty coverage to include an option for restoration costs protection when an employee maliciously destroys electronic information.
- Expanded computer theft coverage to include an option for restoration costs protection and enhanced coverage for fraudulent entries made over the Internet.
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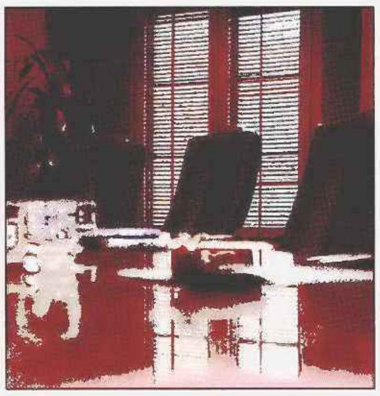
- Expanded forgery and alteration coverage to include fax and voice instruction transactions.
- No charge for certain midterm acquisitions that are less than 25% of the consolidated assets of the policyholder.
- Enhanced discovery language.

Travelers SelectOne for Insurance Companies Financial Institution Bond is an admitted product.

The maximum limit for the policy is $25 million. For more information, contact John Hahn, national director of Financial Institution Bonds, at 860-277-1952, or by e-mail at *jhahn@travelers.com*.



AIG Passport offers global D&O service

NEW YORK—American International Group Inc. has introduced AIG Passport, an enhanced service process for corporate clients purchasing locally admitted directors and officers liability insurance to cover their international operations and subsidiaries.

AIG Passport allows customers to request from an AIG underwriter a global D&O program letter that details terms and conditions of the base D&O policy and one or more locally admitted policies, written in the local language and compliant with specific local laws and regulations. AIG Passport is available for international operations and subsidiaries in more than 75 countries and jurisdictions.

AIG companies will underwrite and issue AIG Passport policies, as well as manage claims locally. AIG Passport service is available at inception or renewal for existing primary D&O insurance customers.

For more information, contact Stephen P. Whelan, executive vp, commercial accounts division of AIG's National Union Fire Insurance Company of Pittsburgh, Pa., at 212-458-2526, or by e-mail at *stephen.whelan@aig.com*.

We'd like to report on new risk management and employee benefit products and services offered by your company. Please send information about your new offerings to: Joe Walker, Business Insurance, 360 N. Michigan Ave., Chicago, Ill. 60601-3806; telephone: 312-649-5283; fax: 312-649-7801; e-mail: jwalker@ businessinsurance.com.

Canada: Defined contribution plans offer flexibility: Plan sponsors

CONTINUED FROM P4

sation package that helps a company attract and retain the best workers, Mr. Coyne said. "The challenges that we have are quite daunting, but I don't think we can stop now," he said. "I don't think we can give up on defined benefit plans. I think if we did, we would find that the social and economic consequences would be far greater than that which we've contemplated up to this point."

Defined contribution plan sponsors, though, say their plans are effective in meeting their employment goals. The University of Western Ontario, for example, offers two defined contribution plans with employer contributions of between 7.5% to 8.5% of pay. The high—compared to other universities in Ontario—employer contribution rate demonstrates that the plan fits the university's employment objectives, according to Louise Koza, director, human resources-total compensation for the London, Ontario-based university.

"In our business, attracting the best faculty is key to our success," she said. "It's a fairly competitive environment for faculty and we like to differentiate ourselves from a compensation point of view."

Defined contribution plan sponsors say the flexibility provided by these plans is a key benefit for employees who do not remain with one company for their entire careers. For the Co-operative Superannuation Society Pension Plan, which provides pension and retirement services or income to more than 37,000 active and retired members, it was critical to have benefit mobility because a sizeable number of employees change jobs, said Bill Turnbull, general manager of the Saskatoon, Saskatchewan-based organization.

Agricore United also developed a defined contribution plan in 1999 after discussions with mid-level managers raised the possibility of having a portable, flexible plan that allows the members to control investments, said Richard Whitbread, pensions and benefits manager for the Winnipeg, Manitoba-based agribusiness. Risk management also played a key role in the decision as company officials converged to assess the pension environment in the late 1990s and decided to investigate the movement in the direction of defined contribution plans, he said.

Sponsors of defined contribution plans are unfazed about potential lawsuits challenging their decisions, such as the level of investment education they provide, which pension experts say is a possible source of future litigation in Canada (*BI*, Oct. 2).

The sponsors say they have protections in place to neutralize the risk of litigation. Shell Canada Ltd., for example, requires new employees attend a pensions and benefits seminar. If the employees later sue the company alleging that they were not given enough information about their pension plan—a potential basis for future defined contribution plan claims—the company can refer to their attendance records to show whether these employees participated in the sessions, said Chris Ferrill, manager of compensation and benefits for the Calgary, Alberta-based energy company.

"Regardless of what you do, if you do nothing, you run the risk of litigation," he noted.

Despite warnings to plan sponsors about providing enough diversity of investment options—another potential basis for defined contribution plan suits—Mr. Turnbull said his organization's plan members consistently say they do not want more than the three investment options offered in their plan. Offering more investment options, he said, will not help sponsors avoid liability when class action lawsuits finally are filed in this area. "You're going to get sued anyway," he said.

Rather than focusing on implementing either a defined benefit or a defined contribution plan, some sponsors have incorporated both types of plans into their benefit structure. Shell Canada created a defined contribution plan that employees participate in during the first nine years of employment. When they reach 10 years of service, employees have the option of choosing to remain in the defined contribution plan or switching to a defined benefit plan, Mr. Ferrill said.

The impetus for the change from a pure defined benefit plan to this structure in 1994 was an analysis of employment data that showed that 80% of employees who left the company did so in the first 10 years, he said. In creating the current pension design, Shell Canada was trying to deliver more value during the first years of service for their employees while also emphasizing its belief in long-term employment, he said.

"If you plan to quit before you retire, a defined contribution plan may be better," he said. "If you plan to retire with the company, a defined benefit plan may be better."

Provinces work towards regulation

While Canadian pension regulators understand the need to revamp pension laws and regulations to create a more favorable environment for defined benefit plans, the division of power between federal and provincial governments makes such change difficult, an Alberta regulator said.

An attempt to harmonize Canadian pension legislation by developing a model pension law that would, if adopted by the legislatures of the 10 Canadian provinces, simplify regulation of plans across provincial borders, has drawn broad support for about 70% of the principles developed by the Canadian Assn. of Pension Supervisory Authorities to create a model law (*BI*, May 30, 2005). The other 30% of the principles, though, hinge on surplus issues, a key source of contention among various stakeholders, said Dennis Gartner, assistant deputy minister of pensions, insurance and financial institutions for the Alberta government. The Toronto-based association "has taken our model law as far as it can go," he said.

Some of the principles included in the model pension law currently being discussed are immediate vesting of pension benefits; the administration of plans by a pension committee with at least two representatives designated by members; and the elimination of partial wind-ups of pension plans, which refer to the termination of part of a pension plan and the distribution of the assets of the pension fund related to that part of the plan.

Provincial governments have taken certain steps to revamp pension legislation and regulation within their borders. The Alberta government, for example, has proposed allowing employers to use letters of credit rather than special payments to fund pension deficits in certain circumstances. "This, however, is a stopgap measure that simply buys us some time to solve the asymmetry issue," Mr. Gartner said.

The issue of asymmetry of pension surplus/deficit ownership—in which plan sponsors are responsible for paying off deficits, but may not be entitled to plan surpluses—is widely seen by employers as a disincentive to adequately fund their plans. This issue was thrust into the spotlight by a controversial Supreme Court of Canada decision in Monsanto Canada Inc. vs. Ontario (Superintendent of Financial Services), that required the distribution of surpluses in partially wound-up pension plans (BI, Aug. 9, 2004).

Contrary to what is often stated, though, the *Monsanto* decision did not make a broad statement that employees are automatically entitled to surpluses upon partial plan terminations, Mr. Gartner said. It was also based on specific elements of Ontario's pension legislation. "If Alberta law were applied to the same set of facts, the results might have been different," he said, cautioning that stakeholders "should not over interpret decisions such as *Monsanto*."

Another debated topic is the possible creation of a federal pension guaranty fund, but Mr. Gartner said that more realistic funding of benefit promises is a better approach to resolving pension funding issues.

—By Gloria Gonzalez

30th Canadian conference

A total of 277 plan sponsors, administrators and service providers attended the Assn. of Canadian Pension Management's 30th national conference in Winnipeg, Manitoba on Sept. 20-22.

The conference featured sessions analyzing the advantages and disadvantages of defined benefit and defined contribution pension plans, political and regulatory issues affecting pension plans and the future of pension regulation in Canada.

Next year's conference will be held Sept. 10-13 in Charlottetown, Prince Edward Island, Canada.

-By Gloria Gonzalez

Bermuda: Captives spared in rule change

CONTINUED FROM P4

Bermuda's reinsurance sector, marked by a surge of formations on the island in the past year, including more than a dozen start-up reinsurers that have been launched in the wake of the devastating 2005 Atlantic hurricane season.

But the promise of strengthened regulation for large companies making Bermuda their home is not a deterrent, according to Mr. Cox.

"These companies are quite willing to accept more stringent requirements because they recognize the role they play internationally," Mr. Cox said during a panel discussion titled "Current Issues and Regulatory Update."

At the same time, Bermuda regulators are committed to ensure that the captive side of the market is not regulated as stringently as its larger counterparts, Mr. Cox said.

Bermuda has chosen to "adopt a much lower level of supervision for a captive," he said.

In terms of the inherent level of risk involved, there is "no comparison" between a Class 1 or Class 2 insurance company compared to a large, commercial reinsurer, Mr. Cox stressed.

Bermuda's Premier, W. Alexander Scott, as part of his opening remarks for the conference, noted that the "government has not considered placing limits on the number of captives here" and has no plans to do so in the future.

Approximately 70% of active insurers licensed in Bermuda are captives, according to data from the BMA. As of year-end 2005, there were an estimated 987 captives, according to *Business Insurance* estimates based on BMA data (*BI*, March 6).

"The captive market is a sophisticated market," said Alan Cossar, deputy chairman of Bermuda's Insurance Advisory Committee, a statutory body that operates under Bermuda's 1978 Insurance Act and advises the Minister of Finance on insurance industry matters in Bermuda.

There is a "need for international bodies...to recognize that because a system is less intrusive doesn't mean it's less effective," Mr. Cossar said.

While regulators internationally are working on enhancing and standardizing regulation for large commercial companies, standards of regulation for captive companies have yet to be established, Mr. Cox noted.

Among other things, Mr. Cox, during the panel discussion, called for a meeting of all major heads of captive domiciles internationally to discuss captive regulation.

Meeting draws 330

About 330 members of the captive insurance industry turned out last month for the second annual Bermuda Captive Conference at the Fairmont Southampton Hotel in Southampton, Bermuda.

The conference took place Sept. 17-20—just days after the island had a close brush with Hurricane Florence.

Among those who addressed participants were Bermuda Gov. Sir John Vereker as well as Bermuda Premier W. Alexander Scott.

Sir Nicholas Young, chief executive of the British Red Cross, delivered the keynote speech in which he described the relief organization's work in the aftermath of large catastrophes such as the Indian Ocean Tsunami in 2004 and Hurricane Katrina in 2005, and called for a partnership between aid agencies and the insurance industry in the future.

Panel discussions covered topics ranging from pandemic preparedness to fronting and tax issues for captives, and featured representatives from several of the island's captive management firms as well as captive owners, attorneys, regulators and risk management consultants.

Next year's conference will return to the Fairmont Southampton from Sept. 16-19, 2007. For more information, visit *www.bermudacaptive.bm.*

—By Rupal Parekh

Security: Risk managers continually modify crisis plans

CONTINUED FROM P1

nity near Lancaster, Pa. and shot 11 girls execution-style, killing five of them. He then shot and killed himself.

Because three of the four recent incidents involved outside intruders, risk managers are making sure their crisis and emergency response plans address that potential scenario.

"It's rather surprising to see this level of intruder crises," said Ron Stephens, director of the National School Safety Center in Westlake Village, Calif.

Of the more than 400 violent deaths that have occurred in the nation's schools since 1992—the year the center began keeping records—less than 5% involved attacks by individuals with no connection to either the students or the school, he said.

"Any time there's something like this, it's a time to take another look at your own plans," said Katharine Peeling, risk management specialist at Anne Arundel County Public Schools in Annapolis, Md., and president of the Public Risk & Insurance Management Assn. "Get details about what might have been prevented in that situation and learn from whatever weaknesses there were," and then make revisions to existing crisis plans as necessary.

Charles Murray, risk manager for Colorado Springs School District 11, said his department sent out a notice for all buildings to review their safety and security policies.

"We're continually reviewing, modifying, updating and reminding (district employees) of the emergency response plan," said Stephen Finley, director of risk management at Denver Public Schools.

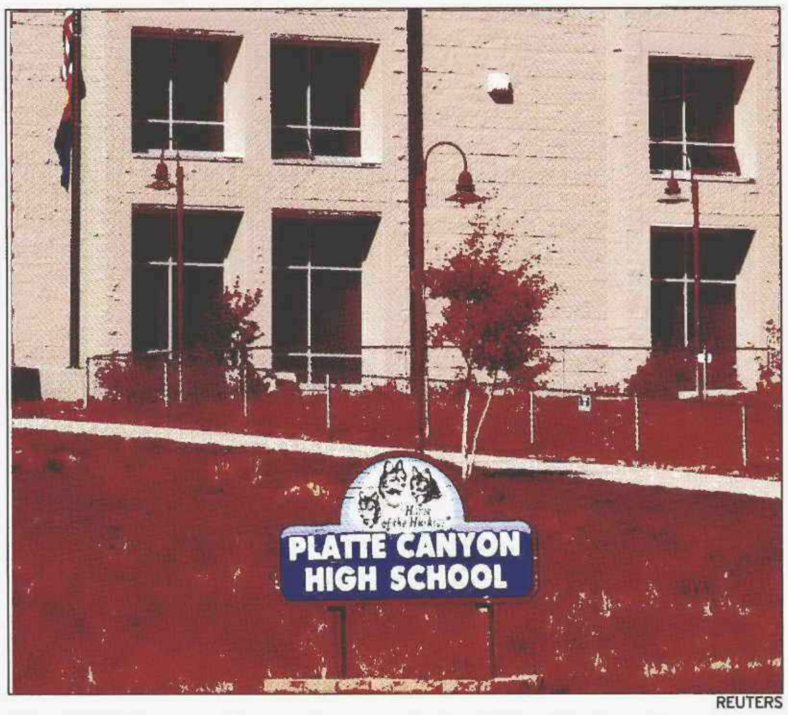
Since 1998—when the last major rash of school shootings began—the Denver school district conducts an annual review of its safety and security plan and holds trainings just as frequently to "keep it in front of people as an issue that requires constant attention, constant reminding," Mr. Finley said.

The district was in the midst of its annual emergency response training when the Bailey incident occurred, he said.

While the intruder scenario is included in the training, such incidents are rare, so the focus has been on the more common incidents, such as a fire, a missing child or a disturbance in the neighborhood where police order a lockdown.

"Our plans are put in place to deal with these more common emergencies," Mr. Finley said.

"When you have an armed intruder in your school pointing guns at people, there's really no protocol that we can put in place at that point except to try to notify the office, call 911 and get as many kids out of the immediate area," he said. "Our response is to try to prevent the gunmen from seeing our schools as easy targets."



REUTERS

School districts across the country are reviewing their crisis plans after a rash of shootings that have left at least seven students and one faculty member dead. At Platte Canyon High School in Bailey, Colo., a drifter took several girls hostage, eventually killing one of them.

Colorado schools are all too familiar with school violence since the 1999 massacre at Columbine High School in suburban Littleton in which 12 students and a teacher were killed. In response to that incident, the state Legislature passed a measure requiring all of the schools in the state to have a crisis plan in the event of an attack, and the Bailey school was no exception.

"Platte Canyon had a very well put together plan," said Cheryle Mangels, executive director of the Colorado School Districts Self Insurance Pool, which provides insurance and risk control services to 80% of the schools in the state, including Platte Canyon High School, which does not have its own risk manager. The pool also helps its school district members develop, review and implement crisis plans.

"The plan was put into effect at approximately 11:40 on Wednesday morning. The school was locked down. I don't know the exact sequence, but I do know that at some point—whether it was while the kids were in lockdown in the school or during the period of evacuation—that all students and all faculty were accounted for. They know who, where, what and when. The lockdown worked. The evacuation worked. The plan worked. They knew who was in the classroom. And everyone was accounted for," she said.

Indeed, perhaps the best course of action any school can take is to control access, according to William Lassiter, manager for the Center for the Prevention of School Violence in Raleigh, N.C.

But while most urban schools are aware of the potential risks associated with having an open campus, many rural and suburban schools are less guarded, according to Mr. Lassiter.

"A lot of these communities may have a policy in place where they say 'we're required to lock all our doors.' But, in the actual practice, if you walk around the school—and we do site assessments for schools—we'll find that some teacher's put a rock between the door and door jam so she doesn't have to use her key to get back in the door," Mr. Lassiter said.

"School districts, particularly in this day and age, need to do as much as they can to prepare their staff and faculty to be vigilant."

Stephen Finley,
Denver Public Schools

"School districts, particularly in this day and age, need to do as much as they can to prepare their staff and faculty to be vigilant," Mr. Finley agreed.

"Awareness is vital," concurred Ms. Mangels who said she has been receiving numerous calls from school personnel asking what they can and should be doing in light of the recent incident at Platte Canyon High School. "You need to know who's in your schools."

But it is also important to train students to be watchful, Mr. Lassiter pointed out.

"In the Colorado situation, several students said they saw a suspicious person on campus but did not alert their teachers or administration. That really delayed the response by law enforcement," he said.

If someone spots a suspicious character on or near school property, Colorado Springs School District 11 will issue a security alert via e-mail to parents and, if necessary, lock down the campus, according to Elaine Naleski, director of communications and community relations.

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Martin J. Ross III, Publisher
9-29-06

Workplace homicides decline

By ROBERTO CENICEROS

While workplace homicides continue trending downward in private-sector jobs, the overall picture of violence at work is mixed, according to a report released last week by NCCI Holdings Inc.

Worksite homicides declined 14% in 2004, nearly four times the 4% drop in killings for the nation as a whole, states the 28-page report "Violence in the Workplace—An Updated Analysis."

Yet while the rate of "simple assault" has decreased nationwide, the rate of "lost work time assaults" has continued to rise since 1999, according to the study based on data from the U.S. Bureau of Labor Statistics and claims information from the Boca Raton, Fla.-based NCCI.

However, the workplace incidence of homicides and assaults is significantly lower than that experienced in the general population, the report states. For example, workplace assaults account for less than 2% of all lost work time injuries and accidents.

Among other key findings, the report states that robberies are the major cause of workplace homicides, accounting for about 75% in cases where a cause has been identified. About 60% of workplace assaults are concentrated in health services, social assistance and personal care occupations, with nursing home workers often becoming victims.

The report is available at *www.ncci.com/NCCI/index.aspx*.

OCCUPATIONS WITH HIGHEST CONCENTRATION OF HOMICIDES

- **SALES AND RELATED**
- **TRANSPORTATION/MATERIAL MOVING**
- **MANAGEMENT (INCLUDING FOOD SERVICE/LODGING)**
- **FOOD PREPARATION AND RELATED**
- **PROTECTIVE SERVICES (SECURITY GUARDS)**

Source: U.S. Bureau of Labor Statistics

OIL may lift some limits

By RUPAL PAREKH

HAMILTON, Bermuda—Members of energy industry mutual Oil Insurance Ltd. may see aggregate limits for losses for nonwindstorm exposures lifted to $750 million from $500 million by the beginning of 2007, OIL said.

At a special meeting of the mutual's shareholders held last week, members considered new ways to cover Atlantic windstorm exposures within the mutual pool—including a proposal to shift a higher percentage of risk premium burden to those shareholders who bring hurricane exposures to the pool.

While the members agreed to allow OIL's management additional time to implement any changes to the mutual's rating and premium plan, the mutual disclosed in a statement that the company's board of directors is mulling a boost in aggregate limits for its members without Atlantic hurricane exposures.

"There will be no immediate change to the current aggregation limit of $500 million for all losses incurred by OIL shareholders for a single event," OIL said in the statement. "However, shareholders may reasonably expect that the board will consider increasing the aggregation limit to $750 million as of Jan. 1, 2007, for nonwindstorm exposures when it next meets in December 2006."

Hamilton, Bermuda-based OIL, which was downgraded last year to A- from A+ by New York-based Standard & Poor's Corp., in June cut its aggregate limit to $500 million from $1 billion in the wake of the devastating 2005 storm season.

OIL has approximately $1.8 billion in shareholders equity and 83 energy industry members.

Plans: Emergency planning flaws revealed in *BI* survey

CONTINUED FROM P3

38% conduct audits on an ad-hoc basis and 16% never audit their emergency plans. The overwhelming majority of brokers and insurers recommend an annual or quarterly audit.

The emergency planning shortfalls present opportunities for brokers and risk managers alike, according to Mr. Bruno.

> **"This gap in communications" gives brokers an opportunity to explain how to improve emergency planning.**
>
> Bill Bruno, Greenwich Associates

"This gap in communications" gives brokers an opportunity to explain how to improve emergency planning, he said. "They also have the opportunity to provide advice."

"There's been a lot of talk about enterprise risk management," added Mr. Bruno. "A lot of companies embrace the concept but find it hard to get such a broad scope of risk management integrated into their company. What we saw here is an opportunity for risk managers to embrace emergency planning as a step toward integrating more sophisticated risk management practices into their organization in a way that fits well with their skills and experience."

Risk managers can "use emergency planning as a nice stepping stone," he said. "There is desperate need for that in the organization. It's a great thing to aspire to as a step toward ERM."

Nevertheless, the report found that companies have made considerable progress in recent years in terms of protecting day-to-day operations. Emergency plans address core business elements such as facilities, personnel, equipment, communications and systems.

For example, more than half of the companies said they've secured a remote worksite from which to resume operations if their primary place of business becomes unusable and more than 55% said that they've made arrangements for workers to telecommute in the event of an emergency.

But "although companies have made progress is terms of preserving their own day-to-day operations, they have devoted less attention to other critical resources and functions," according to the report. "In fact, the results of Greenwich Associates research reveal some troubling gaps in corporate preparedness. For example, only slightly more than 35% of companies have diversified their network of suppliers in response to emergency risks. Only about a quarter of companies have diversified their production capacities and less than 15% have taken steps to diversify their shipping operations."

Corporations also have a widely divergent approach to various sources of corporate disruptions. While more than 80% take natural disasters such as hurricanes and earthquakes into account in their emergency planning, less than half of the respondents have addressed terrorism risk in their plans. Only half of the plans address pandemic risks, the survey found.

The survey, which was conducted in July, was based on the responses of 229 *BI* subscribers.

Additional information about the report is available via e-mail at contactus@greenwich.com or by telephone at 800-704-1027, option 1.

Broker: Startup to expand practice areas

CONTINUED FROM P3

ation by former executives of Marsh Inc.—Kinloch will concentrate on middle-market accounts.

And Genatt will serve as the platform for building a wider middle-market presence in the Northeast, Kinloch's backers say.

Genatt's brokers "understand what middle-market insurance buyers want—people who can solve problems and bring a personal touch to the business," Mr. Zech said in a statement.

Les Genatt, the firm's principal, noted that he had been approached by "eight of the top 10 brokers and most of the major banks" about selling Genatt Associates. But "with Kinloch, we have the opportunity to be in on the ground floor of building a powerful, client-focused organization," he said in a statement.

Along with Genatt's existing specialties—which also include environmental impairment liability—Kinloch will develop additional practices in professional liability and mergers and acquisitions risks, Mr. Lockhart said.

Kinloch, incorporated in Delaware and based in New Hyde Park, is the latest startup broker formed in the wake of the industrywide contingent commission investigation launched by New York Attorney General Eliot Spitzer's 2004 lawsuit against Marsh.

Mr. Lockhart resigned from HRH after a review of the company's business practices found that an employee in HRH's Hartford office had arranged in 1998 for potentially "improper" payments in connection with professional liability insurance placements, HRH reported in a filing with the Securities and Exchange Commission (BI, May 30). Mr. Lockhart headed the Hartford office at the time; the employee in question was terminated, the filing said.

Risk: Workers compensation costs exceed other company casualty risks

CONTINUED FROM P3

grams to strike the right balance between their premium costs and retention levels. "It's an ongoing struggle," he said.

Among the reports' significant findings, Mr. Pallis noted that a more stable casualty market resulted in fewer casualty buyers—one in nine—switching insurers last year compared to 2004 when one in four policyholders did so.

"We think that's a function of the market staying relatively flat," Mr. Pallis said. "There weren't any great opportunities for significant changes in pricing that would make it worthwhile for people to leave their incumbent if they were happy with their program, structure and service."

In 2004, "prices were really on the decline, so there were more opportunities for savings. The market was just more competitive," he said.

Meanwhile, workers compensation costs continue to far exceed those associated with auto liability and general liability, the report said.

In 2005, 67 cents of each casualty dollar spent went to workers comp, up from 64 cents in 2004 and 63 cents in 2003.

> **In 2004, "prices were really on the decline, so there were more opportunities for savings. The market was just more competitive."**
>
> George C. Pallis, Marsh Inc.

In 2005, general liability represented 22 cents of every casualty dollar and auto liability 11 cents, the report said.

Mr. Pallis attributed rising workers comp costs to increased utilization and rising medical costs, which have been out-pacing the general cost of living "by a wide margin" over the last several years.

The average individual workers comp claim cost incurred by all 23 industries Marsh studied for the 2004 accident year was $6,109, the report said. Of that amount, $3,238 went to medical costs, $2,413 for indemnity costs and $458 for expense.

Of the industries studied, the mining and energy industry had the highest average incurred cost per claim at $10,915, while transportation equipment companies had the lowest costs at $2,828 per claim.

At $9.76 per $1,000 of revenue, governmental entities had the highest overall workers comp costs, while insurance companies had the lowest cost at 34 cents.

The report is available at no cost by contacting Marsh's Donna Mohan at 212-345-5343.

TRIA: Industry questions government's findings on terrorism market

CONTINUED FROM P1

the Sept. 11, 2001, attacks and states that insurers "have made great strides in measuring and managing their risk accumulations." But it also notes that coverage for chemical, nuclear, biological and radiological terrorist risks remains scarce, and adds that "there may be little potential for future market development." A report issued last week by the Government Accountability Office came to a similar conclusion on CNBR risks (*BI*, Oct. 2).

While the report's findings could have been worse, "it's an unsurprising wash," said Joel Wood, senior vp-government affairs at the Council of Insurance Agents & Brokers in Washington.

"The plus was that it wasn't accompanied by a take-no-prisoners imperative that TRIA should end," he said. "The basic conclusion that TRIA continues to crowd out the reinsurance market is something with which we strongly disagree. The marketplace has been accessible only because of TRIA, not the other way around."

"It's refreshing to see that the (working group) has acknowledged that TRIA has stabilized the insurance market, in that insurers have made great strides in managing their risk accumulation," said Brad Wood, senior vp-risk management for Marriott International Inc. in Bethesda, Md. "Yet it fails to note that tighter insurer underwriting has resulted in reduced capacity that's been made available to policyholders. Conversely, the report suggests that private terrorism reinsurance is increasing and that taking the federal government out of reinsurance will result in more capacity.

> **"It's hard to see how the presidential working group can draw the conclusion that the program is crowding the private reinsurance market."**
>
> Frank Nutter,
> Reinsurance Assn. of America

"Though that may be true to some extent, it is far from a market reality when you're a risk manager trying to garner adequate capacity at a reasonable price," said Marriott's Mr. Wood. "You only have to look back to the market realities of December 2005, when risk managers faced sunset clauses in anticipation of the TRIA extension not occurring."

"RIMS believes that the report from the PWG confirms there is little appetite for a completely private-sector solution for the terrorism exposure," said Terry Fleming, a member of the board of the New York-based Risk & Insurance Management Society Inc. with responsibility for external affairs. "We implore Congress and the administration to work with us and our industry partners to develop a long-term program," he said.

"They got some things right," said Leigh Ann Pusey, senior vp-federal affairs and chief operating officer of the American Insurance Assn. in Washington. "There is no private market for CNBR, period," she said.

"I think it's a plus compared with what expectations were," said Ben McKay, senior vp in the Property Casualty Insurers Assn. of America's Washington office. "They acknowledged that the program is working; they acknowledged that within the box that the TRIA program creates, a market is developing, which of course is critical to general economic expansion."

Mr. McKay also stressed the report's admission that there appears to be no private appetite for CNBR risks. "If that's uninsurable, the next step is to acknowledge that terrorism generally is uninsurable," he said.

"The report starts with zero reinsurance capacity immediately after 9/11," said Frank Nutter, president of the Reinsurance Assn. of America in Washington. "It rises to not very much—$4 billion to $6 billion in 2005—to not nearly enough, that is $6 billion to $8 billion."

"It's quite clear there's insufficient reinsurance capacity to help the industry meet its needs," he said, adding "it's hard to see how the presidential working group can draw the conclusion that the program is crowding the private reinsurance market."

"From our perspective, we were frankly somewhat pleased and surprised with the balanced nature of the report," said Aaron Davis, director of Aon Corp.'s National Terrorism and Property Resources unit in New York. Mr. Davis added, though, that Aon found some of the report's conclusions "troubling," including the finding that TRIA has hampered the development of a private reinsurance market for terrorism.

"It's important to point out that the market" cannot replace the $100 billion in capacity provided by the backstop, he said.

Senate expected to delay backstop

WASHINGTON—The House of Representatives is likely to move relatively quickly next year on what role the government should play in guaranteeing terrorism insurance, but the Senate appears unlikely to follow suit, a key Hill staffer said last week.

In fact, "there's at least an even chance" that the backstop created by the Terrorism Risk Insurance Act will be allowed to lapse, at least temporarily, after its scheduled Dec. 31, 2007, sunset, said Robert Gordon, senior counsel of the House Financial Services Committee.

The Senate will wait to the last minute to reauthorize the program, perhaps scaling it down to cover only chemical, nuclear, biological or radiological risks, or simply let it expire, he said.

Mr. Gordon spoke at a terrorism insurance seminar at the U.S. Chamber of Commerce last week presented by Wachovia Insurance Services and law firm Morris, Manning & Martin L.L.P. and co-sponsored by the American Insurance Assn. and the Council of Insurance Agents & Brokers.

—By Mark A. Hofmann

FSA: Risk managers must seek clarity and transparency

CONTINUED FROM P1

mandating commission disclosure," he said.

The FSA will, he said, highlight such an investigation as a priority in its 2007/2008 business plan and consider whether regulatory intervention "is the best way forward."

In the wake of probes into broker compensation practices by officials in the United States, many large brokers operating in the United Kingdom ceased collecting contingent commissions from insurers, though smaller brokers generally continue to accept such compensation. In addition, there currently are varying levels of compensation disclosure in the market.

Under current FSA rules, brokers are obliged to tell commercial insurance buyers of all monies earned on placing their business—if asked by the buyer.

In his speech last week, Mr. Tiner reiterated comments he made at the Assn. of Insurance & Risk Managers conference in June, calling upon risk managers to be more assertive when asking for clarity and transparency from their brokers.

He said that "it would seem that disappointingly few buyers are exercising their right to request disclosure and, as a result, there is an absence of transparency to the customer."

"Some firms have suggested to us that customer interest rarely extends beyond the premium and the cover itself, and while some buyers do seek positive declarations from their broker that they are not earning contingent commissions, seldom do they request actual commission disclosure," he said.

> **"We have been saying for the past 18 months that, if the market fails to deliver satisfactory results on this issue, the FSA may have to consider mandatory disclosure."**
>
> Colin Campbell, Assn. of Insurance & Risk Managers

He added: "Once again, I would urge those corporate buyers in the market to recognize their position of influence, punch their weight and in so doing, drive through greater efficiencies and transparency in the market."

AIRMIC welcomes Mr. Tiner's remarks and is in favor of mandatory commission disclosure, said a spokesman for the London-based association of risk managers and insurance buyers.

The risk management body encourages its members to insist upon disclosure from their brokers, he noted.

"We have been saying for the past 18 months that, if the market fails to deliver satisfactory results on this issue, the FSA may have to consider mandatory disclosure," Colin Campbell, deputy chairman of AIRMIC and risk manager at London-based Arcadia Group Ltd., said in a statement.

"We do, however, see this action as a last resort, but it is reassuring that the regulator is fully engaged," he said.

"We have strongly supported the FSA's policy position," said Eric Galbraith, chief executive of the London-based British Insurance Brokers' Assn., who noted that BIBA believes that "provided the potential conflict of interest that receiving commission generates is identified and managed, and commission is disclosed upon request, the issue is adequately addressed."

Jane Owen, company secretary, legal and regulatory director at Aon Ltd. in London, said: "We are committed to full transparency…And we believe it will level out what we see as a currently unlevel playing field."

Increasingly, she noted, there is polarization in the market, and it has become evident that a market-led solution is unlikely in the near future.

"We believe that all our customers, be they large, sophisticated risk management clients, middle-market companies, small-to-medium enterprises or private individuals, should know exactly what their broker does for them and exactly how much their broker gets paid," said a spokesman for Marsh Ltd. in London.

"At Marsh, we already provide clients with details of our earnings, and we believe that the rest of the market should do so," he added.

"We hope that the FSA will not have to mandate disclosure. But it is clear that the present position is unsustainable. The industry itself needs to act before the FSA forces it to," he said.

Mr. Tiner's remarks came as "no surprise," according to Toby Foster, chief executive of Marsh's retail practice in London.

Marsh, he said, already is fully transparent, and the broker believes that a move to full transparency across the market is "coming anyway."

"The market is not just increasingly regulated, but also increasingly scrutinized by our customers," he said.

"Personally, I hope the industry takes this action without being regulated into it," he said.

Adrian Ladbury contributed to this report

ADVERTISER INDEX

Issue of October 9

Business Insurance END PAGE

Spooked by liability

They've given you an insurance policy claim number and taken away your name?

Johnny Rivers could update other lyrics from his 1960s hit "Secret Agent Man," perhaps by changing "odds are he won't live to see tomorrow" to "odds are he will get sued tomorrow."

That is the fear faced by some Central Intelligence Agency counterterrorism officers who now buy professional liability coverage through Wright & Co. The Arlington, Va.-based broker provides government workers a wide range of insurance products including professional liability coverage underwritten by Defense Shield Assn., according to Brian Lewis, Wright & Co.'s president.

The liability coverage protects government managers from common complaints such as those filed by employees claiming harassment, according to a CIA spokesman.

But counterterrorism officers are also buying it in case they eventually get sued or face criminal allegations related to the application of rough interrogation techniques.

The terror-detainee legislation that Congress recently passed, but President Bush had not signed as of late last week, contains some liability protections for U.S. interrogators and the U.S. Department of Justice often provides a defense for U.S. employees.

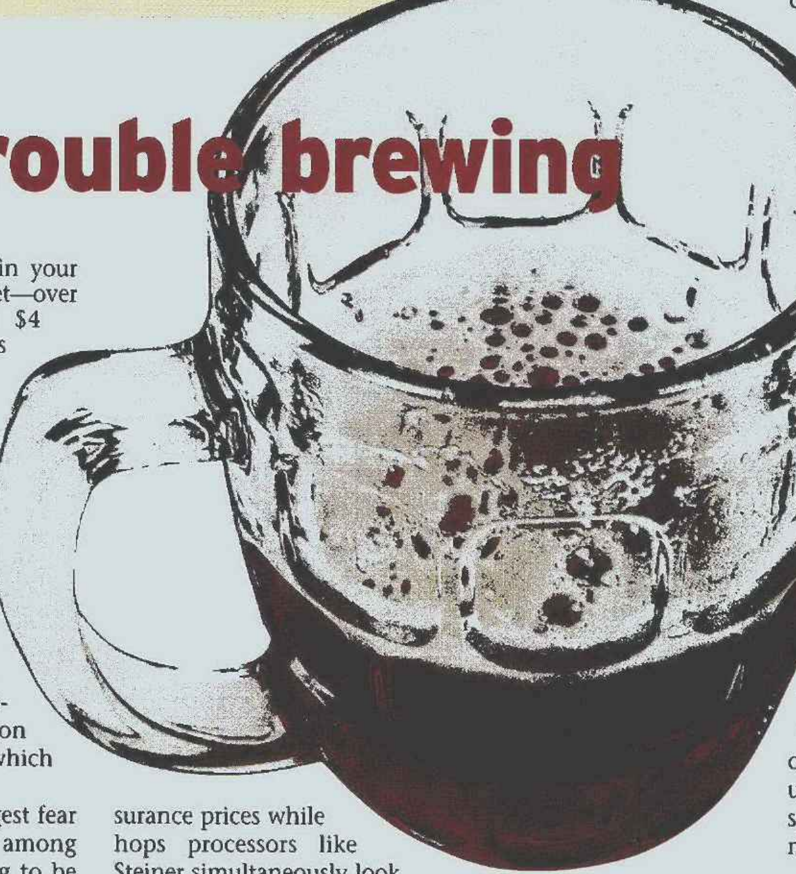
But Mr. Wright points out that should the interests of the U.S. government diverge from employees', the employees could be on their own.

Aside from buying insurance, the nation's spooks might also want to take Mr. Rivers' risk management advice: "Ah, be careful what you say, or you'll give yourself away."

You've (not) got mail

Call it "e- and D'oh!" insurance. For an annual fee of less than $25, a company called YankBack.com is offering a service that allows users to recall an e-mail that, for whatever reason, they wish they hadn't sent. On its Web site, *www.yankback.com*, the company offers several uses for its service, including recalling an e-mail sent by accident and recovering "an angrily sent e-mail before it does any damage."

Trouble brewing



No sense in crying in your beer—at least not yet—over the loss of about $4 million worth of hops that burned in a Yakima, Wash., warehouse fire last week.

Major brewers store up to a year-and-a-half's supply of the key ingredient in beer to mitigate weather risks, says Ann George, administrator for the Moxee-based Washington Hops Commission, which represents growers.

"Probably the biggest fear and biggest concern among the industry is going to be the insurance rates," Ms. George said.

Steiner Group, the parent of S.S. Steiner Inc., which operated the warehouse, declined to say whether the supply of hops—which can self-combust—was insured. But it would be highly unusual to store millions of dollars worth of hops without insurance, sources say.

So farmers fear the loss will drive up their own insurance prices while hops processors like Steiner simultaneously look to offset their increased insurance rates by lowering the price they pay growers for their product.

But the loss of about 4% of the U.S. hops crop may not immediately impact beer availability or pricing. Area farmers suspect that many of the damaged hops were an alpha variety used to produce beer's bitter flavor.

The alpha hops currently are abundant, unlike aroma-producing hops that are in "somewhat limited supply" this year, Ms. George explained.

Yet Ms. George has had to assure distressed beer consumers, such as a Florida college journalist who called with worries that the loss might dampen her school's homecoming events.

What's in a number?

When C.V. Starr & Co. Inc. last month announced the launch of its Lloyd's of London syndicate, it was no coincidence that the number assigned to the new entity was 1919.

That number has significance for Starr—the New York-based insurance group led by longtime industry executive Maurice R. Greenberg—because it's the year that American International Group Inc. founder and the Starr companies' namesake Cornelius Vander Starr founded his first insurance venture in Shanghai, China.

Under Lloyd's system of allocating syndicate numbers, special requests are allowed.

"The syndicates can pick a number, but the only two rules are: they can't pick a number that's in use, and they can't pick a number that's been used before," a London-based spokesman for the insurance market said.

Syndicate numbers run from 1 through 9999, with numbers 5999 and above reserved for nontraditional syndicates and Lloyd's internal accounts, and numbers 5998 and below allocated to traditional Lloyd's syndicates, the spokesman said.

A spokeswoman for Starr said that the company was eager to have its new syndicate reflect the company's roots by using the number 1919. "C.V. Starr requested the number to coincide with its history," she said.

In Brief

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Maurice R. Greenberg certain attorney memos the insurer provided to New York Attorney General Eliot Spitzer related to his investigation of AIG. Under the New York state Supreme Court ruling, the insurer's legal team had until Oct. 4 to supply the information to Mr. Greenberg's attorneys, who have been seeking the documents to help build their client's defense against civil fraud charges leveled by Mr. Spitzer. "We have received some of the documents and are awaiting more," a spokesman for Mr. Greenberg said last week. A spokesman for AIG declined to comment, while representatives for Mr. Spitzer could not be reached.

Senators seek GAO analysis of PBGC

The chairman of the Senate Finance Committee and the panel's ranking minority member have asked the Government Accountability Office to analyze whether the Pension Benefit Guaranty Corp. has sufficient resources to meet the demands on it. Committee Chairman Charles Grassley, R-Iowa, and Sen. Max Baucus, D-Mont., in a letter said federal legislators want to be sure that the PBGC is structured properly to meet unprecedented administrative challenges. In their letter to the GAO, the senators noted that the PBGC in fiscal 2005 paid out $3.7 billion in benefits to 698,000 participants in plans the agency has taken over. That's a huge increase from fiscal 2000, when the PBGC paid out $900 million in benefits to 243,000 participants.

Dubois leaves LIU to join Ariel Re

Gary Dubois has left his post as chief underwriting officer of New York-based Liberty International Underwriters, a unit of Liberty Mutual Group Inc., to join Bermuda-based reinsurer Ariel Reinsurance Co. Ltd. Ariel Re is in the process of diversifying and expanding its business to include both U.S. and European operations, said an Ariel Re spokesman. Mr. Dubois will help the company identify potential business opportunities. Although he did not rule out the possibility, the spokesman noted that it would be "unlikely" that a U.S.-based Ariel Re business will be up and running in time for Jan. 1 renewals.

AIG marine unit buys Arch U.S. marine book

American International Group Inc.'s global marine unit has struck a deal to purchase Arch Insurance Co.'s U.S. ocean marine book of business for an undisclosed sum. Among the lines of coverage included in Arch's U.S. marine portfolio are ocean cargo, hull protection and indemnity, and marine liabilities. Under the agreement, all U.S. ocean marine insurance policies underwritten by Arch Insurance Co., a unit of Hamilton, Bermuda-based Arch Capital Group Ltd., will be serviced by AIG Global Marine.

P/C industry profit drops in first half: ISO

The U.S. property/casualty insurance industry's net aftertax income for the first half of this year dropped 9.3% to $28.3 billion compared with the same period of 2005, according to an analysis by the Insurance Services Office Inc. and the Property Casualty Insurers Assn. of America. Declining investment results coupled with increased taxes played key roles in the decline in income, according to the analysis, which was based on the reports of insurers representing 96% of the nation's private property/casualty business. The industry's combined ratio also improved a full percentage point to 92% during the first half of this year compared with the first half of last year. Net written premiums climbed $6.4 billion to $223.3 billion.

S.C. judge approves 18.4% comp rate hike

A South Carolina judge has ruled that workers compensation pure premium rates should increase by 18.4% beginning in December, according to the state's Department of Insurance. NCCI Holdings Inc. recommended last year that the state increase the rates by 32.9%, but the South Carolina Small Business Chamber of Commerce fought the proposal.

BI Stock Index

[10/2 - 10/6]

Up-to-the-minute data for all 85 companies that comprise the BI Stock Index can be found at www.businessinsurance.com

Percentage change of BI Stock Index vs. key indicators

BI STOCK INDEX 3142.38	1.69 ▲
DOW JONES 11850.21	1.47 ▲
S&P 500 1349.58	1.03 ▲

Largest gains

SCPIE Holdings Inc.	9.09%
PMA Capital Corp.	6.12%
Tower Group Inc.	5.58%

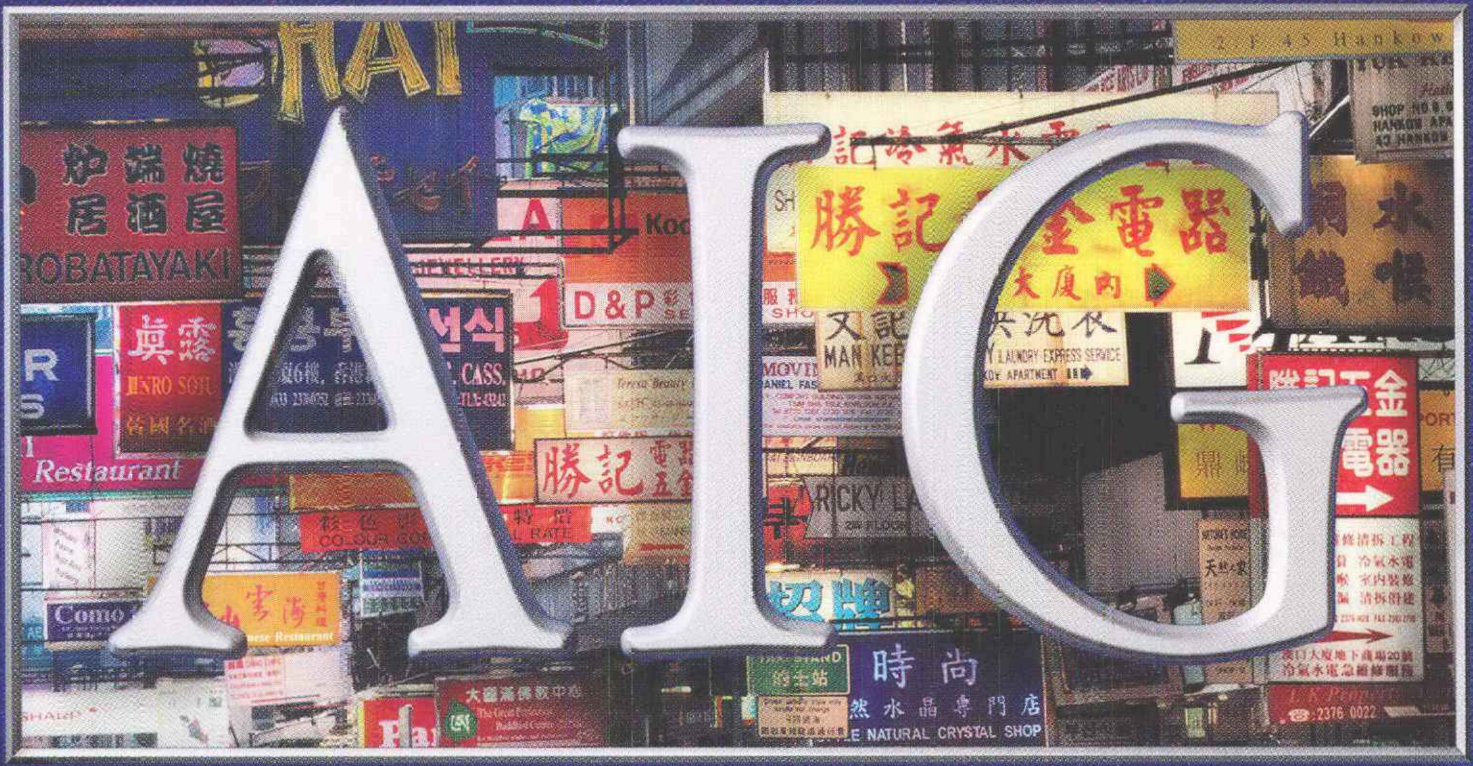
Largest losses

Gainsco Inc.	-5.91%
American Safety	-3.50%
NYMAGIC Inc.	-2.59%

Weekly change by market segment

Brokers	1.23%
Insurers/Reinsurers	1.64%
Managed Care Organizations	1.81%

SOURCE: FINANCIAL CONTENT INC. http://financialcontent.com



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