

# Business Insurance

\$5

April 4, 2011

www.businessinsurance.com



**N.Y. BUDGET MERGES  
BANKING, INSURANCE  
DEPARTMENTS / PAGE 3**

**ADA AMENDMENTS RULES  
EXPECTED TO PRODUCE  
MORE BIAS CLAIMS / PAGE 3**

**LLOYD'S OF LONDON  
SHOWS DROP IN PROFITS  
FOR 2010 / PAGE 4**

## In Brief

### Early retiree program applications to end

The Early Retiree Reinsurance Program will stop accepting applications after May 5 as the \$5 billion program's funds are being depleted rapidly, the Centers for Medicare & Medicaid Services said last week. The program, created by the health care reform law, partially reimburses employers and other early retiree care plan sponsors for claims incurred by retirees and their dependents. As of March 17, \$1.8 billion had been distributed.

### Mixed ruling in suit over AIG pension losses

A New York federal judge has dismissed some claims against American International Group Inc. related to losses sustained by its employee pension plans, but also refused to dismiss

See **IN BRIEF** page 21

## SPOTLIGHT

### RISK MANAGEMENT TECHNOLOGY

Risk managers match systems to unique enterprise exposures; telematics helps transport firms track risks; embedded tech offers companies early warnings; risk managers use social media to reduce claims; listing of risk management information system providers. **PAGE 9**

## PROPERTY/CASUALTY INSURERS

# ALG reorganizes principal unit

*Revamp includes new leadership for Chartis*

By **MARK A. HOFMANN**

**NEW YORK**—American International Group Inc.'s decision to reorganize its Chartis Inc. global property/casualty insurance unit could strengthen AIG overall, industry observers say.

Under the reorganization, which took effect with its announcement last week, Peter D. Hancock, previously AIG's executive vp-finance, risk and investments, became CEO of Chartis. He succeeds Kristian P. Moor, who was named vice chairman and now reports to Mr. Hancock.

The reorganized Chartis will consist of two major global groups, commercial and consumer, with the supporting claims, actuarial and underwrit-

ing disciplines integrated into the two major business operations. John Q. Doyle, previously CEO of Chartis U.S., will run the global commercial business as CEO-global commercial business. Jeffrey L. Hayman, who was Chartis' chief administrative officer, is CEO-global consumer business. Both are responsible for their groups' overall underwriting and business results and report to Mr. Hancock.



Mr. Hancock

In addition, Nicholas C. Walsh, previously president and CEO of Chartis International, will lead global distribution as vice chairman and chief distribution officer for Chartis. He also reports to Mr. Hancock.

The change realigns Chartis into commercial and consumer groups rather than international and domestic. In an interview last week, AIG President and CEO Robert H. Benmosche said from a

See **CHARTIS** page 19

## CATASTROPHES



EPA/LANDOV

Members of Japan's military search for missing people amid the debris left behind after last month's earthquake and tsunami.

# Few Japanese cat bonds triggered by earthquake

By **RODD ZOLKOS**

**SENDAI, Japan**—Despite the enormous impact of last month's earthquake in Japan, the event is expected to have a limited effect on outstanding catastrophe bonds, potentially triggering only a handful of bonds with Japanese earthquake exposure.

The typical structure of the bonds bases their triggers on events' magnitude and defined locations. And, with most of the outstanding Japanese earthquake

bonds focusing their coverage on the Tokyo area, despite the enormous economic losses from the March 11 earthquake, its location to the northeast near Sendai likely will prevent it from triggering most bonds, industry experts said.

"Most of these are unlikely to be hit and the reason is most of these have their exposure definitions around Tokyo," said Morton Lane, president of Wilmette, Ill.-based broker-dealer Lane Financial

See **JAPAN** page 20

## LIABILITY & LITIGATION

# Supreme Court expected to overturn Wal-Mart ruling

By **JUDY GREENWALD**

**WASHINGTON**—The U.S. Supreme Court is expected to overturn the appeals court ruling that approved a massive class action lawsuit

alleging gender discrimination by Wal-Mart Stores Inc., many experts said after last week's hearing on the issue.

But how it will do so is unclear, observers said. The court could

dismiss the case altogether or approve creation of a smaller class or classes.

Many observers anticipate the court's decision, which is expected in June, will be narrowly focused and provide little guidance in litigating future class actions.

"It's always difficult to get a precise read on how their ruling will come down," said Mary-Christine Sungaila, an attorney with Snell & Wilmer L.L.P. in Costa Mesa, Calif., whose firm submitted an amicus brief in the case on behalf of the Chicago-based International Assn. of Defense Counsel in support of Wal-Mart.

*Wal-Mart Stores Inc. vs. Betty Dukes et al.*, originally filed in 2001, involves allegations that Bentonville, Ark.-based Wal-Mart promoted and paid female employees less than males in comparable positions despite females' higher performance ratings and seniority. The suit, which seeks injunctive and declaratory relief, lost pay and punitive damages, could involve up to 1.5 million people and cost Wal-Mart billions if successful.

In 2007, a divided three-judge panel of the 9th U.S. Circuit Court of Appeals in San Francisco

See **WAL-MART** page 17

## INDEX

|                           |    |
|---------------------------|----|
| Advertiser Index .....    | 19 |
| Commentary .....          | 6  |
| End Page .....            | 22 |
| Opinions .....            | 8  |
| Products & Services ..... | 14 |
| Up Close .....            | 16 |

# Business Insurance

Online features & highlights  
[www.businessinsurance.com](http://www.businessinsurance.com)



slide  
show

**RMS & INNOVATION AWARDS:** Photo galleries of last month's *Business Insurance* Risk Management Summit and Innovation Awards reception and dinner are available online. To see slide shows from Summit events and the Innovation Award presentations, to go [www.BusinessInsurance.com/RMSummit](http://www.BusinessInsurance.com/RMSummit).

**MOST POPULAR STORIES**  
Week of March 28, 2011

1. AIG revamps property/casualty insurance unit Chartis
2. IRS delays smaller-firm deadline to put insurance costs on W-2s
3. Cat bond investors braced for Japan disaster hit
4. Sokol affair casts shadow on Buffett style
5. Calif. approves bill updating tax rules on adult child coverage
6. N.Y. budget accord would merge banking, insurance agencies
7. Health care reform law cuts retirees' costs: Fidelity
8. Buffett heir apparent quits after stock purchases
9. Berkshire took 4th-quarter writedowns under SEC pressure
10. Guy Carpenter sees U.S. reinsurance prices rising

**GET ONLINE NEWS EACH DAY**  
Subscribe to *BI's* daily newsletter

**2011  
BENEFIT  
MANAGER OF THE  
YEAR**

nominate

**2011 BENEFIT MANAGER:** Nominations are open for this year's *Business Insurance's* Benefit Manager of the Year award. Selected by an independent panel of judges, the winner is recognized for excellence in administering employee benefits programs. The nomination deadline is April 25. Nomination forms are available at [www.BusinessInsurance.com/BMOY](http://www.BusinessInsurance.com/BMOY).

**WEBINARS &  
WEBCASTS**

**GET RETROFIT APRIL 6:** Use property upgrades to save on insurance. [www.BusinessInsurance.com/webcasts](http://www.BusinessInsurance.com/webcasts).



**TWITTER:** Follow us at <http://twitter.com/BusInsMagazine> for continual news and information.



**DIRECTORY:** *BI's* Directory of Third-Party Administrators is updated for 2011. Available in the Research Center.

Business Insurance (ISSN 0007-6864) Vol. 45, No. 14, is published weekly, except combined issues the second and third week of August, the fourth and fifth week of November, and no issue the last week of December, by Crain Communications Inc., 360 N. Michigan Ave., Chicago, Ill. 60601-3806. Periodicals postage is paid at Chicago and at additional mailing offices. POSTMASTER: E-mail address change to [customerservice@businessinsurance.com](mailto:customerservice@businessinsurance.com) or mail to Business Insurance Circulation Department, 1155 Gratiot Ave. Detroit, Mich. 48207-2912. \$5 a copy and \$125 a year in the U.S. \$130 in Canada and Mexico (includes GST). All other countries, \$230 a year (includes expedited air delivery). Canadian Post International Publications Mail Product (Canadian Distribution) Sales Agreement No. 40012850, GST No. 136760444, Canadian return address: 4960-2 Walker Road, Windsor, ON N9A6J3. Printed in U.S.A. Copyright © 2011 by Crain Communications Inc.

Aon Risk Solutions

# Risk Manager or Master?

Whether a scientist, musician, soccer player or risk *master*, those at the top of their game always push to do more, better, faster, stronger.

Aon understands you and your organization perform every single day for your investors and against your competitors in an ever-changing business landscape. You continually push your organization to do more, all while balancing any inherent threats. Elite performers start with their innate talent and then take advantage of the best tools around them to get better, faster, stronger.

Just one month away, RIMS 2011 is your opportunity to take your organization to a whole new level. Learn about risk mastery by visiting [rims.aon.com](http://rims.aon.com) and booth #603 in Vancouver.



## STATE REGULATION

# N.Y. merges oversight of insurance, banking



AP PHOTO

New York Gov. Andrew Cuomo hopes to close regulatory gaps by merging the state's departments of banking and insurance.

## New department formed to regulate financial services

By SONJA RYST

**ALBANY, N.Y.**—An agreement to merge insurance and banking regulatory authorities in New York prompted different reactions from risk managers and insurers.

While risk managers remain somewhat leery that the proposal might blunt insurance regulation in the state, insurer trade groups were pleased the final proposal was downsized from its original version.

The proposal to create one regulatory agency for banking and insurance was part of the state's

budget, which was passed last week.

The final version differed from the original proposal that would have included the state's Consumer Protection Board in the new agency, which will be called the Department of Financial Services.

Still, the merger of banking and insurance regulatory agencies in New York might affect insurance regulation, according to the Risk & Insurance Management Society Inc.

"Our hope is that the blending of these two regulatory agencies won't reduce the insurance department's effectiveness as they pursue their primary mission of protecting the insurance-buying consumer," said John R. Phelps, board liaison, for the RIMS external affairs committee and direc-

tor-business risk solutions at Blue Cross and Blue Shield of Florida Inc. in Jacksonville.

Insurer group, though, welcomed the final version of the proposal that was passed.

Originally, Gov. Andrew Cuomo sought to consolidate the functions, operations and staff of the two departments into one agency, including those of the state's Consumer Protection Board. He hoped the new department would close regulatory gaps and have the power to review all financial products and services, rather than be limited to certain kinds, according to his office.

After that proposal was released this year, 14 trade organizations representing the insurance and

See **CUOMO** page 18

## HEALTH CARE BENEFITS

## Insurers get strict on gap plans

### Deductible funding raises some concerns about health costs

By JOANNE WOJCIK

Some health care insurers are trying to crack down on employers' use of what are known as "gap" plans to self-fund a substantial part of the cost-sharing burden on employees enrolled in high-deductible health plans.

The practice began as early as the mid-1980s as hundreds of smaller and midsize employers struggling with escalating premiums and unable to afford to self-

insure their health care program adopted such programs, experts say. They discovered they could save at least 15% by purchasing a fully insured high-deductible plan and self-insuring some or all of the deductible.

They are permitted to do so under Section 105 of the U.S. Tax Code, the same provision that consumer-driven health plan originators used to develop health reimbursement arrangements. Unlike HRAs linked to HDHPs, the employer retains sole ownership and control of the funds, allowing them to be carried over for their plans' medical expenses in subsequent years.

Now some insurers are balking at the practice, arguing that employers paying a substantial part of the deductible contradicts objectives of the health care consumerism movement. They cite a 2008 Milliman Inc. study that found employees enrolled in a health plan with a deductible of at least \$1,000 spend an average of 3.3% less than employees with a \$250 deductible.

"Some insurers are saying you may not wrap any of their policies. Others are saying only certain products in the portfolio can be wrapped. But they are priced less competitively than other

See **GAP** page 17

## CATASTROPHES

## Quick action needed on quake claims

Quick action can dramatically affect claims for business interruption and contingent business interruption coverage as a result the disaster in Japan, participants said last week during a *Business Insurance* webcast.

Policyholders with exposures in Japan may have several coverages that could respond to losses, said Duncan Ellis, New York-based U.S. property practice leader at Marsh Inc., during the *BI* webcast "Supply Chain Crisis—Navigating Business Interruption Coverage and Claims After the Japanese Earthquakes."

Mr. Ellis noted that while supply chain insurance is available, few purchase it. Therefore, con-



Mr. Ellis



Ms. Kornfeld

tingent business interruption coverage may be the most likely to respond to a claim.

Linda D. Kornfeld, Los Angeles-based partner at law firm Jenner & Block L.L.P. and a member of the firm's insurance litigation and counseling practice, recommended reviewing all relevant

policies for timing requirements and communicating with insurers for extensions, if necessary.

She added that attentiveness to sublimits, exclusions and periods of indemnity in communicating with insurers can help reduce disputes.

"Be aware early of what the coverage limitations are and work to communicate with the employees who are responsible for having communications about the loss," said Ms. Kornfeld.

*BI* Senior Editor Judy Greenwald moderated the webcast.

To view the 75 minute webcast, please visit [www.businessinsurance.com/webcasts](http://www.businessinsurance.com/webcasts).

—By Mallory Gillikin

## FEDERAL LEGISLATION &amp; REGULATION

## ADA LITIGATION

*Though employment and labor law attorneys suggest the final regulations governing the ADA Amendments Act will spur more individual claims, the Equal Employment Opportunity Commission has been active on their behalf.*

- 40 ADA lawsuits filed in fiscal year 2010, out of 250 merit lawsuits.

- 36 ADA lawsuits filed between Aug. 1, 2010, and February 2011.

- While the EEOC filed various ADA pattern or practice cases on behalf of a class during the period, most suits were brought on behalf of individuals.

Source: EEOC and Barry Hartstein, employment law attorney with Littler Mendelson P.C. in Chicago

## ADA amendment rules may lead to more claims

### EEOC's regulations expand definition of 'disability'

By JEFF CASALE

**WASHINGTON**—The Equal Employment Opportunity Commission's final regulations for the Americans with Disabilities Act Amendments Act expand what qualifies as a disability and opens the door to increased claims against employers, employment attorneys say.

Though the ADA Amendments Act has been in place since fall 2008, the final rules the EEOC released last week vastly increase the number of workers potentially covered under the law and likely will result in more disability discrimination claims (see story, page 18).

"The main thing employers

have to do is if they have let the ADA fall by the wayside because of the courts' restrictive view on disability cases, they had better get up to speed," said Robin E. Shea, Winston-Salem, N.C.-based employment lawyer with Constangy Brooks & Smith L.L.P. "The ADAAA didn't change the reasonable accommodations obligation for employers, but what it does now is it applies to a much larger population than ever before."

The regulations governing the law, which revised the 1990 Americans with Disabilities Act, go into effect May 24.

"These regulations are interpreting the term of 'disability' very broadly, making it easier for an employee to satisfy the coverage requirements of the ADA and very difficult for an employer to show an impairment not to be a disability," said Irving Geslewitz,

See **ADA** page 18

## BENEFITS MANAGEMENT

# Employer champions mental health services

## Natural gas firm encourages usage of EAP resources

By **ROBERTO CENICEROS**

**NEWPORT BEACH, Calif.**—Chesapeake Energy Corp. wanted to make its employees aware of help for mental health issues they and their loved ones may face, so the natural gas drilling company created a three-minute video they could watch at their computer.

The video, which featured CEO Aubrey McLendon, signaled Chesapeake's January 2010 launch of Your Life Matters, the company's multimedia campaign to reduce the stigma of seeking help for mental health issues such as alcohol abuse,

stress and depression.

It also was part of a broad strategy to educate the Oklahoma City-based company's 10,500 workers in 17 states about the company's beefed-up efforts to direct them to resources for problems such as elder care and financial challenges.

"Our CEO looked into the eyes of our employees, so to speak, and said, 'It is OK for you to access these resources,'" Martha A. Burger, Chesapeake's senior vp of human and corporate resources, told the Disability Management Employer Coalition's 6th annual Behavioral Wellness in the Workplace Conference.

Corporate disability managers, medical directors and human resource professionals say of all the health problems with which

employees struggle, mental illness "far and away" has the greatest effect on indirect costs associated with absenteeism and presenteeism, said Clare Miller, director of the Partnership for Workplace Mental Health, an Arlington, Va.-based program of the American Psychiatric Assn.

Yet mental illness screening occurs infrequently in contrast with high blood pressure screening, Ms. Miller told attendees at the March 23-25 conference in Newport Beach, Calif. Meanwhile, people suffering from mental health issues delay finding help.

"Folks often wait about a decade before seeking care after the onset of symptoms" of mental illness, Ms. Miller said. "We don't know all the reasons why that is, but certainly stigma is one of those."

To encourage its employees to seek help, Chesapeake replaced its employee assistance program provider with one offering more than just discussions about stress and depression.

"It was about (directing employees to) elder care, child care and financial resources," Ms. Burger said. "All those other things we refer to as guidance resources."

Chesapeake's pharmacy benefits manager also analyzed employee medication regimen adherence data and used it to educate employees' doctors about available counseling and Chesapeake's EAP offerings.

The employer also worked with two local hospitals to organize a medical provider symposium at which experts spoke to 300 participants about prescribing medica-

tions and regimens as well as providing questions to ask patients to learn about their mental health, Ms. Burger said.

Chesapeake also expanded its health risk assessment so employees answering affirmatively to certain questions now are asked if the company's new EAP, Chicago-based CompPsych Corp., can contact them.

"You would be surprised that many people dealing with issues say it is fine for the EAP to contact them," Ms. Burger said.

To spread the word about its program, Chesapeake launched an Internet "hub" where employees can view videos of well-known people in their community discussing their mental health issues.

See **EAP** page 21

## INTERNATIONAL



LLOYD'S OF LONDON

## Catastrophe losses hit 2010 profits for Lloyd's

By **SARAH VEYSEY**

**LONDON**—Lloyd's of London is financially strong and will be able to withstand potentially large losses from the earthquake in Japan despite a series of recent catastrophes, Lloyd's CEO Richard Ward said last week.

After a string of natural catastrophes and man-made disasters last year, the market's profit fell by 43% to £2.20 billion (\$3.52 billion), down from £3.87 billion in 2009.

Mr. Ward said Lloyd's had a record level of central assets—those held by Lloyd's to pay claims—of £2.38 billion (\$3.81 billion) at the end of 2010, up from £2.08 billion (\$3.33 billion)

a year earlier.

The market, he said, is in a strong financial position for "what has been a tough start to the year" in losses due to the Japan earthquake and tsunami and other disasters.

While Lloyd's had yet to put a value on its potential losses in the Japan catastrophe, Mr. Ward said Lloyd's will collect loss data from the various syndicates. The data will be combined on April 20 and the market will issue a loss estimate shortly afterward, he said.

However, the market has modeled potential losses from a Tokyo earthquake and comfortably could withstand its share of the

See **LLOYD'S** page 20

## HEALTH CARE REFORM

## IRS clarifies W-2 reporting rules

### Health care cost guidance considers smaller employers

By **JERRY GEISEL**

**WASHINGTON**—Newly released Internal Revenue Service guidance answers many questions employers have raised about a health care reform law provision that will require them to report the cost of health care coverage on employees' W-2 wage and income statements.

The guidance also exempts smaller employers—those that distribute less than 250 W-2s in 2011—from the requirement

until at least 2014 and possibly longer.

For other employers, the health care cost information will have to be reported on 2012 W-2s, which are issued in 2013.

As employers were preparing to meet that reporting obligation, they raised numerous compliance-related questions, which the IRS guidance largely addresses.

"A lot of open questions have been resolved," said Rich Stover, a principal with Buck Consultants L.L.C. in Secaucus, N.J.

Issues addressed by the IRS guidance include:

- Employers will not have to include dental and vision care in computing employees' health care costs if those plans are sepa-

rate from group medical plans, as they typically are.

- Contributions employees make to flexible spending and health savings accounts are to be excluded from the health care cost figure.

- In situations where employees work part of the year and then terminate employment and receive COBRA coverage, employers can choose to report only the cost of coverage while the employee was working or to report that plus the COBRA cost. In such situations, though, the reporting choice must be applied consistently.

- Health care cost information does not have to be reported in

See **W-2** page 18

## WORKERS COMPENSATION

## New rules for N.Y. comp trusts

By **ROBERTO CENICEROS**

**ALBANY, N.Y.**—A budget bill the New York Legislature adopted last week includes new regulations for the state's troubled group self-insured workers compensation trust system—a problem observers say affects all self-insureds in the state.

Since 2006, 19 group self-insurance trusts for workers compensation liabilities in the state have closed voluntarily, while another 17 are insolvent. A 2011-2012 state budget document recently estimated their combined deficit at some \$800 million, a problem experts say is unique to New York because of the scale of trust failures.

19

Since 2006, 19 group self-insurance trusts for workers compensation liabilities in New York state have closed voluntarily while another 17 are insolvent.

Most of those liabilities stem from trusts once administered by Hamilton, Bermuda-based Compensation Risk Managers L.L.C., several sources said. The firm, which changed its name to Majestic Capital Ltd. last year, could not be reached for comment.

Under the state budget adopt-

ed last week by the legislature and supported by Gov. Mario Cuomo, New York's group trusts must essentially "requalify" with regulators to remain in operation, said Charles T. Reller, president of the Group Self-Insurance Assn. of New York Inc. in Albany.

They must post cash or letters of credit with the New York State Workers' Compensation Board by Nov. 1 in an amount equal to their workers comp claims reserves incurred during 2010, Mr. Reller said.

In subsequent years, the trusts would have to "ramp up" the amount of security deposited each year until 2014, when they

See **TRUSTS** page 21

### Errors & Omissions

The chart of the largest captive managers in the March 14 issue incorrectly presented the 2010 captive premium for USA Risk Group Inc. The correct premiums should have been \$2,376,032,566.



Smarter is healthy.<sup>SM</sup>

# Smarter is lowering health care costs, not expectations.



**Aetna's proven CDHP.** Aetna was the first national, full-service health insurer to offer a Consumer-Directed Health Plan. And only Aetna's CDHPs have a proven record based on our 7th annual study.\* Proven short-term and sustainable savings. Proven to get employees thinking and acting like consumers when it comes to their health. Proven savings without compromise to care.

Get a smarter health plan<sup>SM</sup>, [Aetna.com/Smarterishealthy](http://Aetna.com/Smarterishealthy) medical dental vision life disability pharmacy

\*Aetna HealthFund® Seventh Annual Study Results, released December 2010. Savings are based on the results of the study for full replacement cases only. Results do not represent a savings guarantee. Savings will vary for each customer, depending on plan design, engagement strategies, claim experience and other factors.

© 2011 Aetna Inc. Plans offered by **Aetna Life Insurance Company** and its affiliates. Health insurance plans contain exclusions and limitations. Providers are independent contractors and are not agents of Aetna. 2011052

# Smaller firms face D&O risks

*Private companies seldom buy cover, but exposures loom*

By MIKE TSIKOUidakis

**CHICAGO**—Small and midsize firms, their executives and boards are vulnerable to costly lawsuits that could be covered by directors and officers liability insurance, experts say.

But D&O insurance seldom is purchased by smaller companies, and firms that buy the coverage often do not fully understand the value of the coverage or what risks are covered by the policies, they said last month at the Professional Liability Underwriting Society's 2011 Professional Risk Symposium in Chicago.

The insurance industry has seen continuous expansion and growth in D&O coverage for publicly held companies during the past 15 years. As the market for larger companies has expanded, small and midsize companies also have been offered broad and aggressively priced D&O coverage.

But while risk managers at publicly held companies often negotiate vigorously and knowledgeably for their D&O coverage, executives at smaller firms often do not fully understand how D&O coverage works, said Elizabeth A. Roussel, partner in the litigation practice of Adams and Reese L.L.P. in New Orleans, during a panel discussion.

D&O exposures for private companies are a low-frequency,

**READ** more coverage from the conference online at [www.BusinessInsurance.com](http://www.BusinessInsurance.com)

high-severity risk and many policyholders who do not experience claims do not review the coverage at renewal time, said Lisa M. Jones, vp at Chubb & Son Inc. in Warren, N.J.

When claims hit, private firms are "surprised by the breadth of coverage" that exists, said Ms. Roussel, who advises her clients to submit potential D&O claims even if they are unclear if they are covered under a D&O policy. "Nine out of 10 times, it's covered," she said.

D&O claims for private companies can arise from various situations, said panelist Thomas Herendeen, vp of management and professional liability for Philadelphia Insurance Cos., a Bala Cynwyd, Pa.-based unit of Tokio Marine Group.

Frequently, claims stem from breach of contract suits where an employee leaves a firm and goes to another, or starts his or her own business, Ms. Jones said.

For example, Ms. Jones said, a plumbing company might sue a competitor if an employee left and misappropriated trade secrets to the competitor.

One in four small to midsize executives said they bought D&O coverage, according to a 2010 survey of 450 U.S. executives and 250 Canadian executives conducted by Chubb, Ms. Jones said.

Survey participants who did not buy D&O insurance said they thought they were covered for D&O risks under their umbrella policies.

Nearly half of the survey participants who bought D&O cover

See **PLUS** page 17

# Investments boost pension funding

By JERRY GEISEL

Pension plan funding levels among large, publicly held U.S. employers improved slightly in 2010 due to strong investment results and record employer contributions, according to a Milliman Inc. survey released last week.

Defined benefit plans offered by 100 U.S. employers with the largest pension programs were, on average, 83.9% funded in 2010, up from 81.7% in 2009 and 79.3% in 2008, the survey found (see chart).

Solid investment gains and increased employer contributions were responsible for the improvement in plan funding.

On average, the plans earned 12.8% on assets last year, down slightly from 14.1% in 2009 but still a huge improvement over 2008 when investment losses averaged 18.9%.

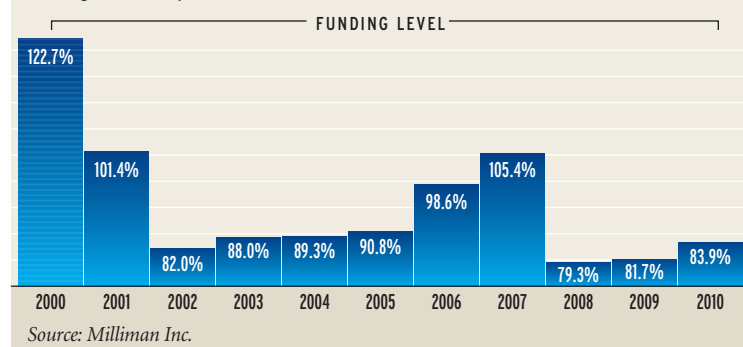
In addition, employers contributed a record \$59.4 billion to their plans last year, up from \$54.1 billion in 2009 and \$29.8 billion in 2008.

"This was a record year for pension contributions, though the number could have exceeded \$60 billion if a few things had gone differently," John Ehrhardt, co-author of the study, said in a statement.

"Pension funding relief enacted last summer helped reduce the funding burden, along with positive investment performance. If interest rates remain at current levels (or decline), contributions will be even higher in 2011,"

## PENSION PLAN FUNDING

The average funding level, or ratio of assets to liabilities, of the largest pension plans has improved two years in a row.



added Mr. Ehrhardt, who is a principal and consulting actuary in Milliman's New York office.

Funding would have improved even more except for falling discount rates that are used to measure plan liabilities. A decline in discount rates inflates the value of plan liabilities for reporting purposes.

In all, the market value of pension plan assets increased about \$115 billion to just more than \$1.2 trillion. The value of plan obligations increased nearly \$103 billion to about \$1.43 trillion, Milliman said.

Among surveyed employers, Detroit-based General Motors Co. had the largest defined benefit program as measured by assets. Last year, the automaker had \$105.9 billion in plan assets and its plans were 82.6% funded, up from 78.2% in 2009. The \$22.2 billion difference between its 2010 plan assets and \$128.2 billion in

benefit liabilities was by far the greatest of any of the 100 employers in the study.

With \$86 billion in plan assets, Armonk, N.Y.-based IBM Corp. had the second-largest pension program in 2010. Its plans were 91.6% funded last year, up slightly from 91% in 2009, according to the survey.

FPL Group Inc., a Juno, Fla.-based energy and utility company, had the highest funded ratio in 2010 at 162.1%, which was virtually unchanged from 162.3% in 2009. Atlanta-based Delta Air Lines Inc. had the lowest funded ratio: 47.1%, up from 44.8% in 2009.

Seattle-based Milliman analyzed financial reports of publicly held companies sponsoring the 100 largest pension programs for which full-year data was available.

The survey, "Milliman 2011 Pension Funding Study," is available at [www.milliman.com](http://www.milliman.com).

## Commentary

# Castaways' gadget generates green idea

One of my favorite television shows while growing up was "Gilligan's Island" because it reminded me of the adventures of "Robinson Crusoe," the 18th century tale of a man who survives 27 years on an island off the coast of South America after a shipwreck.

In the 1960s sitcom "Gilligan's Island," a group of hapless tourists are left stranded on an uncharted desert island when their boat runs aground after a storm erupts during what was supposed to be "a three-hour tour."

While most of the episodes dealt with wacky rescue attempts that always failed, the castaways came to rely on the ingenuity of the Professor, who somehow managed to build useful gadgets out of things he found around the island. I was especially captivated by a stationary bicycle-powered generator the Professor made out of bamboo and parts salvaged from the shipwreck.

Although the portly Skipper would have benefited most from pedaling the bike, it was usually the scrawny Gilligan who operated the vehicle, which produced enough electricity to power fans, a makeshift washing machine and a radio.

I've often wondered why such a simple, yet clean and efficient method of energy production had not been adopted by our society. It would address the obesity epidemic, the energy shortage and perhaps even global warming, because the major byproduct of operating such equipment is sweat, not greenhouse gases.

Well, that day has finally arrived. A health club in Portland, Ore., recently installed a fleet of electricity-producing stationary bicycles that gives gym rats the ability to power ceiling fans, TVs and other exercise equipment. A computer display on each machine shows how many kilowatts of electricity users are creating. A 30-minute workout can generate between 100 and 300 watts, enough to power a laptop and LED light for nearly three hours. At the same time, it burns between 300 and 700 calories.

Like the Professor's contraption, visCycle is based on a simple "windmill" principle. Instead of harnessing the power of the wind, it captures kinetic energy produced by the repetitive motion of pedaling. The visCycle was developed by Resource Fitness Inc., a company launched in 2009 by Ryan



**JOANNE WOJCIK**

Senior Editor Joanne Wojcik can be reached at: [jwojck@businessinsurance.com](mailto:jwojck@businessinsurance.com)

Barr and Adam Boesel, who also owns the Green Microgym in Portland.

Mr. Boesel, who has been featured on numerous national news segments highlighting his resourcefulness as the world's energy reserves are becoming depleted, said he wanted to use "green" equipment when he opened his gym, but invented his own when he could find none. The visCycle, which retails for about \$1,200, has trimmed Green Microgym's electric bill by 60%, according to Mr. Boesel.

**I've often wondered why such a simple, yet clean and efficient method of energy production had not been adopted by our society.**

The use of "pedal power" to produce electricity is slowly but surely catching on at other U.S. fitness facilities. The Greenasium in Encinitas, Calif., opened last fall with three specialty spin bikes that push electricity back into the grid, helping provide power to the gym and to other electricity customers. On the East Coast, ecologically minded cyclists recently began recycling their energy at Go Green Fitness Center in Orange, Conn. It's also possible to buy plans on the Internet to build an electric generator fueled by pedal power.

Perhaps it's time other parts of our society follow the lead of the Professor by finding other uses for human-generated electricity. Besides curbing our consumption of foreign oil, we'd be whittling our waistlines and reducing our carbon footprints at the same time.



**"Zurich brought us the local and global insurance expertise that enabled us to proudly contribute to Miami's first underwater tunnel."**

**Henri Lebossé, Bouygues Construction,  
Head of Risk and Insurance Department**

Zurich **HelpPoint**

**Global insurance solutions for wherever you expand next.**

For the construction of Miami's first underwater tunnel, Zurich helped Bouygues Construction by providing risk expertise and a global team of specialists already familiar with the company. Zurich solved the complex, local insurance requirements of the lenders, the State of Florida and the company's management. It's an example of how Zurich HelpPoint delivers the help businesses need when it matters most. To learn more about this case, visit [www.zurichna.com/stories1](http://www.zurichna.com/stories1)



*Because change happenz<sup>®</sup>*

In the United States, coverages are underwritten by member companies of Zurich in North America, including Zurich American Insurance Company. Certain coverages not available in all states. Some coverages may be written on a non-admitted basis through licensed surplus lines brokers. Risk engineering services are provided by Zurich Services Corporation. Zurich Services Corporation does not guarantee any particular outcome and there may be conditions on your premises or within your organization, which may not be apparent to us.

# Business Insurance OPINIONS

## Banks, insurers need separate regulators

RECENT EFFORTS at federal and state levels to lump together insurance supervision with banking oversight should raise some concerns among commercial insurance consumers.

As we report on page 3, New York last week announced that it will merge its banking and insurance departments in an effort to streamline regulation for the financial services sector in the state.

The move by New York comes after ongoing efforts at the federal level to review the systemic risks posed by financial companies, including banks and insurers, through the Financial Stability Oversight Council.

In general, cutting through unnecessary red tape and reducing the cost of regulation are worthy goals. Consumers of all sizes need to be protected, but businesses need to be able to operate in environments that allow them to be innovative and profitable.

Using one regulatory body to monitor similar financial sectors might help achieve those goals but, we would argue, insurers and banks are not sufficiently similar. The unique characteristics of American International Group Inc. aside, banks clearly represent a greater systemic risk than insurers. And, we believe, the risks consumers face from their banking service providers are very different from the risks they face from their insurers. Institutions that actively manage consumers' existing assets raise different concerns than institutions that provide financial protection.

Grouping together disparate sectors for regulatory purposes could lead to ineffective regulation that may, in the long run, drive up costs for everyone. We hope state and federal authorities consider this risk as they apportion regulatory resources and powers within the combined entities.

## Congress should repeal health care report rule

WHILE WE THINK employers should inform employees about the cost of their health care coverage, we're skeptical about whether employers should be compelled to report that information on employees' wage-and-income statements.

Our skepticism about such a requirement increased with last week's release of Internal Revenue Service guidance, as we report on page 4, to aid employers in complying with the mandate imposed by the health care reform law and due to go into effect next year.

A basic question that has to be asked is why lawmakers thought such a requirement was necessary. If including the cost of coverage on W-2 statements has a connection to health care reform, such a tie eludes us. By itself, the requirement will not lead to more or fewer people receiving coverage. Nor will it raise federal revenues, because it does not change the tax-favored status of employer-provided coverage.

What it will do is require more work on the part of employers to understand the IRS guidance and make the necessary changes to their payroll systems to comply with the law. Employers will have to spend time and money on something that serves no useful purpose.

Given that, the requirement is one that lawmakers would be wise to consider putting on their measures-to-repeal list.

*The risks consumers face from their banking service providers are very different from the risks they face from their insurers.*



### WRITE

*Business Insurance welcomes letters to the editor. The section is intended to be a forum for readers' opinions and comments. We reserve the right to edit letters for clarity or space. We will not publish unsigned letters.*

Please send your letters to:

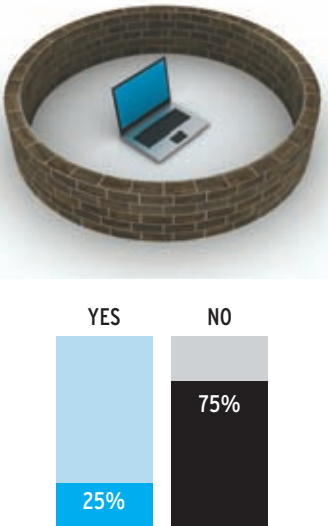
Letters to the Editor  
Business Insurance  
360 N. Michigan Ave.  
Chicago, Ill. 60601-3806  
fax: 312-280-3174, e-mail:  
grouter@businessinsurance.com

### VOTE

in the BI Online Poll at  
[www.businessinsurance.com](http://www.businessinsurance.com)

#### THIS WEEK'S RESULTS

Do you think your organization effectively manages its cyber exposures?



#### NEXT WEEK'S QUESTION

Should states use the same regulatory body to oversee banks and insurers?

### READ

Perspectives and expert analysis online at  
[www.businessinsurance.com/section/perspectives](http://www.businessinsurance.com/section/perspectives)



## Time to examine coverage for Japan losses

Faced with substantial losses due to the earthquake, tsunami and nuclear crisis in Japan, U.S. companies likely will look to their insurers to recover, say Laura A. Foggan and Jeremiah J. Galus of law firm Wiley Rein L.L.P. in Washington. Like other disasters, the events in Japan will give rise to important insurance coverage issues, particularly with respect to business interruption losses. Policyholders and insurers alike will need to examine the coverage, exclusions, conditions and limits of their policy as well as the facts of each claim, they say.

**ONLINE**  
Read the full text of this and other Perspectives online at  
[www.BusinessInsurance.com](http://www.BusinessInsurance.com)

**Publisher/General Manager,  
Strategic Business Media:**  
Mark Stach (Chicago)

**Associate Publisher/  
Online General Manager/Event Director:**  
Paul D. Winston (Chicago)

**Editor:** Gavin Souter (Chicago)

**Editor-at-Large:** Jerry Geisel (Washington)

**Managing Editor:** Matt Scroggins (Chicago)

**Assistant Managing Editor - Multimedia:**  
Kathy L. Barnes (Chicago)

**Art Editor:** William Murphy (Chicago)

**Special Projects Editor:** Rodd Zolkos (Chicago)

**Senior Editors:** Michael Bradford (Dallas);  
Roberto Ceniceros (Boise);  
Judy Greenwald (San Jose);  
Mark A. Hofmann (Washington);  
Sarah Veysey (London); Joanne Wojcik (Denver)

**Associate Editors:**  
Jeff Casale (Chicago); Sonja Ryst (New York);  
Mike Tsikoudakis (Chicago)

**Copy Editors:** Charmain Benton (Chicago);  
Ann Reus (Chicago)

**Editorial Assistant:** Mallory Gillikin (Chicago)

**Research Director:** Kevin P. Edison (Chicago)

**Research Editor:** Karen Brown Tucker (Chicago)

**Online Editor:** Katherine Downing (Chicago)

**Online Producer:** Amy R. Curtis (Olathe)

**Editorial Cartoonist:** Roger Schillerstrom (Chicago)

**Advertising Sales Director:**  
Susan Stilwell (Chicago)

**Regional Sales Managers:**  
Ron Kolgraf (Boston); Robert B. Murray  
(New York); Mary Pemberton (Denver);

**Classified Advertising Manager:**  
Monique Murray (New York)

**Events Manager:** Rebecca Briggs (New York)

**Production Manager:** J. Thomas Janka (Chicago)

**Assistant to the Publisher:**  
Justine Karl (Chicago)

**Marketing Director:**  
Diane Lillie (Chicago)

**Audience Marketing Director:**  
Michelle O'Malley (Chicago)

**EDITORIAL:** Boise: 208-286-1425;  
Chicago: 312-649-5200; Dallas: 972-691-7960;  
Denver: 303-278-7444; London: 44-207-457-1400;  
New York: 212-210-0100; San Jose: 408-774-1500;  
Washington: 202-662-7200

**ADVERTISING:** Boston: 617-292-4856;  
Chicago: 312-649-5224; Denver 303-898-4043;  
New York: 212-210-0136

**SUBSCRIPTIONS:** Detroit: 888-446-1422

*Business Insurance* is published by  
Crain Communications Inc.  
**Chairman:** Keith E. Crain  
**President:** Rance Crain  
**Secretary:** Merrilee Crain  
**Treasurer:** Mary Kay Crain  
**Executive Vice President/Operations:**  
William A. Morrow  
**Senior Vice President:** Gloria Scoby  
**Vice President/Group Publisher:**  
Christopher Crain  
**Group Vice President/Technology, Circulation,  
Manufacturing:** Robert C. Adams  
**Vice President/Production & Manufacturing:**  
Dave Kamis  
**Corporate Circulation/  
Audience Development Director:**  
Kathy Henry  
**Chief Information Officer:** Paul Dalpiaz  
**G.D. Crain Jr.** Founder (1885-1973)  
**Mrs. G.D. Crain Jr.** Chairman (1911-1996)  
**S.R. Bernstein**  
Chairman-executive committee (1907-1993)

Published at 360 N. Michigan Ave., Chicago, Ill. 60601-3806. Fax: 312-280-3174, [biweb@crain.com](mailto:biweb@crain.com). Offices: 711 Third Ave., New York, N.Y. 10017-5806. Fax: 212-210-0704. Suite 814, National Press Building, Washington, D.C. 20045-1801. Fax: 202-638-3155; 6500 Wilshire Blvd., Suite 2300, Los Angeles, Calif. 90048-4947. Fax: 323-655-8157; 967 Bermuda Court, Sunnyvale, Calif. 94086-6750. Fax: 408-774-1155; 21 St. Thomas St., London SE1 9RY, U.K. Fax: +44-(0)20-7457-1440; 12524 Acuff Court, Olathe, Kan. 66062. Fax: 312 280-3174. 77 Franklin St., Suite 809, Boston, Mass. 02110-1510; Fax: 212-210-0704. \$5 a copy and \$97 a year in the U.S., \$130 in Canada and Mexico (includes GST). All other countries, \$230 a year (includes expedited air delivery). E-mail subscription correspondence and address changes to [customerservice@businessinsurance.com](mailto:customerservice@businessinsurance.com) or mail to Business Insurance Circulation Department, 1155 Gratiot Ave., Detroit, MI 48207-2912. Send subscription correspondence to Circulation Department, *Business Insurance*, 711 Third Ave., New York, N.Y. 10017-5806. Microfilm copies available: University Microfilms, 300 Zeeb Road, Ann Arbor, Mich. 48103. Microfiche copies: Bell & Howell, Micro Photo Division, Old Mansfield Road, Wooster, Ohio 44691. Portions of the editorial content of this issue are available for reprint or reproduction in other media. For reprints or reprint permission, please contact Lauren Melesio/Crain Communications at 212-210-0707 or e-mail [BusinessInsurance@reprints.crain.com](mailto:BusinessInsurance@reprints.crain.com).

To subscribe, Call 888-446-1422, or 313-446-0450 outside the U.S.  
[www.businessinsurance.com](http://www.businessinsurance.com)



# CONNECT TO THE CORE OF ERM

## Risk managers match systems to unique enterprise exposures

By **MIKE TSIKOUDAKIS**

**T**echnology to facilitate and execute enterprise risk management initiatives is widely available, but the specific tools to accomplish ERM can vary by industry and even the particular risk manager involved.

One inherent problem is that defining the elements that constitute an ERM program varies greatly.

There are a host of tools for ERM programs that capture data on operational, credit and market risk, along with capital modeling suites, management reporting information and monitoring metrics from various systems to provide a robust understanding of the data.

"Technology has its place in ERM" and is "not an allocation process where you can set it up in advance

and it just runs and clients get what they need time and time again," said Tom Wimberly, Atlanta-based vp of Aon eSolutions, a unit of Aon Corp. "This has a great deal more to do with being able to guide ERM at every stage and control it."

Aon eSolutions' Risk Register is its primary ERM product, which feeds and interrelates with data stored in an existing risk management information system and "elevates an organization's view of risk" with heat maps, surveys and risk assessments through a series of tools, he said.

As ERM's core tenets encompass a business' potential risks and rewards across the entire organization, ERM technology must be configured to a specific organization's needs, observers say.

See **ERM** page 11

Risk  
Management  
Technology

SPOTLIGHT

**RISK MANAGEMENT  
INFORMATION SYSTEM  
PROVIDERS**

PAGE 10

**TELEMATICS HELPS  
TRANSPORT FIRMS  
TRACK RISKS**

PAGE 12

**EMBEDDED TECH  
OFFERS COMPANIES  
EARLY WARNINGS**

PAGE 12

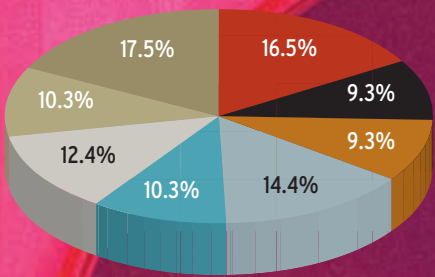
**RISK MANAGERS  
USE SOCIAL MEDIA  
TO REDUCE CLAIMS**

PAGE 14

# DATA snapshot

## RISK MANAGEMENT SOFTWARE

**VISIT** the *Business Insurance* Research Center to access full searchable directories and directories in PDF and Excel formats. [WWW.BUSINESSINSURANCE.COM/DIRECTORIES](http://www.businessinsurance.com/directories)



### TYPE OF SYSTEMS OFFERED

- Claims administration
- Insurance management
- Claims tracking only
- Policy management
- Enterprise risk management
- Risk analyst
- Incident management
- RMIS

## RISK MANAGEMENT INFORMATION SYSTEMS PROVIDERS

| Company/address                                                                                            | Phone/website                                                                                                                                          | System names                                                                                                                            | Systems first offered | Principal officer                                     |
|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------------------------------------|
| <b>Aon eSolutions Inc.</b><br>200 E. Randolph St.,<br>Chicago, Ill. 60601                                  | 800-299-2711<br><a href="http://www.aon-esolutions.com">www.aon-esolutions.com</a>                                                                     | iVOS, RiskConsole, SafetyLogic                                                                                                          | 1972                  | Kathleen Burns, CEO                                   |
| <b>APP Technologies L.L.C.</b><br>50 Washington St., Seventh Floor,<br>Norwalk, Conn. 06854                | 203-210-5072<br><a href="http://www.apptechologies.biz">www.apptechologies.biz</a>                                                                     | Incident Management System, Electronic First Report, Go Compliance                                                                      | 2003                  | Paul J. McLaughlin, president                         |
| <b>Brightwork Inc.</b><br>17734 148th Ave.,<br>Spring Lake, Mich. 49456                                    | 773-529-1100<br><a href="http://www.brightworkinc.com">www.brightworkinc.com</a> ,<br><a href="http://www.aboutalyce.com">www.aboutalyce.com</a>       | Alyce Claims Management System                                                                                                          | 2003                  | Ted Luekens, president/CEO                            |
| <b>Cantor &amp; Co.</b><br>9051 Sunland Blvd.,<br>Sun Valley, Calif. 91352                                 | 310-922-1994<br><a href="http://www.riskmapsoftware.com">www.riskmapsoftware.com</a> ,<br><a href="http://www.cantorandco.com">www.cantorandco.com</a> | RiskMap Loss Development, RiskMap Loss Forecasting, RiskMap Risk Financing, MQMS Plus Risk Management                                   | 1982                  | Alan Cantor, president                                |
| <b>Chartis Inc.</b><br>5 Wood Hollow Road, Third Floor,<br>Parsippany, N.J. 07054                          | 800-767-2524<br><a href="http://www.chartisinsurance.com/intellirisk">www.chartisinsurance.com/intellirisk</a>                                         | IntelliRisk Advanced, IntelliRisk (Basic)                                                                                               | 1988                  | Steven Iler, president-Chartis                        |
| <b>Computer Science Corp., dba CSC</b><br>200 W. Cesar Chavez,<br>Austin, Texas 78701                      | 800-345-7672<br><a href="http://www.csc.com/riskmanagement">www.csc.com/riskmanagement</a>                                                             | RISKMASTER                                                                                                                              | 1974                  | Michael W. Laphen, chairman/president/CEO             |
| <b>CS STARS L.L.C.</b><br>500 W. Monroe St.,<br>Chicago, Ill. 60661-3630                                   | 800-927-3343<br><a href="http://www.csstars.com">www.csstars.com</a>                                                                                   | STARS                                                                                                                                   | 1967                  | William B. Diaz, president                            |
| <b>DAVID Corp.</b><br>200 Pine St., Second Floor,<br>San Francisco, Calif. 94104                           | 800-553-2843<br><a href="http://www.davidcorp.com">www.davidcorp.com</a>                                                                               | NavRisk                                                                                                                                 | 1984                  | Alex Aminian, president/CEO                           |
| <b>Effisoft USA</b><br>57 E. Main St., Suite 217,<br>Westborough, Mass. 01581                              | 508-475-0670<br><a href="http://www.effisoft.com">www.effisoft.com</a>                                                                                 | Webrisk, Valdys                                                                                                                         | 1989                  | Will Warren, president-Effisoft USA                   |
| <b>Emerson Software Solutions</b><br>6000 Fairview Road, Suite 1200,<br>Charlotte, N.C. 28210              | 800-975-2279<br><a href="http://www.emersonsolutions.com">www.emersonsolutions.com</a>                                                                 | eRIMS2                                                                                                                                  | 1992                  | Richard E. Wilkins, president                         |
| <b>INFORM Applications Inc.</b><br>888 Veterans Memorial Highway, Suite 100,<br>Hauppauge, N.Y. 11788      | 631-851-0222<br><a href="http://www.informapplications.com">www.informapplications.com</a>                                                             | INFORM, RMIS, INFORM Claims                                                                                                             | 1999                  | Alan R. Josefsek, president                           |
| <b>Liberty Mutual Insurance Co.</b><br>150 Liberty Way,<br>Dover, N.H. 03820                               | 800-294-3316<br><a href="http://www.libertymutualgroup.com">www.libertymutualgroup.com</a>                                                             | RISKTRAC®, ClaimTrac, ClaimStatus PLUS                                                                                                  | 1983                  | Frank Radack, manager-customer loss information, RMIS |
| <b>MFx</b><br>412 Mount Kemble Ave., Suite 200S,<br>Morristown, N.J. 07960                                 | 866-639-6399<br><a href="http://www.mfxfairfax.com">www.mfxfairfax.com</a>                                                                             | ClaimsAssure                                                                                                                            | 2001                  | Raymond A. Roy, chairman/CEO                          |
| <b>Origami Risk L.L.C.</b><br>516 Madison Ave.,<br>Glencoe, Ill. 60022                                     | 888-481-1115<br><a href="http://www.origamirisk.com">www.origamirisk.com</a>                                                                           | Origami Risk                                                                                                                            | 2009                  | Robert Petrie, president                              |
| <b>P&amp;C Insurance Systems Inc.</b><br>Trinity Centre, 111 Broadway, 17th Floor,<br>New York, N.Y. 10006 | 212-425-9200<br><a href="http://www.pcisvision.com">www.pcisvision.com</a>                                                                             | ClaimsVision                                                                                                                            | 1982                  | Michael Loizou, president/CEO                         |
| <b>Risk Sciences Group Inc., a Crawford Co.</b><br>1001 Summit Blvd.,<br>Atlanta, Ga. 30319                | 800-619-0224<br><a href="http://www.risksciencesgroup.com">www.risksciencesgroup.com</a>                                                               | Sigma Encore, Dmitri RMIS                                                                                                               | 1978                  | Brenda Rarick, senior vp-Risk Sciences Group          |
| <b>Riskconnect Inc.</b><br>30 South Park Square, Suite 202,<br>Marietta, Ga. 30060                         | 770-790-4700<br><a href="http://www.riskconnect.com">www.riskconnect.com</a>                                                                           | Riskconnect ERM, Riskconnect RMIS, Riskconnect Incident Management, Riskconnect Certificates, Riskconnect Portal, Business Intelligence | 2007                  | Bob Morrell, CEO                                      |
| <b>TecnoRisk L.L.C.</b><br>1441 N Northlake Way, Suite 105,<br>Seattle, Wash. 98103                        | 425-738-8525<br><a href="http://www.tecnorisk.com">www.tecnorisk.com</a>                                                                               | TecnoClaims, TecnoSafety                                                                                                                | 1985                  | Roger G. Phillips, president                          |
| <b>Travelers Cos. Inc.</b><br>1 Tower Square,<br>Hartford, Conn. 06183                                     | 860-277-9182<br><a href="http://www.travelers.com">www.travelers.com</a>                                                                               | e-CARMA                                                                                                                                 | 1983                  | Mike Strietelmeier, vp                                |
| <b>WLT Software Enterprises Inc.</b><br>26133 U.S. Highway 19 N., Fourth Floor,<br>Clearwater, Fla. 33763  | 877-807-4730<br><a href="http://www.wltsoftware.com">www.wltsoftware.com</a>                                                                           | CompClaims for Windows                                                                                                                  | 1979                  | Tom Brooks, president                                 |

Source: BI survey. Researched by Kevin Edison and Karen Tucker

# ERM: Risk managers match systems

CONTINUED FROM PAGE 9

"There are no ERM tools that uniformly apply to every firm," said Enrique Mejorada, vp of risk management and chief risk officer of Public Service Enterprise Group Inc. in Newark, N.J.

"There is going to have to be an 'e' put in front of the word RMIS," said David Duden, national risk management information systems practice leader at Deloitte & Touche L.L.P. in Hartford, Conn. "We are going to have to look at ERM information systems and today there are very few of those that actually exist in my opinion."

While traditional RMIS do a good job tracking risks such as claims for property, workers compensation, general liability and auto liability, they fall short in making all the ERM connections, Mr. Duden said.

"They don't necessarily track what the impact or likelihood of different types of risk events might be for the organization," Mr. Duden said.

"That's the problem with some of the standardized software packages. They may be very good, but if they don't match the processes—and we don't want to change the processes—then we can't use the systems," said Hans Læssøe, senior director of strategic risk management for toy manufacturer LEGO Group in Billund, Denmark.

After surveying several systems for his ERM program, Mr. Læssøe decided to continue using an Excel spreadsheet he built that includes identifying various risks with columns for assessment, probabilities and likelihoods, some of which cannot be entirely quantified.

Mr. Læssøe's ideal approach would be to take his existing spreadsheet and build a database that multiple users can access with easy-to-use reporting tools.

"It is important for risk managers to try to match the technology to their level of sophistication. You want the emphasis to be on risk, not on the systems," he said.

Bob Morrell, president and CEO of Riskconnect Inc. in Marietta, Ga., said ERM systems need to move beyond data collection to strategic risk management that is assisted by visualization tools.

Riskconnect's ERM platform uses key risk indicators to drive risk assessment through visual dashboards, internal risk surveys and collaboration technology, among others.

**'It is important for risk managers to try to match the technology to their level of sophistication. You want the emphasis to be on risk, not on the systems.'**

Joe C. Underwood, Albert Risk Management Consultants Inc.

"We have clients that quantify nothing. There are no dollar amounts or even rankings associ-

ated with any of their risks," Mr. Morrell said.

"They literally move risk bubbles around visually on a screen and really all that matters is the relative placement of risks, relative to one another, so they can prioritize risks and then track the mitigations around it and prioritize those," he said.

"The reality is, trying to force dollar amounts or force strict rankings or units of measurement on risks can destroy a process just by itself," he said.

Features of software most important to an ERM leader are "specific to the 'risk factor' and impact analysis sought," PSEG's Mr. Mejorada said. Such features include "analytical flexibility" in

graphics "and the ability to process, in some instances, large amounts of data to produce actionable metrics on a timely basis," which he said "are very important features of any ERM process."

Despite any reticence from ERM leaders, the technology must be customizable at a level that is comfortable for the organization, said Tom Hettinger, North American property/casualty, ERM and capital modeling leader for Towers Watson & Co. in Chicago.

All ERM programs, and the technology supporting them, need to evolve, he said.

"This is a journey. You will continue to make changes to it," Mr. Hettinger said.



**The way to succeed in the years ahead is by having a carrier with 100 years of experience beside you.**

[www.cna.com](http://www.cna.com)

## KNOWLEDGE AND INSIGHT ARE ALWAYS AN ADVANTAGE.

For over a century, CNA has stood alongside our customers with the comprehensive products and services they need to better manage their risks. With an "A" rating for financial strength and a strong relationship with your local independent agent, CNA offers the industry expertise and perspective your business requires. When you're looking for a carrier who can help you solve some of your most complex insurance challenges ... **we can show you more.®**

**For more information, contact your independent insurance agent or visit [www.cna.com](http://www.cna.com).**

**CNA**

Business Services  
Construction  
Financial Institutions  
Healthcare  
Manufacturing  
Professional Services  
Real Estate  
Retail  
Technology  
Wholesale Distribution

CNA is a registered trademark of CNA Financial Corporation. Copyright © 2011 CNA. All rights reserved.

**LISTEN** to the BI webcast  
'Making ERM Pay Off' at  
[www.BusinessInsurance.com](http://www.BusinessInsurance.com)

"Simplicity is paramount and this is why I have found that a spreadsheet is good. Everybody accepts what a spreadsheet is," Mr. Læssøe said.

Joe C. Underwood, principal at Albert Risk Management Consultants Inc. in Needham, Mass., said understanding what needs to be gauged and how technology can facilitate company processes is essential to achieve a program that genuinely constitutes ERM.

"The scope of an ERM system has a lot more to do with identifying controls and identifying areas of vulnerability and making sure there are appropriate controls to address those vulnerabilities," Mr. Underwood said. "It requires that you understand what the risk manager's definition of ERM is before you go to suggest particular systems for them."

The goal of an ERM application is to organize data and show it graphically so it can be digested easily and used to identify and mitigate risks, Mr. Underwood said.



PHOTOSHOT/NEWSCOM

Investigators examine the wreckage of World Wide Travel of Greater New York tour bus that overturned in mid-March in New York state, killing 15 people when it hit a guardrail and flipped on its side. A "black box" and video camera aboard the bus will aid the investigation.

# Transport telematics bulk up data

*Widely used by commercial trucking fleets, information helps reduce potential liability*

By JEFF CASALE

The time when fleet managers relied on occasional phone calls to track shipments and driver behavior has been transformed with up-to-the-minute data on several fronts thanks to transport telematics.

Today, fleet managers and risk managers use software, on-board cameras, accelerometers and GPS to help them identify driver behavior issues, route, fuel efficiency and vehicle performance.

Technology available today "allows the fleet manager to look at the information that is important and the behavior of their drivers," said Bob Tschippert, Kansas City, Mo.-based head of global automotive industry for the Americas at Zurich Financial Services Ltd. "There is more widespread use of telematics now as there is so much information to be gained through their use."

Sources interviewed for this story estimated that nearly 80% of commercial trucking fleets use some form of telematics.

From an insurance perspective, transport telematics can help alleviate potential liability issues. On-board cameras can be used to

monitor driver behavior, such as texting, talking on the cellphone and other distractions, as well as provide information about the cause of loss in some cases, Mr. Tschippert said, which can help guide how a claim should be handled.

"You'd rather have the information upfront that tells you whether or not the driver is at fault because of their actions before moving on to (stages) of arbitration or



litigation and enduring court costs," he said.

For example, an on-board camera could be the key for federal investigators examining the horrific March 12 bus crash in New York state that killed 15 passengers and injured more than a dozen others.

The World Wide Travel of Greater New York bus was headed from a casino to Chinatown when it slammed into a guardrail and flipped on its side on Interstate 95 near the Hutchinson Parkway exit. The bus skidded about 480 feet into a freeway signpost

and sheared off most of the roof.

National Transportation Safety Board investigators are examining the "black box" on the bus, which will tell if the driver was speeding, while video from the on-board camera will help determine the driver's assertion that the bus was sideswiped by a truck.

According to reports, the NTSB said the on-board camera is pointed at the passengers, but investigators likely will be able to determine if the driver lost control after falling asleep or was hit by another vehicle. Passengers told police that the driver, Ophadell Williams, dozed off several times before the crash.

"The advantage of cameras is that if someone is tired or fatigued, you can see that; and that might come into play in the investigation of this crash," said David Melton, industry director of transportation at the Liberty Mutual Research Institute in Hopkinton, Mass. "Telematics allow you to spot driver tendencies and behavior that could prevent a crash before it happens. Fleets shouldn't wait until a crash to see how safe they are. Drivers might find out that they aren't really safe and, instead, are just lucky."

The use of telematics in truck-only commercial fleets is widespread, Mr. Melton said, and is gaining increased use by mixed fleets using cars, vans and other consumer vehicles.

Auto manufacturers are building platforms within their vehicles similar to what General Motors Co. has done with its OnStar devices, said Tom Kavanaugh, Chicago-based director of PricewaterhouseCoopers L.L.P.'s Diamond Advisory Services. He noted that while most of these platforms are "closed" and interact only with software already programmed into the vehicle, automakers are developing platforms that will interact with other telematics software, including those embedded in smartphones.

"You could see more use of mobile telematics because you won't have to purchase any additional equipment as the platform is built into smartphones," Mr. Kavanaugh said. "You would, however, lose certain aspects that other devices provide through the use of accelerometers, cameras, etc."

The return on investment that transport telematics offer fleet and risk managers is "huge," said Herbert Mayo, vp and senior loss control consultant for Lockton Cos. L.L.C. in Denver. As an example, he said anti-rollover technology for a tanker truck costs about \$500 to install but can avoid hundreds of thousands of dollars in losses, he said.

"It doesn't take much to see the benefits telematics has," Mr. Mayo said. "Telematics can not only improve safety but it can cut down on speeding incidents, which saves on fuel costs, which saves on mileage and wear and tear on the vehicle, which means less replacement parts and tires. There is a ripple effect. It's not just saving on loss costs when there is an event; it's other costs associated with those vehicles," he said.

Insurers such as Zurich, which recently launched its Fleet Intelligence program, and Liberty Mutual have stepped up their product offerings that support telematics programs, Mr. Mayo said. More insurers are likely to follow suit as there is a "demand for such products and an interest in paying for them," he said.

Transport telematic system providers also are upgrading their fleet products, said Robin Harbage, Cleveland-based consultant with Towers Watson & Co.

While the products' capabilities have improved, pricing has dropped dramatically, Mr. Harbage said. The amount of information these products provide fleet managers is invaluable to ensure their fleet is performing safely and efficiently and can be customized, he said.

"Vendors are finding ways to create solutions for fleet managers who are looking for an integrated solution," Mr. Harbage said. "The data collected from the telematics is aggregated across the fleet and managers can take that information and drill down on a particular driver, vehicle or route. They can create safety scores for drivers and compare them to other drivers or track if their safety has gotten better or worse over time."

## Embedded technology warns of breakdowns before they happen

By JEFF CASALE

The use of technology to thwart a risk within an organization, whether it is related to data, the supply chain or electrical systems, is becoming easier to use and more sophisticated.

It's where risk managers choose to apply that technology that reduces a company's exposure to the risk and keeps the business

running smoothly, risk consultants say. While technology won't solve every problem, consultants say it can go a long way in detecting and preventing threats that can result in expensive problems.

"The whole idea with the use of technology is to minimize significant loss potential," said Paul Campbell, Chesterfield, Mo.-based head of the global boiler and machinery practice for Global

Risk Consultants Corp. "There have been a lot of improvements in loss-control methods, particularly with machinery, where you have technology available that will warn you about how to prevent or minimize the potential for a loss...but accidents still sometimes happen."

In early March when a data server caught fire at the University of North Carolina at Greensboro,

its effects rippled throughout the institution, knocking out email, voicemail, and wired and wireless networking. While it wasn't a catastrophe, it does serve as a reminder of potential risks that can halt operations.

Electrical and mechanical outages, which can produce big losses for organizations, usually can be detected prior to the event through monitoring technology.

Using a "smart sensor" system is one way of doing this, said Bill Doerr, Norwood, Mass.-based assistant vp and director of risk reliability and failure prevention with Factory Mutual Insurance Co., which does business as FM Global.

Smart sensors can be used in everyday equipment to monitor

Continued on next page

CONTINUED FROM PREVIOUS PAGE

conditions such as temperature, moisture and pressure.

"Embedded sensor devices are usually in everyday use within commercial machinery providing status and diagnostic updates," said Anand Rao, Chicago-based principal with PricewaterhouseCoopers L.L.P.'s Diamond Advisory Services. "They are an ever-evolving technology providing essential functions."

An overheated server was found to be the cause of the fire at the University of North Carolina, which ultimately blew up its power supply. Using a smart sensor to monitor and report a potential problem such as the one that caused the fire is known as "condition monitoring," Mr. Doerr said.

"Condition monitoring equipment can detect how the equipment is operating during day-to-day operations as well as emergency situations," he said. "Condition monitoring is needed anywhere you have high values of equipment or large impacts on people or the environment."

Another type of monitoring that can be used, particularly for companies with expansive electrical systems, is infrared thermography, which can identify areas with high heat levels and pinpoint fire and overheating risks.

Primarily used by power and utility companies, infrared thermography is gaining popularity among companies with large data centers, said Gordon W. Grail, Birmingham, Ala.-based managing consultant and head of Global Risk Consultants' IR services group.

"This is really technology that can be used by anybody or any company that has an electrical system," Mr. Grail said. "We serve clients ranging from banks to paper mills and chain restaurants."

"In buildings, you sometimes see a big metal box that says 'high voltage' and you don't ever think to look at what's going on inside there, which could be the cause of a major disaster. Through the use of IR, you might find something that doesn't cost very much money to repair, but can cause several thousands of dollars in damage" if it fails, Mr. Grail said.

Power and utility companies, which already have systems in place to prevent service interruptions, also are battling loss of data systems.

Last July, a computer worm called Stuxnet targeted Windows-based industrial software and equipment. It targeted Siemens A.G.'s supervisory control and data acquisition systems that were monitoring and controlling specific industrial processes, rather than just manipulating data like most viruses.

While much of the attack was aimed at Iranian nuclear power plants, it alerted the entire industrial industry to the hackers' abilities said Ryan Kalember, San Francisco-based director of product marketing for ArcSight L.L.C., a Hewlett-Packard Co. subsidiary that provides security compliance

and management solutions.

"It was the first time that cyber crime became kinetic," Mr. Kalember said.

Mr. Kalember said the event has caused risk managers of utility and power companies to focus more on their overall picture of risk, including their data systems, and estimate loss costs associated with a breach, which usually run into the millions of dollars.

"Most utility companies don't buy cyber insurance to protect against threats," Mr. Kalember said. "Though some insurers have paid claims on cyber policies, utility companies still don't think of it as traditional insurance and write it off as an operating expenditure."



Officials in Iran said the Stuxnet computer worm infected some workers' laptops at the Bushehr nuclear power plant, but did not affect plant systems. A state agency photo shows the plant last August.

AP PHOTO/IIPA



## ✓ INFORM Applications

**Rated Excellent in all eleven categories by RMIS Review!**

INFORM's Risk Management Information Systems provides a very strong but very easy to use risk management reporting system for small to very large clients. It provides data consolidation and reporting all in a thin client web based application. Carrier and data consolidation are packaged in with this INFORM service.

### *Supporting ERM through*

- ✓ Powerful Reporting ✓ Claim Intake ✓ FROI ✓ OSHA ✓ Data Integration
- ✓ Data Conversion ✓ Incident Investigation ✓ Loss Prevention Tracking
- ✓ Claim Auditing Reporting Tool ✓ Litigation Management
- ✓ Fleet ✓ Employee/Customer Relations ✓ Medicare Section 111 Reporting

*Rated  
Excellent!*

**INFORM**  
Applications  
informapplications.com  
631.851.0222 Ext. 10  
A subsidiary of  
Information Builders



# Social media tools cut claims

By MATT DUNNING

While social media have become an indispensable resource for professionals seeking to build collegial networks and market products to consumers, some sectors of business are discovering the value of social media in other, more practical applications.

In particular, those in the business of protecting their organizations' assets and public image are using sites such as Twitter, Facebook and LinkedIn as real-time tools for crisis management, filling consulting needs on the cheap, and investigating claims.

"Utilizing and incorporating social media into daily operations is critically important, especially when situations go awry," said Jim Keane, an operational risk manager for the Port Authority of New York and New Jersey, which is overseeing nearly \$7 billion in reconstruction at the World Trade Center site.

In 2007, Mr. Keane said the agency learned the hard way the importance of not only monitoring but participating in social media outlets when construction on the WTC site accidentally sent thousands of gallons of water rushing into the basement of a 410-unit apartment building nearby. The flood triggered an eight-day evacuation of the building and a storm of negative media for the agency. Within hours, the displaced tenants had taken to blogs and social media platforms like Twitter to share information about the flood.

"Many of the postings were incorrect, however," Mr. Keane said. "They began to circulate widely and the tenant population began to believe and make decisions based upon these untruths. Once the source posters were identified and educated regarding correct claim processes, inappropriate and mis-

leading postings ceased."

"Our standard operating procedure as a result of this learning experience is to immediately monitor social media sites to ensure correct information is available," in emergency situations, Mr. Keane added.

Another way risk managers are using social media platforms is monitoring claimant behavior, whether it's to ferret out false insurance claims and misappropriated payments or track an injured worker's convalescence.

Amy Pechacek, risk manager for Lake County, Ill., in Waukegan, said internal adjusters

**'This newly found platform for public declaration of what used to be essentially private information has changed the universe of claims handling.'**

Amy Pechacek, risk manager for Lake County, Ill.

conduct Internet research on "all our current claimants, many of whom maintain personal Web pages wherein they brag about recent golf scores, detail upcoming bowling tournaments, and the ever-brzen claimant who is collecting temporary total disability benefits while openly advertising his cash-only side home remodeling business."

"This newly found platform for public declaration of what used to be essentially private information has changed the universe of claims handling," Ms. Pechacek said.

"Approximately 10-20% of our social media inquiries result in some type of follow-up action or research, such as surveillance,

additional witness statements or an independent medical exam," she said.

At the Kansas Restaurant & Hospitality Assn. in Wichita, Vp of Risk Management Tina Cox said she uses social media such as Facebook to get a more accurate assessment of a claimant's injury. In at least one case, she was able to expedite a patient's treatment based on his online posts.

"I had an individual who was posting daily injury behaviors on Facebook for a shoulder injury," Ms. Cox said. "It's a way to monitor their perception of how their case is going. Sometimes they'll say one thing to me on the phone, and then we'll see a different pattern where they're talking to their co-workers on Facebook posts."

A bit closer to what one might call the original function of social media—connecting people—are growing numbers of moderated "crowd-source" blogs and discussion forums dedicated to the risk management industry.

On LinkedIn, one of the larger discussion groups in the field is the "Workers Comp Analysis Group," founded in 2008 and moderated by Mark Walls, assistant vp of claims at Safety National Casualty Corp. in St. Louis.

Mr. Walls said he started the forum at [www.workcompanalysisgroup.com](http://www.workcompanalysisgroup.com) to provide "like-minded risk management professionals" with a constructive and easily accessible environment in which to discuss emerging trends and ideas, as well as seek timely, knowledgeable advice.

"If I have a question or a problem, I can reach out and get responses back from experts around the country on the issue," Mr. Walls said. "The access to that information is not only incredibly broad; it's quick and it doesn't cost anything."

## Products & Services

### E&O cover targets new agents, brokers

**CHERRY HILL, N.J.**—Admiral Insurance Co. has launched errors and omissions coverage for newly licensed insurance agents and brokers.

The insurance is specifically designed to provide E&O coverage to agents and brokers licensed three years or less, the Cherry Hill, N.J.-based specialty insurer said in a statement.

The E&O program is for property/casualty, life and accident, and health insurance agents and brokers. It includes coverage for prior acts for up to three years without a surcharge, Admiral Insurance said.

The insurance is offered exclusively through Brown & Brown of California Inc., which does business as Cita Insurance Services, according to the statement.

For more information, contact Lisa Rush, assistant vp and program leader at Cita Insurance Services, at 800-280-7250 ext. 440, or [LRush@citainsurance.com](mailto:LRush@citainsurance.com).

### Solar panel contractors covered by Acadia

**WESTBROOK, Maine**—Acadia Insurance Co. has introduced insurance for contractors installing solar power panels and businesses operating solar energy equipment.

The "green energy" coverage responds to the growing number of businesses turning to renewable energy sources, the Westbrook, Maine-based insurer said in a statement.

"Solar panel installation is a growing business that has a positive impact on the environment," Barry May, vp of marine, said in the statement. "However, without up-to-date builders risk and special property coverage, building contractors and their customers could be opening up their businesses to significant (exposures)."

Builders risk insurance for solar power installation contractors includes testing and equipment breakdown, delay in completion, and additional construction expense and loss of income, among others, Acadia said.

Property coverage for solar panel equipment operators includes special form property coverage, equipment breakdown and loss of income.

For more information, contact Mr. May at 508-263-2576 or [barry.may@acadia-ins.com](mailto:barry.may@acadia-ins.com).

### ISO index focuses on casualty trends

**JERSEY CITY, N.J.**—The Insurance Services Office Inc. has launched a loss ratio and loss development trend index for direct lines of casualty insurance.

The ISO Casualty Index helps actuaries, underwriters and other insurance professionals track

underwriting cycles, manage adverse loss experience and benchmark performance, the Jersey City, N.J.-based unit of Verisk Analytics Inc. said in a statement.

The index is based on statistical data collected by ISO from more than 700 U.S. insurers and includes more than 15 billion transactional records.

The Casualty Index covers 10 segments within the general liability and commercial auto lines and is updated quarterly.

For more information, contact Joseph M. Izzo, assistant vp and associate actuary in ISO's commercial lines information and analytics division, at 201-469-2308 or [jizzo@iso.com](mailto:jizzo@iso.com).

### Ironshore increases political risk capacity

**NEW YORK**—Ironshore Inc. said its political risk insurance unit has increased available limits to \$25 million.

The change reflects "the increasing demand for Ironshore's capacity," Daniel L. Sussman, president of Ironshore's political risk insurance unit in New York, said in a statement.

The increased capacity is on a gross limit basis for global political risk insurance lines and other trade-related coverages for risks maturing out to five years, the Hamilton, Bermuda-based insurer said in the statement.

Political risk insurance covers financial institutions, global commodity firms, multinational corporations conducting business in global markets, trade-related risks and others, Ironshore said.

For more information, contact Mr. Sussman at 646-826-4948 or [daniel.sussman@ironshore.com](mailto:daniel.sussman@ironshore.com).

### Buck expands unit on investment consulting

**NEW YORK**—Buck Consultants L.L.C. has expanded its investment consulting services with the addition of Buck Global Investment Advisors.

The global team provides research and expertise when advising on asset allocation policy and fund manager selection for pension plans and endowments, the New York-based benefits consulting unit of Xerox Corp. said in a statement.

Investment consulting services include customized strategies to reduce the risk of pension investments, risk modeling tools for asset allocation policies for defined benefit pension plans, and pension and investment risk management services, Buck Consultants said.

For more information, contact Michael Wright, principal at Buck Consultants, at 212-330-1173 or [Michael.C.Wright@buckconsultants.com](mailto:Michael.C.Wright@buckconsultants.com).

### TO SUBMIT ITEMS

*B/I's* Products & Services column reports on new product offerings. Please send Product & Services news to Mike Tsikoudakis, 360 N. Michigan Ave., Chicago, Ill. 60601 or e-mail [mtsikoudakis@businessinsurance.com](mailto:mtsikoudakis@businessinsurance.com).

# RISK MANAGERS HAVE **FIVE** GREAT WAYS TO SEE YOUR PRODUCT

*With Business Insurance's  
complete conference coverage  
before, during and after  
RIMS 2011, you can  
be sure your message  
will be seen*

Call for more information  
and to reserve your space today!

## Business Insurance

[www.BusinessInsurance.com](http://www.BusinessInsurance.com)

Chicago 312-649-5224 | Mid-Atlantic 212-210-0136 | Midwest/West 303-898-4043 | Northeast 617-292-4856 | Southeast 212-210-0129



# EVERYTHING

YOU COULD ASK FOR  
from the leading  
commercial insurance  
news magazine

# EXCEPT

THE MAGAZINE  
Business Insurance  
Digital Edition

Business Insurance



# ACCESS ANYWHERE. ANYTIME.

The Digital Edition of *Business Insurance* is an exact replica of the print version with added benefits.

- Receive automatic delivery to your e-mail address, no more snail mail.
- Read at your convenience online or download in PDF format.
- View high quality easy to read text, charts and images.
- Click on live links in articles and ads.
- Navigate easily within articles and pages with a single click.
- Access all your archived issues.

# SIGN UP

EXPERIENCE THE DIGITAL  
DIFFERENCE TODAY

[www.businessinsurance.com/digital](http://www.businessinsurance.com/digital)

Business Insurance

## Worker's crash death compensable: Court

By ROBERTO CENICEROS

**AUSTIN, Texas**—A landscape manager was within the "course and scope of his employment" when he died en route to pick up a co-worker to attend a leadership meeting, a state appeals court ruled.

Last week's ruling by the 3rd District Court of Appeals in Texas in *Zurich American Insurance Co. vs. Chantal McVey* upholds a lower court's decision rejecting Zurich's argument that Troy McVey's beneficiary was not entitled to workers compensation benefits because he was not acting in the course and scope of his employment when he died in an auto accident.

On the day of the accident, Mr. McVey was driving a company-owned truck he regularly used to perform his work. He was scheduled to attend his employer's leadership conference and planned to pick

up the co-worker, who also was required to attend the event and lived near Mr. McVey's route to the company gathering, court records show.

Court records also state that the employer "emphasized policies that its employees should be efficient when making company-funded travel and made employees subject to dismissal for repeated perceived abuses."

Zurich's arguments suggested that Mr. McVey essentially was engaged in "an everyday trip to work," court records state.

But the appeals court found that a "coming-and-going" rule that bars benefits for accidents while traveling to work does not apply in this case. It said Mr. McVey was engaged in travel that furthered his employer's business. Therefore, his death is compensable, the court said.

## Employer liable for worker shot aboard rig

By ROBERTO CENICEROS

**NEW ORLEANS**—Under the Jones Act, an employer is vicariously liable for the death of an employee killed aboard a drilling vessel when a co-worker's gun discharged accidentally, a federal judge has ruled.

Even though the employer "clearly delineated" its prohibition against weapons in several forms, including in an employee handbook and in an agreement signed by the owner of the gun, the employer still must pay the deceased worker's family nearly \$1.2 million, the U.S. District Court for the Eastern District of Louisiana ruled last week in *Amanda Beech vs. Hercules Drilling Co. L.L.C.*

The shooting occurred in December 2009 when crane

operator Keith Beech was off duty and resting on a couch watching television aboard the vessel, according to court records.

While Hercules had argued that Mr. Beech was not acting within the course and scope of his employment when he was shot and killed, Judge Carl J. Barbier called the employer's argument "unpersuasive."

The judge ruled that the "course and scope" is a broad employment standard under the Jones Act, which provides a cause of action for negligence involving seamen.

It also found that the gun owner was on duty and "was acting in the course and scope of his employment for purposes of attaching vicarious liability to Hercules under the Jones Act," according to the ruling.



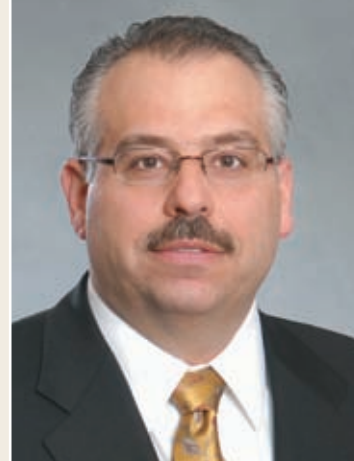
## You're hired.

Business Insurance  
CAREER CENTER

The ultimate career resource  
in the insurance industry.

<http://careers.BusinessInsurance.com>

## UP CLOSE



### MARIO SPINA

**NEW JOB TITLE:** Atlanta-based branch vp of the Georgia and Alabama region of PMA Cos. Inc.

**PREVIOUS POSITION:** Blue Bell, Pa.-based vp of direct sales at PMA.

**GOALS FOR NEW POSITION:** To profitably grow PMA's business by working closely with our brokers and agents to deliver tangible value to our clients.

**INDUSTRY CHALLENGES:** Managing effectively in a soft casualty insurance market cycle that has been further complicated by a weak economy.

**INDUSTRY OUTLOOK:** I believe over time we will see carriers taking a more disciplined underwriting approach, and clients will look for new ways to best manage their total cost of risk.

### FIRST MARKET EXPERIENCE:

After graduating from college, I started my career as a multiline claims adjuster with PMA in 1988.

**ADVICE:** Surround yourself with a passionate and energized team.

**OUTSIDE THE INDUSTRY, A DREAM JOB:** Caddy for a top-ranked PGA golfer.

**HOBBIES:** Golf and spending time with my family.

**MOST PASSIONATE ABOUT:** Providing great service to clients and brokers.

### EMAIL OR PHONE, AND WHY:

I prefer phone or in-person meetings vs. email, because meetings and phone conversations allow you to build better rapport and relationships.

## Comings & Goings ONLINE

**VISIT** [www.businessinsurance.com/ComingsandGoings](http://www.businessinsurance.com/ComingsandGoings) for a full list of this week's personnel moves and promotions. Check our Web site daily for additional postings and sign up for the weekly e-mail.

### TO SUBMIT ITEMS

*Business Insurance* would like to report on senior-level changes at commercial insurance companies and service providers. Please send news and photos of recently promoted, hired or appointed senior-level executives to:

Mallory Gillikin  
*Business Insurance*  
360 N. Michigan Ave.  
Chicago, Ill. 60601-3806

[mgillikin@businessinsurance.com](mailto:mgillikin@businessinsurance.com)

### POSTING THIS WEEK

#### BROKERS

- IMA Inc.
- Aon Risk Solutions

#### INSURERS

- AXA UK P.L.C.
- Patriot National Insurance Group
- Starr Indemnity & Liability Co.
- Starr Surplus Lines Insurance Co.
- Safety National Casualty Corp.
- Excellus BlueCross BlueShield
- American Mutual Insurance Co.
- Harleysville Insurance Co.

#### REINSURANCE

- Scor S.E.

#### OTHER PROVIDERS

- Davis Wright Tremaine L.L.P.
- Clyde & Co.
- Jones Day
- Towers Watson & Co.
- CBIZ Employee Services

# Wal-Mart: Supreme Court expected to overturn gender bias ruling

CONTINUED FROM PAGE 1

upheld a lower court's 2004 ruling that granted class action status to women who work or have worked at Wal-Mart's 3,400 stores since 1998.

In its April 2010 decision, the en banc 9th Circuit ruled 6-5 to uphold most aspects of the district court's ruling in a technical opinion. It concluded that the proposed plaintiffs in the case had enough in common to create a class despite their varying jobs and worksites.

The Supreme Court is considering two questions in the case, both of which relate to federal rules of civil procedure as to when class actions can be formed and technical issues as to when members of a proposed class have enough in common.

The high court is focusing on procedural issues and not directly considering the merits of the plaintiffs' charges, observers say.

"If the court rules for Wal-Mart, no plaintiff goes away," said John R. Wester, an attorney with Robinson Bradshaw & Hinson P.A. in Charlotte, N.C., who is not involved in the case. "Each plaintiff's case is as viable as it ever was."

Observers generally expect the

9th Circuit's decision to be overturned.

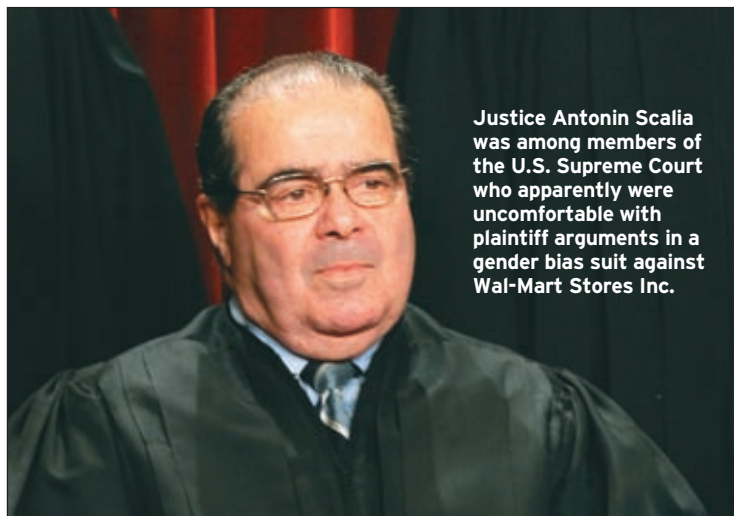
Gerald L. Maatman Jr., a partner with law firm Seyfarth Shaw L.L.P. in Chicago, said the justices' questions "tended to be very aggressive and very averse to the theoretical underpinnings of the plaintiffs' case."

Mr. Maatman's firm submitted an amicus brief in the case supporting Wal-Mart on behalf of the Alexandria, Va.-based Society for Human Resource Management and the Washington-based HR Policy Assn. and another brief on behalf of Issaquah, Wash.-based Costco Wholesale Corp.

Observers said one factor arguing in favor of a Wal-Mart win was some justices' apparent discomfort about the plaintiffs' contentions that while managers have discretion in making personnel decisions, there also is a strong corporate culture that supported gender discrimination.

For instance, Justice Antonin Scalia said at one point, "I'm getting whipsawed here...Well, which is it? It's either the individual supervisors are left on their own, or else there is a strong corporate culture that tells them what to do."

"There appears to be a consen-



Justice Antonin Scalia was among members of the U.S. Supreme Court who apparently were uncomfortable with plaintiff arguments in a gender bias suit against Wal-Mart Stores Inc.

AP PHOTO

sus of at least five justices that the class does not satisfy even the minimum threshold requirements for any class action under the federal rule," said Felix Shafir, an attorney with Horvitz & Levy L.L.P. in Encino, Calif., who was not involved in the case.

Jonathan F. Cohn, a partner with Sidley Austin L.L.P. in Washington, whose firm submitted an amicus brief on behalf of Chicago-based DRI-the Voice of the Defense Bar, said the justices also seemed troubled by how to determine back pay and injunctive

relief. "There isn't going to be the opportunity to really drill down and see the merits of each claim," he said.

Mark W. Batten, a partner with Proskauer Rose L.L.P. in Boston, who was not involved in the case, said Justices Sonia Sotomayor, Ruth Bader Ginsburg and Elena Kagan seemed to suggest that one solution would be to take "the money out of the case so that what was left was a claim for injunctive relief."

Many observers anticipate a narrowly worded opinion.

"They seemed to be harping upon the specific circumstances of this cases," which suggests their opinion may be narrow and the court will not "issue a broad ruling that's going to affect every class action out there," Mr. Cohn said.

"I don't see them giving any broad guidance," said Paul E. Starkman, a partner with Arnstein & Lehr L.L.P. in Chicago, who is not involved in the case. "They really try to decide on the most narrow grounds possible."

The high court will not necessarily dismiss the case, some observers say.

"I think they will vacate the 9th Circuit's en banc ruling and send it back to the trial court to evaluate whether some smaller kind of class action can proceed," said Mr. Wester.

The case could be divided into classes by region or even by store, Mr. Starkman said.

"The plaintiffs haven't asked for a smaller class action," although "no matter how the court rules, there's always the possibility of bringing a more manageable class action," said Richard Samp, chief counsel of the Washington Legal Foundation, which submitted an amicus brief in support of Wal-Mart.

## Gap: Several insurers limit self-funded options

CONTINUED FROM PAGE 3

similar products in their portfolios," said David Cowles, principal at Benemax Inc., a Medfield, Mass.-based third-party administrator that has handled "gap" programs since 1985.

Edward N. Belt Jr., a principal of Primarily Care Inc., a Cranston, R.I.-based TPA that has administered such arrangements since the early 1990s, said many insurers recently have begun asking how the gap programs are structured before they will price their HDHPs.

"In fairness to the carriers, we used to jokingly call our program 'the Robin Hood plan,'" Mr. Belt said. "It takes the insurers' profits."

According to documentation obtained by *Business Insurance*, New York-based Empire Blue-Cross BlueShield, a unit of Indianapolis-based Anthem Inc.; Hartford, Conn.-based Aetna Inc.; and Minnetonka, Minn.-based UnitedHealth Group Inc. have notified employers they suspect that they may not self-fund more than 50% of an HDHP deductible without obtaining the insurer's consent.

However, at least one insurer—Boston-based Blue Cross & Blue Shield of Massachusetts Inc.—allows small and midsize employers to make such arrangements.

Most insurers declined to comment on the practices.

But Aetna issued a statement,

saying: "Our outreach to customers is simply intended to provide transparency to their funding arrangements. We work with our employer customers to make sure that we fully understand their funding arrangements with their employees. Verifying this information ensures that our plans are priced appropriately. Funding these plans as intended also encourages employees in these plans to become more engaged in their own health care."

**'The magic is, the savings accrue over time. It doesn't always work in the first year, but it does after several subsequent years.'**

Edward N. Belt Jr., Primarily Care Inc.

In plans administered by Benemax and Primarily Care, employees receive two insurance cards—one from the TPA and the other from the insurer—to present when they receive a health care service or buy a prescription drug. The TPAs then process the claims, with the employers paying up to the deductible amounts and the insurers picking up their contracted portions above the deductible.

For example, Maxon Precision Motors Inc., a manufacturer with 41 employees in Fall River, Mass., funds 100% of its plan members'

deductibles of \$2,000 for single coverage and \$4,000 for family coverage, while BCBSMA pays 100% of claims above those deductibles for in-network care and 80% for out-of-network services.

MindSHIFT Technologies Inc., a Boston information technology firm with 500 employees, has a similar arrangement.

Benemax administers both employers' plans.

Despite picking up 100% of the deductible, both employers have significantly lowered their health care spending.

Greg Hayman, chief financial officer of Maxon, said his company is paying less for health care

benefits for its 1,500 employees in 2008, he said.

"It allows the employer to carve out a level of self-insurance that they're comfortable with and work with employees to manage that exposure. It was very effective for us. What it allowed us to do as an employer was to migrate to self-insurance," Mr. Vittoria said.

"The magic is, the savings accrue over time. It doesn't always work in the first year, but it does after several subsequent years," Primary Care's Mr. Belt said.

Such arrangements also give small and midsize employers an incentive to invest in the health of their workforces, said Benemax's Mr. Cowles.

While self-insured employers benefit from improvements in the health status of their employees through lower medical costs, fully insured employers often are subject to community rating laws that do not give them credit if their group has better-than-average claims experience.

Because of the emphasis on wellness and prevention, the nearly 300 employer gap plans Benemax administers have seen average annual health care cost increases of 3% to 4% throughout the past few years, while group health insurance rates for small and midsize employers jumped 11% to 20% for 2011 renewals that occurred during the summer, according to the Council of Insurance Agents & Brokers.

"It's disproof of the theory that this kind of wrapping creates unnecessary utilization," Mr. Cowles said.

## PLUS: Small firms face D&O risks

CONTINUED FROM PAGE 6

did so as a result of a recommendation from a colleague, and 26% bought the coverage for fear of financial failure.

Twelve percent of the surveyed executives experienced a D&O lawsuit—the average cost of which was \$225,000—and losses of \$5 million and \$1 million were cited.

"There is a lot of work for all of us to do," Ms. Jones said.

The lack of takeup by smaller firms may be because D&O coverage is presented to buyers as a "cross-sell," said Dennis Donovan, executive vp of S.H. Smith & Co. Inc. in Hartford, Conn., and moderator of the panel. When D&O coverage is almost a "throw-in" to help place other risks, it can undermine the perceived value of the policy for the buyer, he said.

Also, for smaller firms, cost can be an issue. Even if buyers understand their exposures and the cost of D&O coverage, they may have pressing cost issues in areas they see has a higher priority than D&O insurance.

"Agents can actually take out the mystery for the insured," Mr. Herendeen said.

When claims hit, though, the "agent is rarely involved," said Ms. Jones, who agreed that agents can help facilitate a D&O claim. "We would love to see the agents more involved," she said.

# ADA: Amendment rules may lead to more claims

CONTINUED FROM PAGE 3

Chicago-based labor employment attorney with Much Shelist Denenberg Ament & Rubenstein P.C.

The regulations, the EEOC said in a statement, are intended to make it easier for individuals to establish that they qualify under the “regarded as” part of the definition of disability.

Courts’ interpretation of the definition of disability had been narrow, attorneys said, but now the disability determination under the “regarded as” prong of the ADAAA is afforded based on how the person was treated, rather than on what an employer believes about the nature of a person’s impairment.

The original ADA overturned several Supreme Court decisions that narrowed the definition of disability, which resulted in denial of protection for individuals with ailments such as cancer, epilepsy and diabetes.

The final regulations of the revised law keep the definition of disability as a “physical or mental impairment that substantially limits one or more major life

activities,” but increase the focus on accommodating disabled employees.

“It’s now very important that employers work through the accommodation process with the employee,” said Thomas M. Wilde, Chicago-based attorney and chairman of the labor and employment practice at Vedder Price P.C. “They will have to work to make accommodations to help that person perform the key functions of their job.”

Mr. Wilde and other employment attorneys said the onus of accommodating an individual on the job is not strictly on employers and that the ADAAA allows for an interactive process between the employ-

ee and employer. Further, they said employers should be vigilant in their documentation of the process and, if an employee or potential employee is disqualified from a job, employers will have to show that they cannot perform the essential functions of the job.

The EEOC, which issued notice of the proposed rulemaking and sought public comment in

**‘It’s now very important that employers work through the accommodation process with the employee.’**

Thomas M. Wilde, Vedder Price P.C.

## Rules will force employers to accommodate

**WASHINGTON**—Some labor and employment attorneys say the Equal Employment Opportunity Commission’s final regulations for the Americans with Disabilities Act Amendments Act will spur more claims filed against employers because of the expanded definition of “disability” under the law.

The regulations, issued March 25, interpret the definition of disability in favor of broad coverage.

The ADAAA always has provided that a disability is an impairment—physical or mental—that substantially limits one or more major life activity.

However, the final rules implementing the 2008 law redefine “major life activity” to include activities such as “interacting with others,” and nearly every physiological function, including the immune, musculoskeletal, neurological, circulatory, brain and reproductive systems, as well as all major organs, as being covered by the law.

“The regulations make it very difficult for an employer to determine the bounds of what will

be considered a disability,” said Irving Geslewitz, a Chicago-based labor employment attorney with Much Shelist Denenberg Ament & Rubenstein P.C. “For example, ‘interacting with others’ is listed as a major life activity, such that if an alleged impairment limits that ability, it qualifies as a disability. I see this as a problem for employers as they are now faced with the task of trying to find a way to accommodate that.”

Between August 2010 and February 2011, nearly 40 ADA cases were filed by the EEOC, said Barry Hartstein, a Chicago-based labor and employment law attorney with Littler Mendelson P.C., who has been studying patterns in the EEOC’s filings.

“This is a good indication that the EEOC is now looking more closely at these cases,” Mr. Hartstein said. “The EEOC is not reluctant on bringing forth cases on behalf of employees, and employers need to watch out for that because now there is a focus on their failure to accommodate.”

—By Jeff Casale

September 2009, said it received more than 600 comments. The agency said the regulations “clarify the requirements of the law for all stakeholders, which is one of the commission’s most important responsibilities.”

Labor and employment attorneys advise a review of qualifications standards that might tend to screen out individuals with disabilities to make sure the standards are job related and consistent with what’s necessary to complete the job.

“We’ve lived with the ADA since 1990,” said Barry Hartstein, Chicago-based employment law attorney with Littler Mendelson P.C. “I think employers today have a good track record and most of them are sensitive to the issue. Most good employers try to be compliant to issues like reasonable accommodation and understand it’s an engaging, interactive process.

“Courts will look at this aspect far more closely, so it’s important that employers take a couple of

extra steps and do this process the right way and not exclude a person if they can do the primary functions of a job,” Mr. Hartstein said.

Like the original disability law, the EEOC said the ADA Amendments Act regulations make it clear that not every impairment constitutes a disability. Examples of impairments that should easily be concluded to be disabilities, include HIV infection, diabetes, epilepsy and bipolar disorder, the EEOC said.

## W-2: Rules clarified

CONTINUED FROM PAGE 4

situations where distribution of a W-2 is not required. The most typical example of that would involve a retired employee who receives retiree health care coverage from his or her former employer but does not receive a salary.

- Employers do not have to report health care cost information in situations in which employees request a W-2 before the end of the year in which they terminate employment.

- The cost of coverage that is taxable to employees, such as for a domestic partner or a child over age 26, must be reported on the W-2.

Still, not all questions were resolved.

For example, the guidance is not explicitly clear on what to do in situations in which an employee works several months in a year, retires and then receives coverage under an employer’s retiree health care plan.

Not exactly spelled out is whether just the cost of active employee coverage or the cost of the active coverage and retiree health care coverage has to be reported on the W-2.

Some experts, though, say they interpret the guidance to mean

that employers have a choice.

“The employer may choose to report both the active coverage and the retiree coverage. Alternatively, the employer may choose to report only the active coverage, as long as this choice is applied consistently to all terminated employees,” PricewaterhouseCoopers L.L.P. said in a newsletter.

“The key thing is to be consistent,” said Sharon Cohen, an attorney with Towers Watson & Co. in Arlington, Va.

The new reporting requirement will add to employers’ costs, though how much isn’t known. At the very least, employers will have “some lead time to make the necessary changes in their administrative systems,” said J.D. Piro, a principal with Aon Hewitt Inc. in Norwalk, Conn.

Employers also may have to explain to employees that the cost of the coverage will not affect their taxable income even though it is reported on their W-2.

“Employers may want to educate employees that health care coverage still is a tax-favored benefit,” said Michael Thompson, a PwC principal in New York.

Smaller employers, though, will have more time to comply. Under Notice 2011-28, employers that issue fewer than 250 W-2s in 2011 “will not be required to report the cost of health coverage...prior to January 2014. This transition relief will continue until the issuance of further guidance,” the IRS said.

## Cuomo: Merged oversight for insurance, banking

CONTINUED FROM PAGE 3

banking industries, including the New York Insurance Assn. Inc., got together to see what changes they collectively wanted to see in the proposal. Then they lobbied.

“The concerns we had originally were that there was a duplication of the enforcement power” to such a degree that the new department would be comparable to the Attorney General’s Office, said Thomas E. Workman, president and CEO at the Life Insurance Council of New York Inc. He added that overall his group had supported the idea of consolidating the department, however.

Lawmakers “made some significant changes that the industry was seeking,” said Ellen Melchionni, president of the NYIA, which represents the property/casualty industry. “We worked closely with the governor and the legislature on crafting something that would help keep business in New York and make it an attractive place to do business.”

Although downsized, the new department still will have a unit charged with fighting financial fraud against consumers, and will take steps such as developing a new complaint-tracking

database. The governor has until Oct. 3 to nominate someone to serve as superintendent of the entity he created. The nominee would later have to be approved by the New York Senate.

Establishing the Department of Financial Services was one of several attempts to improve gov-

**‘We worked closely with the governor and the legislature on crafting something that would help keep business in New York and make it an attractive place to do business.’**

Ellen Melchionni, New York Insurance Assn. Inc.

ernment efficiency Gov. Cuomo proposed as part of his 2011-2012 state budget. But the state Banking and Insurance departments have long paid their own expenses mainly with fees charged to the industries they monitor, and the insurance department even allocated some of its funding to other government programs in recent years, triggering protests by industry trade groups. The new department will charge insurance com-

panies and banks for assessments in a similar way to the current agencies, according to experts.

“Combining the department gives us the chance to modernize and streamline regulation,” said a spokesman for Gov. Cuomo. Over the long-term, the merger will achieve cost-efficiencies by integration of systems, administration and overhead expenses. Such moves can lower the cost of assessments that regulators make on financial services firms,

which means lower fees for the industry and more reason to do business in New York, he said.

Gov. Cuomo isn’t the first to propose a combination of departments. Florida, for example, merged its Departments of Insurance, Treasury, State Fire Marshal and Department of Banking and Finance into a Department of Financial Services in January 2003. Most states, however, keep their banking and insurance agencies separate.

# Chartis: AIG reorganizes principal insurance unit

CONTINUED FROM PAGE 1

risk manager's perspective, the change will make it easier to deal with Chartis.

"Our U.S. product people and underwriters generally got to the border and had to stop and hand it off to somebody else," Mr. Benmosche said. "This eliminates any regional or country boundary. It gives people on the commercial side the ability to go where they need to go and integrate with people on a more global footprint."

Also during the interview, Mr. Hancock said the reorganization will allow Chartis to "really serve our clients seamlessly around the world," whereas the international and domestic divisions never were fully integrated. The change will "allow us to deliver better products in a more effective way, especially as our clients demand top quality and service wherever they operate around the world," he said.

Before the reorganization, AIG last month denied Mr. Moor a full incentive bonus for 2010 because

**'Obviously, Treasury is working hard to get AIG and take it out on a road show and sell equity in it.'**

Clark Troy, Aite Group L.L.C.

of "underachievement of certain financial metrics." Mr. Hancock, who joined AIG in February 2010, received 120% of his 2010 bonus.

"This allows us to leverage Peter's broad executive skills," Mr. Benmosche said. "It's really a partnership between Kris and Peter, but clearly Peter has the day-to-day responsibility of running it."

Some industry observers say the change is important.

"I think the fact that they're doing it is significant," said Clark Troy, research director at Aite Group L.L.C. in Chapel Hill, N.C. "After the reserves had to be increased for Chartis, that indicated that was unexpected, and that indicated there was some loss of confidence in the organization."

AIG in early February boosted reserves at Chartis by \$4.6 billion, with most of the reserve strengthening going to four long-tail lines of business.

"I think that is significant," said Mark Dwelle, insurance analyst at

RBC Capital Markets, a unit of RBC Dominion Securities Inc. in Richmond, Va. "It's an organization that has obviously been under a lot of stress, but the Chartis unit had always been one that had seemed to be relatively free of that."

He noted that AIG reportedly is contemplating major stock offering. "I think you have to view (the reorganization) as a fairly significant move so close to that," Mr. Dwelle said.

AIG was rescued from near-collapse in September 2008 with federal aid totaling roughly \$180 billion, much of which has been repaid. As a result, the federal gov-

ernment ended up owning nearly 80% of AIG.

"Obviously, Treasury is working hard to get AIG and take it out on a road show and sell equity in it," said Mr. Troy. "I would expect as the rally in the markets continues, Treasury very much wants to take advantage of momentum in the market in order to float some shares in AIG. The reorganization indicates there's a feeling that the structure of the organization could be improved."

"My overall thought is it is both a succession-planning move for AIG overall and a strategic move intended to ensure the success of

the ultimate sale of the government's ownership stake in AIG," said John L. Ward, CEO of Cincinnati Partners L.L.C. in Cincinnati. "I think Peter Hancock is fairly new to the AIG team, but he's done good work and impressed everyone."

"A qualified fellow like Peter Hancock with strong financial credentials would be a very important asset to AIG on several fronts," said Mr. Ward. "With the transition that's under way, he's an excellent person to be named CEO of Chartis." Mr. Ward said that while Mr. Moor is a "very good property/casualty guy, all

signs are what AIG and Chartis need right now is strong financial leadership."

"I do find it noteworthy that it's a not an underwriter in charge of the shop, but beyond that I don't have strong view on that," said Mr. Dwelle.

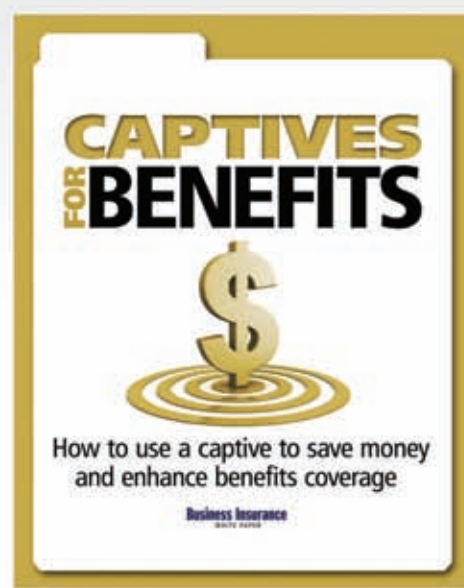
One analyst saw the move more as evolutionary than revolutionary.

"It is a reorganization, but is it significant to our rating analysis? I'd say no," said Steven Ader, a director at Standard & Poor's Corp. in New York.

He said Chartis has been increasing its emphasis on personal lines as it has shifted its business profile to lower volatility lines. "It's an evolution," he said.

## Business Insurance White Papers

[BusinessInsurance.com](http://BusinessInsurance.com)

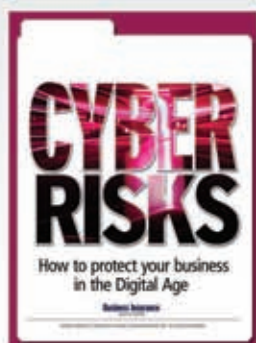


**NEW White Paper**  
**Captives for Benefits:**  
**How to use a captive to save money**  
**and enhance benefits coverage**

Many organizations use captive insurers to cover their property/casualty risks, and now several dozen are using them to cover employee benefits exposures too. Thanks to the efforts of several cutting-edge programs during the past several years, many employers now have the option of expanding the risks they place in their captives. In this latest white paper from *Business Insurance*, captives experts Donald Riggan and Karin Landry explain what an organization needs to do to add benefits to their captives and the advantages of doing so.

\$199  
\$99 for Premium Subscribers

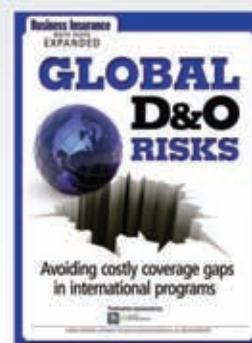
### Additional Business Insurance White Papers



**Structuring Multinational Insurance Programs: Addressing the Taxation and Transfer Pricing Challenge**

Multinational insurance programs raise significant compliance issues, particularly income tax issues. This new white paper from ACE and KPMG reviews these issues and discusses strategies and transfer pricing considerations for multinational insurance programs.

FREE Online



**Global D&O Risks:**  
**Avoiding Costly Coverage Gaps**  
**in International Programs**  
**Presented by ACE**

A global D&O liability program is easy to put together on paper, but hard to put into practice. This White Paper explores the best practices for improving compliance, avoiding local liabilities and ensuring your executives are protected worldwide.

Expanded White Paper  
FREE Online

## ADVERTISER

# INDEX

### Issue of April 4

| ADVERTISER           | PAGE #      |
|----------------------|-------------|
| Aetna Corporate      | 5           |
| Aon Corporation      | 2           |
| Business Insurance   | 15,19,21,23 |
| Chartis              | 24          |
| CNA                  | 11          |
| Inform Applications  | 13          |
| Zurich North America | 7           |

To view samples, purchase, and see more BI White Papers:  
[www.BusinessInsurance.com/whitepapers](http://www.BusinessInsurance.com/whitepapers)



A car sits in a swimming pool of an elementary school destroyed by fire in Ishinomaki, a city in the tsunami-devastated Miyagi prefecture in Japan.

# Japan: Few cat bonds triggered by earthquake

CONTINUED FROM PAGE 1

L.L.C. and director of the master's degree program in financial engineering at the University of Illinois at Urbana-Champaign.

"The damage is great...but these are more parametric-based. It's more where it happened," said Gary Martucci, a director at Standard & Poor's Corp. in New York.

There are some exceptions. Among cat bonds it rates, S&P has placed three on CreditWatch with negative implications after the earthquake: Montana Re Ltd. Class E notes, Topiary Capital Ltd. Series 2008-1 notes and Vita Capital IV Ltd. Series III mortality notes.

Luxembourg-based Flagstone Reinsurance Holdings Ltd., whose Flagstone Reassurance Suisse S.A. unit has \$60 million in second- and subsequent-occurrence coverage for U.S. hurricanes and earthquakes, European windstorms, and Japanese earthquakes and typhoons through the Montana Re Class E notes, indicated it expects the quake to be a triggering event.

Likewise, Hamilton, Bermuda-based Platinum Underwriters Holdings Ltd. said it expects the Topiary Capital issue, which provides Platinum up to \$200 million in second- and subsequent-event coverage for certain U.S. hurricanes, U.S. earthquakes, European windstorms and Japan earthquakes, to be triggered by the March 11 earthquake.

"Based on where those bonds are trading in the secondary market, it seems as though they may have triggered a first event," said Cory Anger, managing director and global head of insurance linked securities at New York-based GC Securities.

The Vita Capital notes, which provide Swiss Reinsurance Co. Ltd. up to \$100 million in coverage on its life insurance exposure to an event causing extreme loss of life in the United States or Japan, and up to \$75 million in coverage for such losses in Canada or Germany, are on CreditWatch pending information on the final death toll resulting from the disaster.

When the notes were issued, Risk Management Solutions Inc., which models the effect of mortality on the notes, estimated that an

event in Japan that would cause 50,000 deaths uniformly spread across age and gender groups would result in a loss for noteholders, S&P said.

Another note issue expected to be affected, though not rated by S&P, is Muteki Ltd., which provided \$300 million in quake cover to Zenkyoren, the Japanese National Mutual Insurance Federation of Agricultural Cooperatives, under a deal in which Munich Reinsurance Co. provided reinsurance to the Japanese mutual, then securitized the exposure through the Muteki notes.

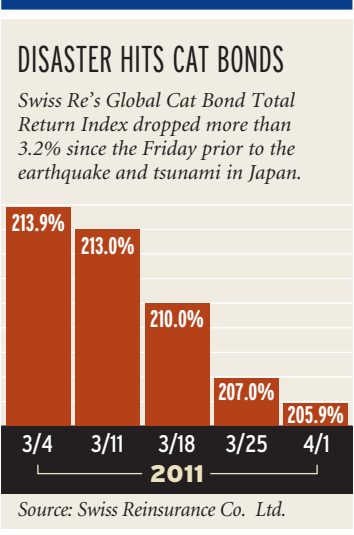
The cat bond market has been reflecting the earthquake's likely impact on cat bond issues, with the Muteki issue's price down 60% to 70% in secondary market trading, Mr. Lane said.

"There's about \$1.5 billion of Japanese earthquake-exposed bonds," said Paul Schultz, president of Aon Benfield Securities Inc. in Chicago. "There is a view that there is a potential exposure for some of the bonds."

The catastrophe bond market's response to the earthquake has been "orderly," he said. "We probably mark the Japanese portfolio down by about 20%. The rest of the market hasn't traded down at all."

"Even for bonds that aren't exposed to Japanese earthquake, we've seen a change in pricing of about 9% through last Friday," said GC Securities' Ms. Anger. "That's not atypical with what we've seen following past events."

According to Swiss Re, the Swiss Re Global Cat Bond Total Return



## Reinsurance rates increase for Japanese cat exposures

Catastrophe reinsurance rates for Japanese insurers rose by up to 50% at April 1 renewals after last month's earthquake and tsunami, but renewals for some noncatastrophe exposures were relatively stable despite the continuing chaos in Japan, reinsurance brokers say.

As a result of the uncertainty generated by the crisis, mutual insurers in Japan elected to extend their existing contracts rather than negotiate a formal renewal.

After the March 11 earthquake and tsunami in the country's northeast region flattened buildings, caused fires, disrupted business and damaged a nuclear power plant, insurers continue to scramble to assess losses. Insurers in Japan usually exclude nuclear-related damages, and a government-backed program there buffers insurers from residential earthquake risk, experts say.

Japanese insurers traditionally renew their reinsurance protections on April 1, but this year most mutual insurance companies extended their existing agreements with reinsurers for up to three months, according to Willis Re, the reinsurance broking arm of London-based Willis Group Holdings P.L.C.

But more than 10 nonlife insurers kept their April 1 renewals, and rates on some coverage for property damages related to earthquakes rose between 20% and 50% compared with 2010.

For other risks, reinsurance rates changed little. For example, Guy Carpenter & Co. L.L.C., the reinsurance broking arm of New York-based Marsh & McLennan Cos. Inc., said in a report that fire reinsurance treaties, which exclude Japanese earthquake risks "generally enjoyed a smooth and stable

renewal" with stable pricing.

"The market is still orderly," said James Vickers, chairman at Willis Re International & Specialty in London. "Outside of natural catastrophe-exposed business, it's not yet enough to make everybody think, 'I have to increase my rates on all lines.'"

A spokeswoman for German reinsurer Munich Reinsurance Co. declined in an email to give an overview of pricing, saying the renewal process is still ongoing. "However, according to our past experience, reinsurance price levels increase in times of high uncertainty and after large catastrophe events," she said.

A spokesperson for MS&AD Insurance Group Holdings Inc. in Japan said the company faced reinsurers' increasing pressure to raise rates during renewal negotiations. MS&AD renewed its catastrophe treaty "in relatively successful condition," the spokesperson said in an email.

David Flandro, global head of business intelligence at Guy Carpenter, said in a statement that the earthquake's timing slowed the process of quoting prices on reinsurance contracts.

Guy Carpenter and Willis Re noted that many reinsurers have exhausted their annual catastrophe loss budgets for the year, after experiencing the Japanese earthquake in addition to events ranging from floods in Australia to political unrest in the Middle East.

"As a general understanding, this earthquake...will certainly affect the reinsurance market," said Takashi Okuma, general manager in the International Department at The General Insurance Assn. of Japan, in an email.

—By Sonja Ryst

Index as of March 25 had dropped more than 3.2% since the Friday prior to the earthquake. The Swiss Re index is based on about 100 catastrophe bonds, 13 of which are exposed to Japanese earthquakes, and reflects weekly pricing indications in the catastrophe bond market.

Mr. Schultz said the markets are waiting for complete data to evaluate the extent of the loss and determine whether the event actually triggers any cat bond provisions. Power outages and downed transmission lines disrupted collection of data by K-Net, the Japanese network responsible for providing the earthquake data.

"It's been more of a manual collection process," Mr. Schultz said,

## Lloyd's: Profits fall for 2010

CONTINUED FROM PAGE 4

claims from a \$64 billion industry-wide loss from such an event, he said. Insured loss estimates have not yet reached that level.

During 2010, a series of large losses affected Lloyd's combined ratio, said Luke Savage, the market's director of finance. Lloyd's combined ratio rose to 93.3% last year compared with 86.1% in 2009.

2009 is considered an "exceptional" year because there were relatively few large catastrophe losses, Mr. Ward said.

Last year's earthquake in Chile cost Lloyd's about £1.3 billion (\$2.08 billion), while the earthquake in New Zealand resulted in claims of about \$660 million for the market, Mr. Savage said.

While Lloyd's is fairly confident in these figures, Mr. Savage said earthquake losses frequently "move around" after an event.

Some uncertainty still surrounds total losses from last year's Deepwater Horizon oil rig disaster due to the potential that liability claims would escalate, Mr. Savage said. He estimated ultimate Deepwater Horizon-related losses at \$300 million to \$600 million, with the best estimate being about \$386 million.

The floods in Queensland, Australia, during the last quarter of 2010 cost Lloyd's about \$275 million, Mr. Savage said.

While some commentators have said losses in the Japan earthquake may be enough to cause an uptick in rates, Mr. Ward said, "Despite the recent disasters, people are still talking about a softening of rates" and Lloyd's needs to maintain its underwriting discipline.

Lloyd's had gross written premiums of £22.59 billion (\$36.19 billion) in 2010, up 2.8% from £21.97 billion (\$35.19 billion) in 2009.

The market had investment income of £1.26 billion (\$2.54 billion) in 2010, down from £1.77 billion (\$2.84 billion) a year earlier.

Areas of focus for Lloyd's in the coming year include Solvency II, for which Lloyd's is seeking regulatory approval of an internal capital model, Mr. Ward said.

Working toward implementing the risk-based capital regulatory regime for insurers and reinsurers in Europe at the start of 2013 has been burdensome for the market, said Mr. Ward. But he also said he hoped the European Commission does not delay implementing all or part of Solvency II.

Market participants have made good progress in getting ready for the new regulations, he said.

On a separate front, Mr. Ward said he was unable at this stage to comment on a likely successor for Lord Peter Levene, who is slated to step down as chairman of Lloyd's this year.

## News In Brief

CONTINUED FROM PAGE 1

others. Defendants in the suit, *In Re American International Group Inc. ERISA Litigation II*, include AIG and 59 individuals, including former CEOs Martin Sullivan and Robert Willumstad. While U.S. District Court Judge Laura Taylor Swain dismissed some allegations in the lawsuit, other charges she refused to dismiss include misrepresentation or omission to plan participants, duty of prudence and duty to monitor, among others. She dismissed all claims regarding a plan covering employees in Puerto Rico, finding the plaintiffs had no standing to sue.

### RIMS establishes political action committee

The Risk & Insurance Management Society Inc. has established a political action committee called RISK PAC. Terry Fleming, the immediate past president of RIMS, is chairman of the RISK PAC trustees committee. The committee, consisting of RIMS members, will govern the political action committee report back to the RIMS board. The political action committee will support the campaigns of candidates running for Congress, according to RIMS.

### Hartford names president of commercial markets

Douglas G. Elliot will join Hartford Financial Services Group Inc. as president of commercial markets effective April 6, the insurer said. Previously, Mr. Elliot was president and CEO of HSB Group Inc., a unit of Munich Reinsurance Co., and president of Specialty Insurance.

### Panel OKs bill to end abortion reimbursements

Employees no longer could receive tax-free reimbursement from their flexible spending accounts or health savings accounts for out-of-pocket expenses related to most abortions under a bill the U.S. House Ways and Means Committee approved. Under the bill, which the committee cleared on a 22-14 vote, FSA or HSA reimbursement for abortion-related expenses would be added to the employee's taxable

income. Under current law, such reimbursements are tax-free.

### Va. extends time to file sex abuse claims

Virginia Gov. Bob McDonnell has signed into law a bill that extends the statute of limitations for victims of childhood sexual abuse to 20 years after they become an adult, or 20 years after they discover they were abused as minors, whichever is later. The law, which takes effect July 1, is expected to increase the number of lawsuits against employers of accused pedophiles, such as schools, day care providers and churches.

### No greater claims denials in self-funded plans: HHS

There is little evidence that self-insured health insurance plans deny claims at a higher rate than fully insured plans, the U.S. Department of Health and Human Services said in a report. "Overall, we find little evidence that self-insured plans differ systematically from fully insured plans in terms of benefit generosity, price or claims denial rates," the report found. The report noted that self-funded employers have an incentive to approve claims.

### Cats, disasters caused \$43B in losses: Swiss Re

Natural catastrophes and man-made disasters cost insurers more than \$43 billion in 2010, according to a sigma study by Swiss Reinsurance Co. Ltd. That's an increase of about 60% from 2009's estimated \$27 billion in insured damages, according to reinsurer. Swiss Re estimated that catastrophes last year caused about \$218 billion in economic damage, more than triple 2009's \$68 billion. The bulk of the insured damage—about \$40 billion—stemmed from natural disasters while Swiss Re attributed the remaining \$3 billion to man-made disasters.

### Liberty Insurance branch OK'd in China

The China Insurance Regulatory Commission has granted Liberty Insurance Co. Ltd. approval to establish a branch in Guangzhou, parent Liberty Mutual Group Inc. said. The Chongqing-based unit received approval this week to begin preparations for a provincial branch in Guangzhou, furthering the insurer's overall international strategy, Liberty Mutual said.

## Trusts: New rules in N.Y.

CONTINUED FROM PAGE 4

must have posted an amount equal to claims reserves for all years, Mr. Reller said.

They also must meet other qualifications, such as establishing safety programs. Financially healthy trusts already have such programs in place, Mr. Reller said.

Group trusts typically insure smaller employers that are in the same industry. New York's failed trusts also have adversely affected large, individually self-insured employers and companies that participate in financially healthy group trusts because the NYWCB assesses fees on them to cover workers comp liabilities from the insolvent groups.

"It's a big problem," said Mr. Reller, who also is president of Syracuse, N.Y.-based trust administrator Reller Risk Management L.L.C. "No one denies that."

But the budget plan also would allow failed trusts or their members to establish payment plans to pay assessments levied by the NYWCB and they can purchase loss portfolio transfer insurance to eliminate their claims obligations, sources said.

At least one insurer is evaluating whether to provide loss portfolio insurance, which would allow the group trusts to pay for a policy that transfers the trusts' liabilities to an insurer. That insurer is St. Louis-based Safety National Casualty Corp., several sources said.

That would provide a means for financially viable trusts wishing to exit the self-insurance market to do so while allowing failed trusts to transfer their liabilities to the insurer, sources said.

Safety National has approval to

### TRANSFERRING WORKERS COMP LIABILITIES

*Terminated group self-insurance trusts in New York may apply to the state Workers' Compensation Board to transfer their workers compensation liabilities by purchasing loss portfolio insurance, which the state calls an assumption-of-liability policy. In a December circular, the Workers' Compensation Board said such a policy must be:*

- In a form approved by the superintendent of insurance and be issued by a state-licensed insurer
- Issued based on a "single complete premium payment" made in advance by the group self-insurer
- Noncancelable for any cause
- Purchased after the group self-insurer satisfies all outstanding penalties and assessments

*Source: New York State Workers' Compensation Board*

sell LPTs in 32 states, said Michael Kim, the insurer's loss portfolio transfer product manager.

LPTs often are purchased by employers looking to stop self-insuring their workers comp risks, which requires them to obtain regulator approval after demonstrating that an insurer will assume their unlimited liabilities.

For New York's trusts, such an arrangement would require approval by the New York State Insurance Department and the NYWCB, according to a December Workers' Compensation

Board circular.

The circular laid out other requirements for an LPT deal, which the state calls assumption-of-liability policies. For instance, the circular says a trust purchasing such insurance must do so by making a single, complete premium payment in advance and the policy must be noncancelable.

Mr. Kim said Safety National already has entered into discussions with financially healthy group trusts in New York, while other sources said the insurer also has discussed potential LPTs with closed trusts.

The NYWCB did not return several telephone calls seeking comment.

But Mr. Reller and others said that if terminated trusts purchase an LPT product from Safety National or another insurer to cover their outstanding liabilities, it would reduce assessments that healthy groups and individually self-insured companies would have to pay.

"It just lowers the magnitude of the crises," Mr. Reller said. "Obviously, the more of these groups you take off the table, the less variability there is in what that number may be."

It could lower the assessments against individually self-insured employers who oppose having to serve as guarantors of the group trusts' debt, said James O'Bryan, chairman of the New York Self-Insurers Assn. in Buffalo.

"Anything that the trusts—especially the trusts that have defaulted—can bring to the table to help cover their cost of liability is only going to do good things for us in reducing our assessment costs to cover them," said Mr. O'Bryan, who also is manager of operational services at International Paper Co. in Ticonderoga, N.Y.

## EAP: Services championed

CONTINUED FROM PAGE 4

They also can use the hub to access the EAP and find links to services such as depression screening, Ms. Burger said.

The approach was a major change from Chesapeake's previous wellness program, which focused mostly on employees' physical issues.

"We worried about people's physical well-being, but the mental health side of things we left aside," Ms. Burger said. Then in 2009, some high-profile suicides

in the community convinced Chesapeake's upper management that the company should help employees comply with prescription regimens such as those for treating depression.

Chesapeake's communications about its mental health offerings include brochures and DVDs sent to employees' homes.

Successful workplace campaigns to dispel the stigma of seeking help for mental health concerns require different communication formats because people have varying preferences for accessing infor-

mation, Ms. Miller said.

Before launching its Your Life Matters campaign, Chesapeake's EAP was a neglected benefit that generated about 300 employee calls in 2009, she said. In 2010, after the program's launch, employees logged onto the EAP website to access information more than 4,000 times and placed 2,200 calls to the EAP for guidance and assistance.

"We feel like this investment we made...really it wasn't expensive. It just some took some time. It took some focus, but it really just took us telling our employees that we cared and it really has made a difference," said Ms. Burger said.

## Business Insurance Research Center

ALL THE DATA YOU NEED FROM A SOURCE YOU TRUST

[www.businessinsurance.com/research](http://www.businessinsurance.com/research)

A yearly subscription of \$299 brings you unlimited online access to:

- All exclusive BI rankings and directory listing for all companies in an extensive searchable vendor database
- Downloadable spreadsheets of directories and rankings with contact information
- Enhanced PDFs of complete directories
- Plus discounted pricing on *Business Insurance's* exclusive white papers



## Customer gets tangled up in suit with AT&T

What do you do when you're billed for insurance that you neither need nor want? If you're Wilmington, N.C., resident Gloria Girtton, you do what any good American would do: You sue.

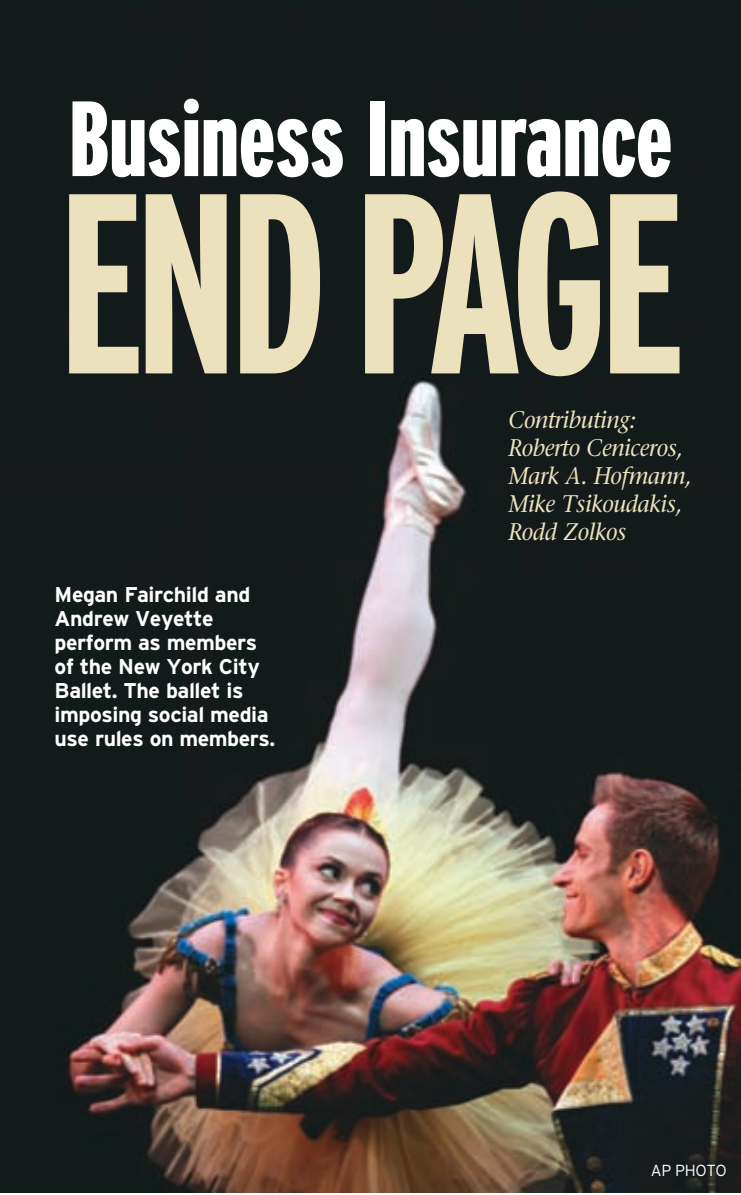
In a suit filed late last month in U.S. District Court for the Eastern District of North Carolina, Ms. Girtton is seeking compensation and a nationwide class of other AT&T Inc. customers who have been automatically billed \$9.99 a month for a maintenance plan covering repairs to her telephone line.

The catch is, Ms. Girtton lives in a multitenant apartment building in which the upkeep of telephone lines is the landlord's responsibility, not the tenants'.

Nonetheless, according to Ms. Girtton's suit, AT&T enrolled Ms. Girtton and others "in the Wire Insurance Plan without their consent. Defendant enrolled customers in the plan without regard to whether or not the customers owned and were responsible for maintaining their inside telephone wires."

Although the litigation does not seek a specific amount of damages, it holds that Ms. Girtton and the rest of the class have suffered damages in excess of \$10 million.

"We believe the allegations in the complaint are without merit, and we intend to defend the case vigorously," an AT&T spokesman said in an email.



Megan Fairchild and Andrew Veyette perform as members of the New York City Ballet. The ballet is imposing social media use rules on members.

Contributing:  
Roberto Cenicerros,  
Mark A. Hofmann,  
Mike Tsikoudakis,  
Rodd Zolkos

## Ballet dances with social media rules

Even the rarefied performing arts world is finding it needs to protect itself from the social media comments of its workers.

The New York City Ballet could become one of the nation's first major performing arts entities to restrict employee posts on sites such as Twitter and Facebook, according to the Wall Street Journal.

Management of the nonprofit has been negotiating a social media policy during contract talks with its dancers union, the American Guild of Musical Artists, according to the newspaper. The proposed policy may be pretty similar to those adopted by the corporate world.

Other reports say tweeting about the Ballet could become a breach of contract, and that the policy could

require dancers to post disclaimers on their social media sites and ban them from disclosing dancers' injuries or uploading photos of company events without permission.

Tweets posted by a 24-year-old dancer appear to be driving the policy.

He tweeted on his boss' drunken driving arrest saying, "Thank goodness riding the subway while intoxicated isn't a misdemeanor offense," and then he added the hashtag "#dontfireme," according to the WSJ.

There also have been work-related complaints and jokes posted by members of the Ballet on Twitter, according to reports.

One blog posting about the potential policy called it "heavy handed," coming from a publicly sponsored entity in the art world.

## Aflac searches for quacktastic new spokesduck

Aflac Inc. is on the hunt for a new voice for its beloved spokesduck.

The Columbus, Ga.-based life insurer announced a nationwide casting call for a new voice for the Aflac Duck, the star of its advertising campaigns that has appeared in 52 TV spots and numerous radio ads since 2000, Aflac said in a statement.

"We wanted to open this up to well-known talent as well as undiscovered talent to see what we might get," Laura Kane, vp of external communications for Aflac, told Advertising Age, a sister publication of *Business Insurance*. "Agents tell us that when they make a call to customers, people can't say Aflac without quacking it."

Aflac parted ways with comedian Gilbert Gottfried, the duck's voice for 11 years, after he posted insensitive statements on Twitter after the earthquake and tsunami in Japan.

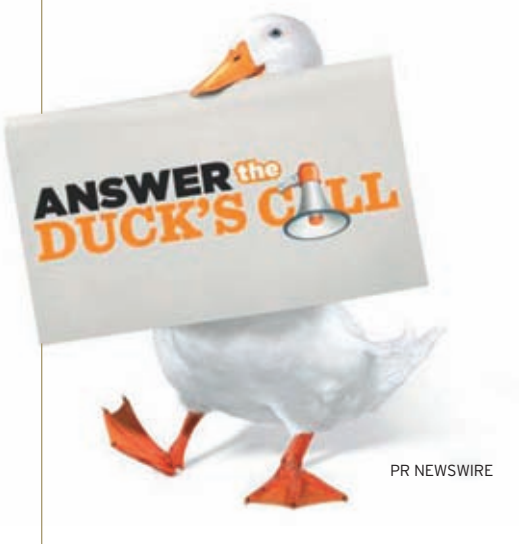
Aflac has nearly 5,000 employees and 115,000 agents in Japan, the only other country in which it operates, representing 70% of its revenue, according to reports.

"Being the new voice of the Aflac Duck carries responsibilities far beyond recording duck sounds," Michael Zuna, senior vp and chief marketing officer of Aflac, said in the statement.

Since 2000, the Aflac Duck campaign has raised the company's brand recognition to 93% from 10%, Aflac said.

Live auditions will take place in New York, Los Angeles, Chicago, Las Vegas, Austin and Atlanta this week and will be a maximum of 30 seconds. Online auditions already have closed.

For more information on how to get a chance to moonlight as the next voice of Aflac, visit [www.quackaflac.com](http://www.quackaflac.com).



## Tom Hanks featured in legal drama

Actor Tom Hanks, whose body of work includes the cult classic "Joe vs. the Volcano," now finds himself playing the lead in a tale likely tipped more toward the dramatic and less toward comic wackiness: Tom vs. the Insurance Agent.

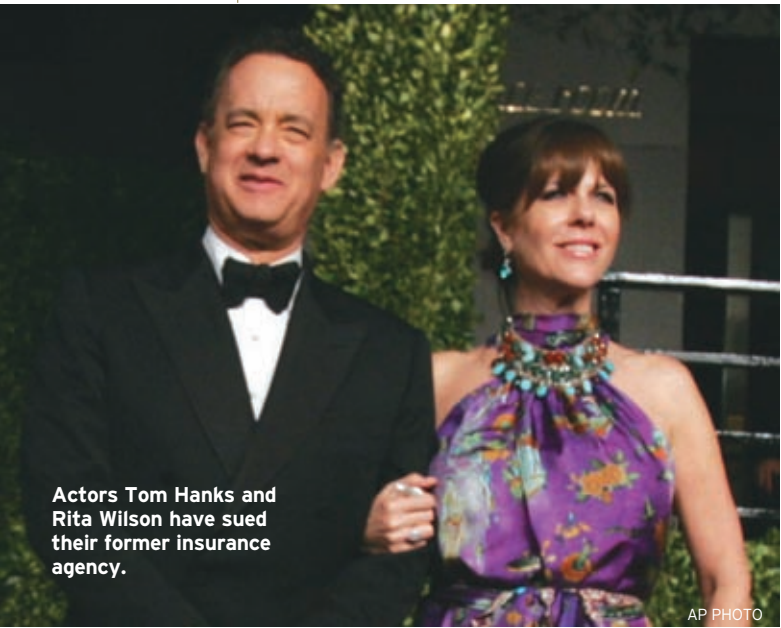
According to reports, Mr. Hanks and his wife, actress Rita Wilson, are suing their former insurance agency, seeking unspecified damages for alleged embezzlement.

The suit filed in Superior Court in Los Angeles reportedly alleges that the J.B. Goldman Insurance Agency of Thousand Oaks, Calif.,

overcharged the couple, wrote multiple policies for the same exposures and engaged in a "predatory embezzlement scheme" that cost the couple hundreds of thousands of dollars or more.

Mr. Hanks, Ms. Wilson and others had used the agency for more than two decades to obtain homeowners insurance as well as various types of business coverage.

Mr. Hanks and Ms. Wilson became aware of the alleged fraud when the charges were discovered by the couple's new insurance broker after they moved their insurance business in February, reports said.



Actors Tom Hanks and Rita Wilson have sued their former insurance agency.



Business Insurance  
**Risk Manager  
OF THE YEAR®  
2011**

Business Insurance  
**Risk Management  
HONOR ROLL®  
2011**

**MAY 3, 2011 | VANCOUVER, BRITISH COLUMBIA**

**REGISTRATION OPEN**

[BusinessInsurance.com/RMOY2011](http://BusinessInsurance.com/RMOY2011)

For information on attending or additional questions, please contact  
Becky Briggs, Event Manager at 212-210-0132 or [RBriggs@BusinessInsurance.com](mailto:RBriggs@BusinessInsurance.com)

**2011 Risk Manager of the Year**

Lisa Havens

*Scott & White Healthcare*

**2011 Risk Manager Honor Roll**

Françoise Carli, *Sanofi Aventis*

Daniel Desjardins, *Bombardier*

Michael Luck, *Archer Daniels Midland*

Laurie Solomon, *Coca-Cola Co*

Presented by:

**Business Insurance**

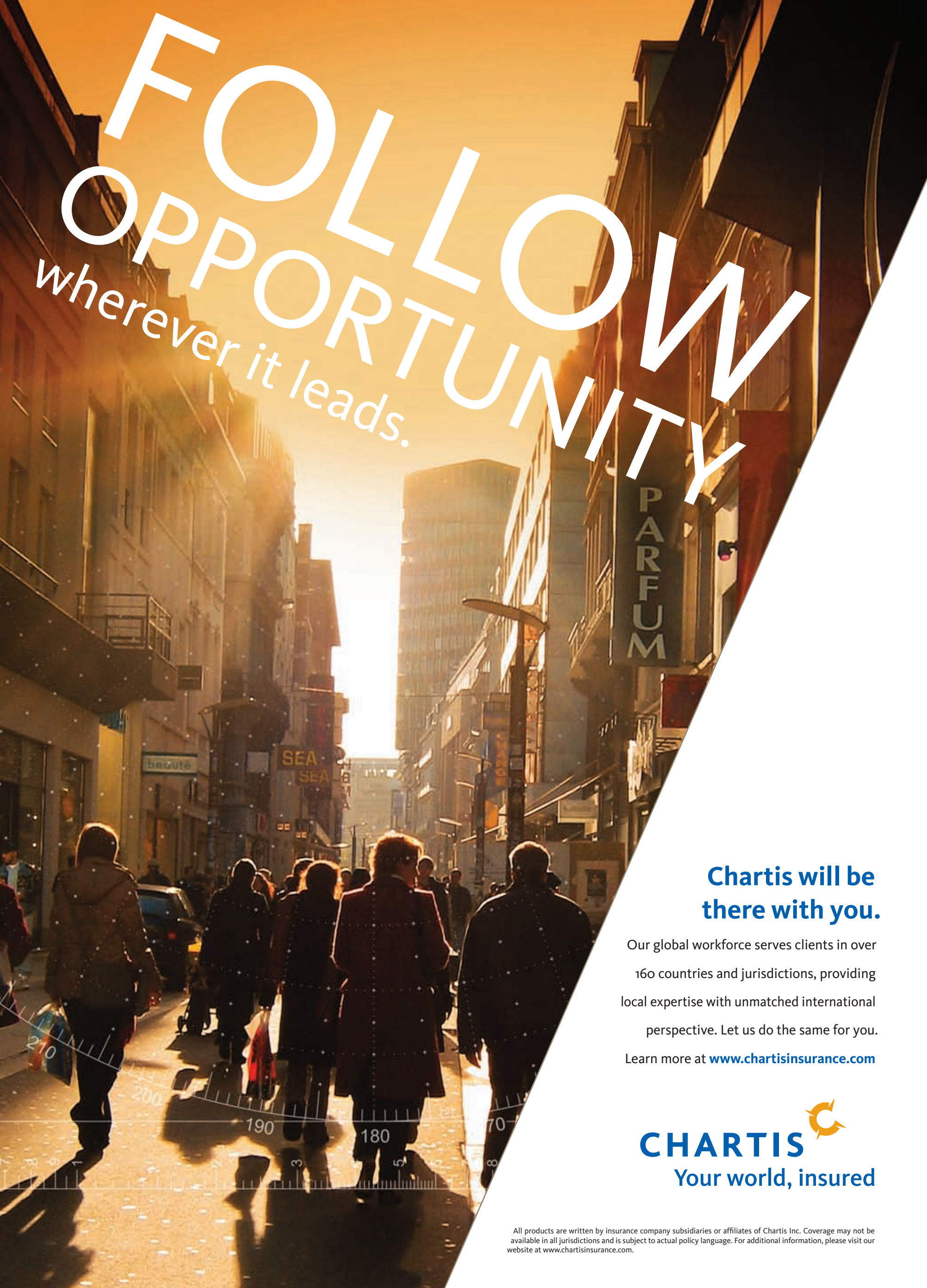
In Partnership with:



**Alliant**



 **Arch**  
Insurance Group®



# FOLLOW OPPORTUNITY

wherever it leads.

**Chartis will be  
there with you.**

Our global workforce serves clients in over  
160 countries and jurisdictions, providing  
local expertise with unmatched international  
perspective. Let us do the same for you.

Learn more at [www.chartisinsurance.com](http://www.chartisinsurance.com)

**CHARTIS**   
Your world, insured

All products are written by insurance company subsidiaries or affiliates of Chartis Inc. Coverage may not be available in all jurisdictions and is subject to actual policy language. For additional information, please visit our website at [www.chartisinsurance.com](http://www.chartisinsurance.com).