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Business Insurance

April 11, 2011

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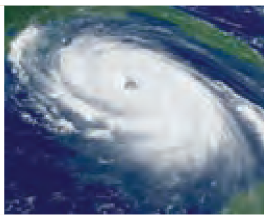
U.K. BRIBERY LAW ADDS TO COMPANIES' COMPLIANCE RISKS / PAGE 3



ABOVE-AVERAGE HURRICANE SEASON FORECAST / PAGE 3

CONGRESS OKS REPEAL OF 1099 REPORTING RULE IN HEALTH REFORMS / PAGE 3

In Brief

Alterra sets up reinsurance sidecar

Alterra Capital Holdings Ltd. has established a sidecar with up to $200 million in capital to provide property catastrophe reinsurance capacity in the wake the recent string of catastrophe losses. Alterra is forming the sidecar, called New Point IV, in conjunction with global private equity firm Stone Point Capital L.L.C. Each company has agreed to provide up to $100 million to capitalize the new venture.

U.S. P/C rates down 4% in March

Commercial property/casualty rates dropped an average of 4% in March in the United States after dropping 5% the previous four months, electronic insurance exchange MarketScout reported. Several lines of coverage tracked by the firm—including workers

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ACE Group of Cos., Aon Corp., Chartis Inc., Chubb Group of Insurance Cos., Marsh Risk Consulting, Medcor Inc., Origami Risk L.L.C., Spring Consulting Group L.L.C., Verisk Analytics Inc. and Zurich Global Corporate honored for risk management innovations. PAGE 9

WORKERS COMPENSATION

California comp near crisis point?

Several forces erode system cost savings from earlier reforms

By ROBERTO CENICEROS

SACRAMENTO, Calif.—A rating bureau revelation that California's pure premium rates are inadequate by 40% is a sign that the state's workers compensation system once again is headed toward rough times, observers said.

Litigation, lien filings, legal rulings and pharmaceutical dispensing practices have eroded cost savings that California employers gained from landmark reforms adopted in 2003 and 2004, pushing workers comp medical expenses above pre-reform levels, they added.

"The workers comp market in terms of insurers is on the cusp of very challenging times," said Mark Sektnan, president of the Sacramento-based Assn. of California Insurance Cos., an affiliate of the Property Casualty Insurers Assn. of America. "Remember the reforms are seven years old. It's difficult within the system (for insurers) to figure out how to make money."

The reforms arrested workers comp medical expenses for a time, but costs since then have risen to pre-reform levels, according to a report last month by the Oakland-based California Workers' Compensation Institute.

Meanwhile, the losses amid a competitive insurance market also are weighing on self-insured employers and insurer results, observers said.

California workers comp insurers' combined ratio reached 127% for accident year 2009, according to the latest Workers' Compensation Insurance Rating Bureau data available.

It's against that backdrop that the WCIRB repeatedly has sought a pure premium rate hike, observers said.

At the start of the month, the WCIRB's actuarial committee revealed "significant pure premium rate inadequacy" and found that insurers' experience deteriorated more than 10% since former Insurance Commissioner Steve Poizner rejected the bureau's Jan. 1 filing for a 27.7% pure premium increase.

But last week, the WCIRB backed off formally recommending a 40% pure premium rate increase.

The WCIRB's governing

See **COMP** page 18

RISK MANAGEMENT

RIMS establishes PAC to boost lobbying clout

Risk managers seek more leverage in D.C.

Terry Fleming, chairman of the RISK PAC Trustees Committee and immediate past president of RIMS.

By MARK A. HOFMANN

NEW YORK—The Risk & Insurance Management Society Inc. has established a political action committee in an attempt to strengthen its voice on Capitol Hill.

New York-based RIMS' RISK PAC will contribute to candidates for the U.S. House and Senate "who will help advance the discipline of risk management," said Terry Fleming, chairman of the RISK PAC Trustees Committee and immediate past

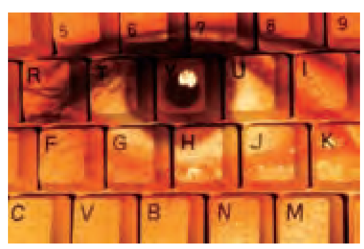
See **PAC** page 20

CYBER RISKS

Data breach at Epsilon underscores key cyber risk

By JUDY GREENWALD

Companies received another wake-up call about the dangers of data breaches when hackers obtained the names and email addresses of customers of dozens of businesses, but observers say the companies involved are handling the situation well.



It still is unknown how the March 30 breach involving data maintained by Dallas-based Epsilon Data Management L.L.C. was accomplished; how much damage will result; and what parties, if any, will be held liable.

Epsilon said only 2% of its database had been invaded, but dozens of major companies across a variety of industries responded by emailing their customers to notify them of the breach. The companies include Citigroup Inc., Capital One Financial Corp., JPMorgan Chase & Co., 1-800-Flowers.com Inc., Best Buy Co. Inc., L.L. Bean Inc. and Target Corp.

Observers say the most likely danger from the breach is "phishing" attacks, where hackers send emails to company customers in an effort to obtain financial and other personal data.

A "phishing" email "really does

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NEWSPAPER

Business Insurance

Online features & highlights
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REUTERS/KYODO

webcast

SUPPLY CHAIN CHAOS: *Business Insurance*'s recent webcast dealing with business interruption issues in the wake of Japan's earthquake is now available on demand. To view "Supply Chain Crisis: Business Interruption Coverage and Claims After the Japanese Earthquake," register at *www.BusinessInsurance.com/webcasts.*

MOST POPULAR STORIES
Week of April 4, 2011

1. Calif. comp bureau may recommend 40% rate increase
2. Above-normal Atlantic hurricane season: London forecaster
3. U.S. Senate votes to repeal 1099 reporting requirement
4. Ill. governor backs proposed workers comp reform package
5. WCIRB backs off 40% workers comp rate hike request
6. Catastrophes, wind model pushing reinsurance rates up: Analysis
7. Employer guide aims to improve employee health, reduce costs
8. Some insurance, reinsurance rate hardening seen: JLT
9. AIG CEO Benmosche would consider staying on after 2012
10. Alterra sets up reinsurance sidecar after catastrophes

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INTERNATIONAL

U.K. bribery law expands corporate exposures

Government sets out expectations to firms on risk assessments

By SARAH VEYSEY

LONDON—Businesses that operate in the United Kingdom should have a risk assessment process in place to address bribery risks and avoid penalties under an updated U.K. anti-corruption law that goes into effect July 1, experts say.

The U.K. Ministry of Justice published guidance on the Bribery Act approved last year, which updates and replaces bribery laws dating back to 1889.

Aside from offenses that could result in an individual or company being found guilty of bribery previously, the new law adds the offenses of offering or receiving a bribe, bribing a foreign public official and even failing to prevent a bribe being paid on an organization's behalf.

The scope of the law extends not only to employees, agents or subsidiaries of a company but also to cases where bribery committed by or on behalf of suppliers and joint ventures directly benefits the company. It also applies to any act of bribery committed anywhere in the world by, or on behalf of, a company that carries out business in the United Kingdom.

While corporate hospitality is allowed under the law, companies must be able to demonstrate that such hospitality is bona fide, a

See **BRIBERY** page 20

KEY DIFFERENCES

Major differences between the U.K. Bribery Act and the U.S. Foreign Corrupt Practices Act

	BRIBERY ACT	FCPA
SCOPE	Relates to bribery of foreign public officials and any other bribery made to gain a business advantage by companies, individuals, senior officers; covers a company's failure to prevent bribery by an associated person, such as an agent, on its behalf	Relates to bribery of foreign public officials by companies and individuals
FACILITATION PAYMENTS	Outlaws facilitation payments	Allows facilitation payments in certain circumstances
MAXIMUM PENALTIES	10 years in jail plus unlimited fine for individuals; unlimited fines for companies	Five years in jail plus fine of $250,000 for individuals; $2 million per violation for companies

Source: Clyde & Co. L.L.P.

CATASTROPHES

Storm season likely active, forecasts say

Colorado State team expects 9 hurricanes, five of them 'major'

By JEFF CASALE

This year's Atlantic hurricane season is likely to feature above-average activity, forecasters said last week.

Colorado State University's Tropical Meteorology Project last Thursday projected there will be 16 named storms in the Atlantic basin this season—down from the 17 it predicted in its December forecast—with nine of those storms becoming hurricanes.

Of the hurricanes, five are expected to reach "major" status, which means a Category 3 or higher storm.

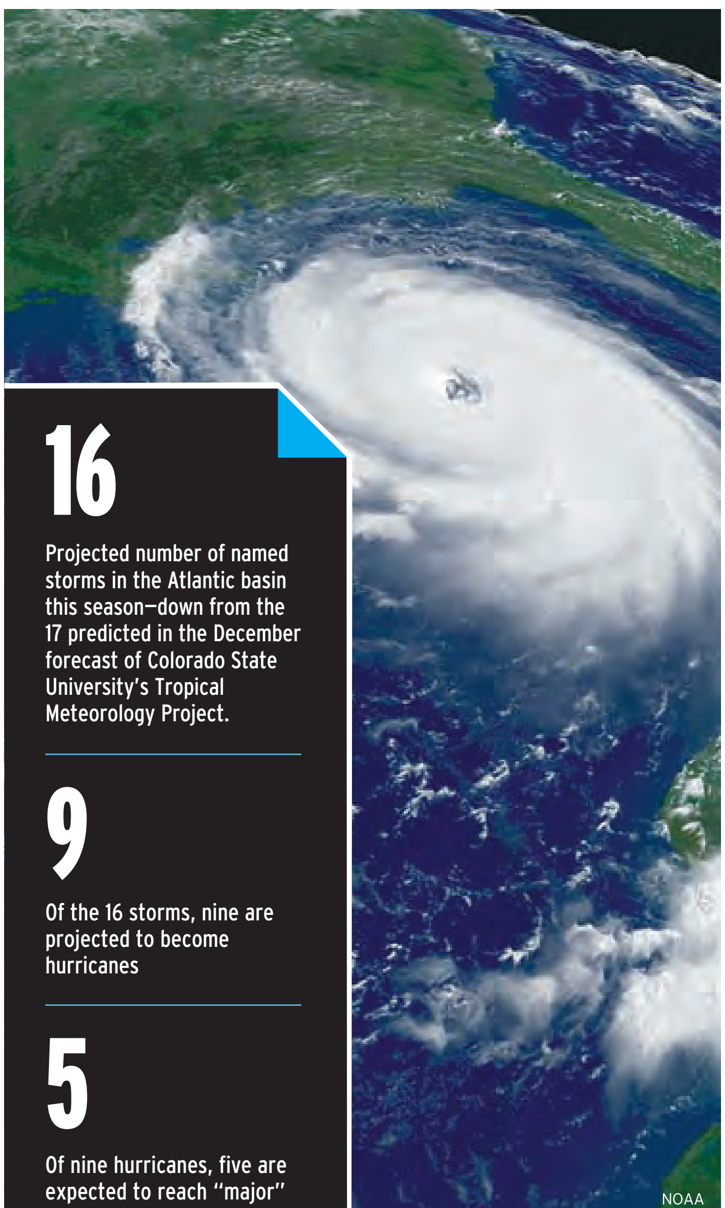
Further, CSU meteorologists said there is a 72% probability that at least one major storm will make landfall in the United States.

CSU said in its report that this year's hurricane season will have "significantly" more activity than the average season from 1950-2000. CSU's Tropical Meteorology Project has been making hurricane forecasts for 28 years.

Based on the history of the Atlantic basin cycle, active hurricane seasons are expected to continue for another decade or two, CSU meteorologists wrote in the report, after which the Atlantic "should enter a quieter hurricane period" as experienced during the 1970-1994 period.

Meanwhile, London-based Tropical Storm Risk last week said that, based on current and projected climate indicators, there is a 55% chance that activity in the Atlantic basin will be one of busiest historically.

In its forecast, TSR said there is a 59% probability that a hurricane will make landfall in the United States.



NOAA

16

Projected number of named storms in the Atlantic basin this season—down from the 17 predicted in the December forecast of Colorado State University's Tropical Meteorology Project.

9

Of the 16 storms, nine are projected to become hurricanes

5

Of nine hurricanes, five are expected to reach "major" status, which means a Category 3 or higher storm.

LISTEN to the *BI* webcast 'Storm Warning' online at **www.BusinessInsurance.com**

HEALTH CARE REFORM

Congress approves health reform tweak

Repeal of 1099 rule eliminates burden for small employers

By JERRY GEISEL

WASHINGTON—Final congressional passage of legislation last week to repeal a much-criticized health care reform law reporting provision is the first change legislators have made to the law.

It also may be the last change to the Patient Protection and Affordable Care Act for a while, Washington benefit observers say.

The repeal legislation, H.R. 4, involves a requirement that employers doing more than $600 in business with a corporate vendor furnish Form 1099 statements.

Small employers, in particular, complained that the burden imposed by the reporting provision, which had been scheduled to go into effect in 2012, was too great. Their arguments won over congressional Republicans, Democrats and the Obama administration.

"This one really hit the small-business community. Neither party wanted to be the one to add to small employers' administrative burden," said Chantel Sheaks, a principal in the Washington office of Buck Consultants L.L.C.

Aiding the Form 1099 repeal drive was that it was not directly related to core elements of PPACA, which include employer and individual mandates and extending federal premium subsidies to the lower-income uninsured.

"It is unlikely that we will see further changes, and that the repeal of the 1099 provision may have been a pretty unique circumstance since it was one that had broad bipartisan support, the support of the president and really was not a health policy provision," said Paul Dennett, senior vp-health care reform with the American Benefits Council in Washington.

> **'This one really hit the small-business community. Neither party wanted to be the one to add to small employers' administrative burden.'**
>
> Chantel Sheaks,
> Buck Consultants L.L.C.

While repealing the reporting provision was noncontroversial, it still took lawmakers about five months to agree on a final bill, a sign of how difficult it has become to pass any legislation amid intense partisanship.

Lawmakers "can't even agree on how to fund the government through the end of the year. How

See **1099** page 20

EMERGING LIABILITIES

Bumpy ride for businesses amid global changes in risk

Economic crises, political instability add to 'turbulence'

By RODD ZOLKOS

CHICAGO—To preserve the value of their businesses, companies must recognize emerging and evolving exposures and understand the "turbulence" that can produce additional business risks, according to a group of experts gathered recently to discuss some of those exposures.

Opening this year's Hays Cos.' Symposium in Chicago, Walter Kerr, president and CEO of Hays Cos. of Illinois, said, "There are a lot of things that can hurt a company beyond those that are traditionally insured."

Providing the gathering's keynote remarks, economist, author and private equity investor John Rutledge stressed the importance of understanding the role of "turbulence" in creating business risks.

An accelerating pace of change around the world is creating the turbulence, said Mr. Rutledge, chairman of Rutledge Capital L.L.C. in Greenwich, Conn. Examples include terrorism, war, economic and financial crises, protectionist regulations, political and social instability as well as general fear, he said.

Government deficits and excessive debt burdens, the recent Japanese earthquake, revolutions in the Middle East, and relations between China and the United States are other examples of turbulence, Mr. Rutledge said.

"In the world we're operating in today, turbulence happens," he said, adding that "turbulence is very hard on organized systems" and must be managed. The challenge is to find a way to protect a business against a collection of risks that cannot be enumerated.

Symposium panelists discussed a variety of risks, their potential impact and steps that businesses should take to address them.

REUTERS

The recent Japanese earthquake and tsunami are among the examples of turbulence around the world highlighted at the Hays Cos.' Symposium. Experts say this turbulence, along with an accelerating pace of change, is creating business risks.

Discussing weather risks, Robert Drelich, director at Swiss Re Financial Services Corp. in New York, said a combination of weather-based volumetric and price risks can hurt many organizations. "For many commodities, the demand for them is influenced by the weather, as is the price for them," Mr. Drelich said.

However, he said, various weather risks can be mitigated by

See **GLOBAL** page 6

CATASTROPHES

Losses halt decline in energy rates

By MICHAEL BRADFORD

The earthquake and tsunami in Japan as well as claims related to two major losses in Canada and the North Sea have halted the slide in energy insurance prices, Willis Group Holdings P.L.C. said in a report.

However, the losses may not be enough to dampen competition among energy insurers in a "relatively profitable sector," according to the annual "Willis Energy Market Review," released at a conference sponsored by the broker in last week San Antonio.

Capacity in the energy market is at an all-time high of $4.3 billion for upstream risks and a 10-year high of $3.7 billion for downstream risks, the report said.

Claims from the disaster in Japan, losses amounting to more than $1 billion from a fire at a Canadian oil sands operation this year and the loss of Maersk Oil's Gryphon oil and gas installation in the North Sea estimated at $800 million have stopped the decline in energy insurance prices, the report notes.

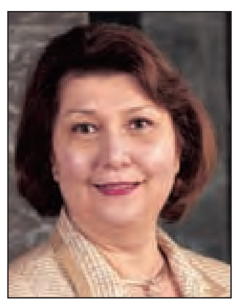
RISK MANAGEMENT

Property retrofits can cut premiums

While property upgrades often are driven by building codes and insurance requirements, proactive retrofitting can reduce insurance costs during the property's lifetime, participants said during a *Business Insurance* webcast last week.

The first step in a beneficial retrofit project is performing an assessment that takes into consideration the hazard risk inventory, drivers of maximum loss potentials and the cost of improvements compared with anticipated savings, said Robert J. Smith Jr., managing director, global property risk consulting practice leader at Marsh Inc. in Chicago during the *BI* webcast "Get Retrofit: Insurance Savings from Property Upgrades."

Mr. Smith



Ms. Ochenkowski

"We all know how organizations are moving towards a more holistic view of risk," Janice Ochenkowski, managing director and head of risk management at Jones Lang LaSalle Inc. in Chicago, said during the webcast. "If we take an enterprise view, we can think of retrofitting not only to minimize loss in the event of a catastrophe," but also to "enhance the safety and operational climate for employees and visitors, and to increase the value of the property as well as the potential for profit at the time of a sale."

While there is no documentation yet that green buildings have lower insurance premiums, state-of-the-art infrastructure can reduce liability, health and workers compensation claims, which reduce overall insurance costs.

Both speakers emphasized that building upgrades should be viewed as long-term investments to increase value rather than a short-term way to shave insurance costs in time for an upcoming renewal.

They also urged risk managers not to wait until the market hardens to consider retrofits because they will increase their costs if they begin a project after premiums already have begun to increase.

"Projects may take weeks or months to complete," Ms. Ochenkowski said. "And, of course, it is only when the project is completed that you will realize any reduction in your insurance premium."

Business Insurance Senior Editor Michael Bradford moderated the webcast.

To view the 60-minute webcast, go to *www.businessinsurance.com/webcasts*.

—By Mallory Gillikin

Global: Bumpy ride for businesses amid change

CONTINUED FROM PAGE 4

using different types of insurance, including derivatives.

Political events raise a variety of possible exposures. Expropriation of a foreign enterprise "can be seen as a catastrophic peril," said Toby Vass, senior underwriter in the political risk and credit division of ACE Global Markets in New York.

Political changes can happen quickly, he said. "Standing here today, we have absolutely no idea what the attitudes of governments in the Middle East will be to investors in 12 months' time," he said.

Embargoes can raise exposures such as frustration of sales contracts, loss of inventory, loss of fixed assets or supply chain losses. And political violence and war also can lead to physical damage to assets, business interruption, forced abandonment of assets, supply chain losses and other exposures, while overseas operations also can be at risk of currency inconvertibility.

Political risk insurance is available to address those exposures, however, and despite global events, "The market is pretty soft at the moment," Mr. Vass said, adding that the market also has gotten more flexible in the products available.

But, he cautioned, "Don't wait for a crisis to happen before you purchase it," adding that buyers should take a long-term view toward the product, as insurers are unlikely to renew expiring policies as conditions in a country are deteriorating.

Cyber risk not only is an emerging risk, it's an evolving one, too, said Mike Phillips, senior vp, U.S. commercial errors and omissions at Torus Insurance Holdings Ltd. in Jersey City, N.J.

'We're putting more and more eggs into fewer and fewer baskets, and the big problem is that many of these baskets happen to be in undesirable parts of the world.'

Eric P. Jones,
Factory Mutual Insurance Co.

Cyber risk exposures can cause reputational damage, said Rebecca Pearson, professional and cyber liability practice leader at Hays Cos. in San Francisco.

In the face of those risks, companies must identify their exposures, establish privacy/security policies and procedures, implement document retention plans and disaster recovery plans, and support their information technology budgets, Ms. Pearson said.

Insurance is available to help companies address reputational risk situations, but Justin Whitehead, director at R.K. Harrison Insurance Brokers Ltd. in London, noted that in a practical sense, a company's reputation may be salvaged only by the way it manages a crisis.

"What we as insurers can do is insure the financial fallout from a reputation situation," said Ed Mitchell, global practice leader, product recall at XL Insurance in London. But it doesn't matter how much insurance a company buys; if it manages a reputation-threatening situation poorly, it still can go out of business, Mr. Mitchell said.

An increased reliance on global sourcing of commodities and components leaves many companies with supply chains exposed to the effects of turbulence.

"We're putting more and more eggs into fewer and fewer baskets, and the big problem is that many of these baskets happen to be in undesirable parts of the world," said Eric P. Jones, assistant vp and manager of the Business Risk Consulting Group at Factory Mutual Insurance Co., which does business as FM Global, in Plano, Texas. In many instances, suppliers are located in areas prone to natural catastrophes, he said.

"You need to be able to understand and identify these risks and quantify them in very specific dollar terms," Mr. Jones said. A business/supplier impact analysis should cut across organizational silos to "get a full understanding of what's at stake," he said, adding that the goal is to understand relationships and identify dependencies.

Commentary

Washington's problem with moral hazards

MARK A. HOFMANN

Senior Editor Mark A. Hofmann can be reached at: mhofmann@businessinsurance.com

A "moral hazard" arises when someone who is at least partially protected against risk acts differently than that person or institution would have acted if exposed to the full risk.

Stated another way, if someone doesn't bear the full consequences of their actions, they may take riskier steps than if they had to pick up the tab.

Just about everyone one in the insurance industry understands the concept of moral hazard. It's too bad that not everyone in Washington does.

Neil Barofsky, who recently stepped down as special inspector general of the government's Troubled Asset Relief Program, understands the full implications of moral hazard. He fears that in its efforts to deal with the financial crisis that almost spun out of control in late 2008, the federal government may have actually encouraged some financial institutions to become "too big to fail."

Testifying before the House Committee on Oversight and Government Reform's Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs—and yes, that's the panel's real name—Mr. Barofsky had a warning for lawmakers.

He said TARP's "most significant legacy" could be that it exacerbated problems posed by financial institutions deemed too big to fail. The way Treasury approached the problems of faltering institutions largely spared executives, shareholders, creditors and counterparties, "reinforcing that not only would the government bail out the largest institutions, but would do so in a manner that would do little harm to the responsible stakeholders." In other words, the government may have inadvertently encouraged bad behavior in the future.

Mr. Barofsky, who appeared before the subcommittee March 30, his last day on the job, said it's too early to tell whether the Dodd-Frank Wall Street Reform and Consumer Protection Act will "eventually rein in the moral hazard problem."

The bailout of the financial services sector occurred amid panic. But some things had to be done, and done quickly, to prevent a total crisis of confidence and possibly a global depression. Companies that might otherwise have been allowed to fail had their failure been isolated instances were propped up for fear the financial dominoes would topple.

The response to the crisis reflected an understandable belief that some institutions were too big to fail, that their collapse would create financial black holes that would suck other, healthier entities down with them. Dodd-Frank was intended to assure the too-big-to-fail doctrine would never again dictate federal policy.

But as Mr. Barofsky said, the government's actions in late 2008 could lead the executives of some financial institutions in the future to take risks with

Just about everyone one in the insurance industry understands the concept of moral hazard. It's too bad that not everyone in Washington does.

other people's money that they otherwise would not take, because they believe that the consequences they'll suffer fall far short of a corporate death sentence. In fact, in his prepared testimony, Mr. Barofsky called "the continued existence of institutions that are 'too big to fail'—an undeniable byproduct" of Treasury's use of TARP to assure the markets during a time of crisis that the government would not let such entities fail—"is a recipe for disaster."

Mr. Barofsky said policymakers face two choices—either break up institutions deemed too big to fail or create a structure assuring the market that "they will be left to suffer the full consequences of their wanton risk-taking."

Neither option may be particularly palatable. But given the moral hazard inherent in how the government responded to the financial crisis, we can only hope that the cure doesn't end up encouraging the spread of the disease it was meant to contain.

Business Insurance OPINIONS

RIMS' lobbying move shows political savvy

THE RISK & INSURANCE Management Society Inc.'s decision to create a political action committee demonstrates just how sophisticated RIMS' approach to Capitol Hill has become.

After all, it's been only a little more than a decade since RIMS members gathered at their first RIMS on the Hill legislative conference to learn how to make their case to Congress. The organization's new political action committee—RISK PAC—represents a logical next step in the evolution of RIMS' political efforts.

RISK PAC gives RIMS members a place at the table, a place they surely need as lawmakers contend with several critical risk management issues.

Numerous special interests vie for Congress' attention at any given time. After all, there are thousands of trade and professional associations in the greater Washington area alone. As veteran Washington observer Joel Wood notes in this issue, "if you're not at the table, you're on the menu."

RISK PAC gives RIMS members a place at the table, a place they surely need as lawmakers contend with several critical risk management issues. Launching RISK PAC now puts RIMS in better position to deal with crucial matters such as reauthorization of the federal government's terrorism insurance backstop program, a debate that should begin long before the program's 2014 sunset date.

Politics can be a risky business for all involved. The creation of RISK PAC will help improve the odds that risk managers' voices will rise above the din of voices seeking lawmakers' ears.

Clearing up distortions on retiree health subsidy

IN COMMENTS about a $5 billion early retiree health plan subsidy program, Republicans and Democrats both are guilty of distortions.

Under the Early Retiree Reinsurance Program established by the health care reform law, the government reimburses plan sponsors for 80% of participants' claims between $15,000 and $90,000.

One has to look no further than a news release by Republicans on the House Energy and Commerce website to find distortions. It describes the fund as one that was "crammed into the law without scrutiny or congressional oversight" and a "boondoggle that is barreling toward bankruptcy."

In fact, the provision was in early versions of the legislation and was well-reported then. We don't recall, though, congressional Republicans specifically objecting to the early retiree provision at that time.

On the bankruptcy allegation, Congress appropriated $5 billion for the program and $5 billion will be distributed. That is not bankruptcy.

But Democrats also have distorted the facts. One starts with the program's end date—Dec. 31, 2013—set by the law. That created an expectation that the money would last until then. But because $1.8 billion already has been distributed since last fall, we wouldn't be surprised if the money is gone by the end of this year.

The biggest question we have is, was this program the best use of government money? Why should there be subsidies for employer-sponsored early retiree health care plans when retirees without such coverage get nothing?

That is a question congressional Democrats and the Obama administration have yet to answer.

WRITE

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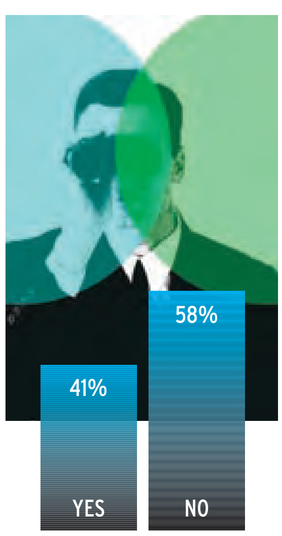
THIS WEEK'S RESULTS

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



NEXT WEEK'S QUESTION

Q: Have you been told that your personal information has been compromised by a data breach in the past year?

PERSPECTIVES

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Setting the stage: *Business Insurance* recognized winners of the 2011 Innovation Awards last month with an event at the Waldorf=Astoria hotel in New York.

Innovation Awards

SPOTLIGHT

Innovative ways to manage risk

10 honored for breakthrough tools

Ten companies are the winners of the second *Business Insurance* Innovation Awards, a program recognizing leadership and innovation in products and services for professional risk managers. *BI* invited insurance and risk management service providers to submit entries for the awards program. An independent panel of judges, comprising professional risk managers, selected the Innovation Award winners by scoring entries on the basis of originality, relevance, problem-solving and ease of use. Judges for the 2011 Innovation Awards were: Julie Bean of Duchossois Group Inc., Ron Cooley of W.W. Grainger Inc., Terry Sampson of the Art Institute of Chicago, Cindy Slubowski of Kraft Foods Inc. and Amy Templeton of Komatsu America Corp. The awards were presented at a dinner March 14 at the Waldorf=Astoria hotel in New York in conjunction with the Risk Management Summit.

We profile the winning entries in this issue. Over the next several months, we will examine the root problems that these products address and assess available risk management options.

For more information on the Innovation Awards and to view video coverage and a slideshow of the event, please visit *www.BusinessInsurance.com/InnovationAwards.*

THE WINNERS, 2011

NEXT SPOTLIGHT April 18: RIMS Conference Preview

ACE GROUP OF COS.

ACE Worldview users can access local policies and insurance certificates, ACE's proprietary research tools also used by its staff, claims bulletins, the insurer's loss information system and other information.

ACE Group of Cos.

ACE Worldview

www.aceusa.com

Risk managers with global insurance programs have a solution to the historical problem of quickly accessing far-flung details on their coverage and exposures.

ACE Group of Cos.' Web-based portal, ACE Worldview, provides a window into key aspects of multinational insurance programs that can be viewed anytime from a desktop or laptop computer.

The system's value in addressing a risk management concern has earned it a 2011 Innovation Award from *Business Insurance.*

'If you had asked me to gather policies for 40 countries, it could have been a three- to four-month exercise' before Worldview was developed.

Timothy Benson, ACE Group of Cos.

Launched last year, Worldview is a multiyear effort that produced a system allowing risk managers and brokers to access much of the information related to a policyholder's multinational programs that traditionally was kept only on ACE's internal systems, said Timothy Benson, Wilmington, Del.-based senior vp with ACE's multinational client group.

Worldview users can access local policies and insurance certificates, ACE's proprietary research tools also used by its staff, claims bulletins, the insurer's loss information system and other information.

Various applications and reporting tools allow risk managers to track policy issuance, run custom reports, review status comments and set email alerts to be triggered when activities related to the account occur.

Worldview is used by more than 150 multinationals and their brokers.

The system gives risk managers "instantaneous access to policies in all multinational programs at the touch of a button," Mr. Benson said. There can be dozens of policies for some multinationals, he said.

"If you had asked me to gather policies for 40 countries, it could have been a three- to four-month exercise" before Worldview was developed, Mr. Benson said. "Worldview provides instant access."

Using the system is easy for risk managers and brokers who don't need to access it daily, Mr. Benson said.

"That was one of our main goals, because we know users are not going to be in it every day to check the programs," he said. "But when they need it, they can go in and, with two or three clicks, find their policy, print it, save it" or perform other tasks, Mr. Benson said.

ACE expects to expand Worldview to its domestic accounts in about a year, giving risk managers and brokers the same access to information that is available to multinational clients, Mr. Benson said.

Worldview gives users contact information for the U.S.-based team involved in their multinational programs.

In about three months, it will be expanded to provide the same information for every ACE office involved in a multinational program—regardless of where it is located in the world, said Mr. Benson.

"Business doesn't begin and end at 9 a.m. and 6 p.m. Eastern time," said Mr. Benson. "Risk managers can get a call at any time of day" on a problem they need to address, and that's when they need contact information for the ACE team where their risks are located, he said.

—*By Michael Bradford*

Aon Corp.

LAMBDA: Litigation Analysis, Management & Benchmarking of Defense Attorneys

www.aon.com

Aon Corp.'s Litigation Analysis, Management & Benchmarking of Defense Attorneys is a litigation management tool that helps risk managers control their total cost of risk by modeling litigation outcomes and optimizing defense attorney selection.

Users of LAMBDA, a *Business Insurance* Innovation Award winner, can assess various factors that affect their litigation costs and claims outcomes, information that Aon says also can help reduce litigation frequency. The tool further helps risk managers control risks by ranking and benchmarking the performance of defense attorney firms.

According to Chicago-based Aon, LAMBDA's actuarially developed predictive modeling component yields a robust picture of expected litigation-related loss costs, as well as the potential risk costs associated with taking no action to improve litigation outcomes.

The assessment includes a perspective on loss costs associated with employing defense firms that produce poor results, and possible scenarios showing how legal panel changes might affect ultimate retained losses.

LAMBDA's results are organized into a progressive visual report that provides a high-level look at legal costs relative to a company's total losses, as well as a more detailed view of the relative impact of variables such as defense firms involved and claim and employee demographics.

Since becoming available in October, LAMBDA users have realized projected retained loss savings within single lines of coverage and single jurisdictions ranging from $250,000 to $1.3 million per year, $600,000 to $3.6 million over three years, and $1.2 million to $6.5 million over five years, Aon said.

"There was no objective methodology to assess for our clients how the attorneys were performing," said Kevin Combes, director and lead consultant at Aon Global Risk Consulting. "So LAMBDA really is a product that is focused very much on helping our clients understand how litigation—all of the characteristics of litigation—and then, most importantly, how the defense firms that they retain on their panel perform relative to one another."

—By Rodd Zolkos

Chartis Inc.

IntelliRisk Executive Dashboard

www.chartisinsurance.com

The IntelliRisk Executive Dashboard aggregates data about claims worldwide, allowing insurance buyers to look at everything in one place before they drill down for the details.

Alan Louison, Parsippany, N.J.-based vp and senior information officer at the property/casualty unit of American International Group Inc., said the idea arose a couple of years ago when he began working with large global customers. Some clients would buy hundreds or thousands of policies covering their exposures. However, when they needed information about claims and other specifics, clients had to go back to the people in individual countries who had sold them the policies.

CHARTIS INC.

Chartis customers can compare statistics about different countries, such as claims data, using the IntelliRisk Executive Dashboard.

Those customers wanted to spend their time figuring out what their claims data meant, not calling several time zones in an effort to get it. "It was readily apparent that they needed the dashboard," Mr. Louison said.

His team and Pete Beyda, senior vp/chief information officer at Chartis, built a tool that rolled out in November 2010 and consolidated such information. Now, Chartis customers can compare statistics about different countries

See **CHARTIS** next page

Chartis

CONTINUED FROM PREVIOUS PAGE

using a global map on their computers, iPads or smartphones.

That fresh approach has earned Chartis a *Business Insurance* Innovation Award for its IntelliRisk Executive Dashboard.

With it, users can click on a location for details, such as how many claims were paid per line of business. Charts display other information, including claims paid to date vs. claims outstanding. Users also can customize their dashboard, such as adding industry links of interest to them or special instructions for their claims. A top 10 module spotlights risk concerns based on criteria chosen by the customer.

So far, five clients are testing the dashboard, Mr. Louison said.

"We wanted to let things settle and get their feedback before we offered it to more" customers, he said.

—By Sonja Ryst

Chubb Group of Insurance Cos.

WORLDcert
www.chubb.com

Chubb Group of Insurance Cos. was looking to ease frustrations of life sciences clients and simplify obtaining clinical trial liability insurance when it launched WORLDcert in July 2010.

The online WORLDcert system allows drug and medical device developers to secure required insurance documentation for clinical trials in a timely fashion, saving time and avoiding lost revenue.

If a clinical trial is delayed because a certificate of insurance is unavailable, inaccurate or incomplete, the time frame a company has an exclusive patent on its product is reduced, which can cause lost revenue, Chubb said.

"It was really the frustration of our clients that was the key to the development of this system," said Frank F. Goudsmit, vp and life sciences international manager for Chubb commercial insurance, who proposed the online system idea in fall 2008. "It led us to invest in the development of the system, because you want to be able meet their needs…Risk managers are able to maintain control (of this process)," and satisfy third-party ethics committees at hospitals or clinics worldwide and avoid trial delays.

> **'It was really the frustration of our clients that was the key to the development of this system.'**
>
> Frank F. Goudsmit
> Chubb Group of Insurance Cos.

WORLDcert, available in 182 countries, allows life sciences companies to access up-to-date information about clinical insurance regulations, receive clinical trial liability insurance quotes, bind coverage, and instantaneously issue or modify clinical trial certificates of insurance.

CHUBB GROUP OF INSURANCE COS.

The WORLDcert system allows drug and medical device developers to secure required insurance documentation for clinical trials in a timely fashion.

"It is a true end-to-end solution," Mr. Goudsmit said. "It takes you step by step through the process. It's not just a front-end interface."

Mr. Goudsmit's WORDcert idea was one of 600 ideas submitted within Chubb. It was refined through feedback from Chubb employees as well as agents, brokers and clients. He said the process has been very rewarding and he is optimistic the system will be enhanced in years to come.

"It's very exciting and heartwarming in getting external validation on the system," Mr. Goudsmit said. "It raises awareness about the program within the industry and helps with its visibility and future growth."

—By Jeff Casale

Marsh Risk Consulting

Global Safety Excellence Assessment
www.marsh.com

Marsh Risk Consulting's Global Safety Excellence Assessment allows risk managers to gather and organize information related to employee safety, product safety and sustainability from operations worldwide, facilitating best practices in safety and health management for their organization.

The idea for GSEA was hatched from Marsh Risk Consultants' clients and Marsh consultants who were seeking a product to handle health and safety programs globally, said Joyce Long, global leader of workforce strategies for the risk consulting unit of Marsh & McLennan Cos. Inc. in St. Louis.

Ms. Long

"This included not only just health and safety, but they also were looking at their corporate mission statements, their corporate goals and objectives, which included things like social accountability and, of course, risk managers are also concerned about brand and reputation," Ms. Long said.

"Many organizations now are publishing…a mission statement that reflects their social responsibility initiatives," said Colleen Britz, ergonomics practice leader of workforce strategies for Marsh Risk Consulting in Los Angeles.

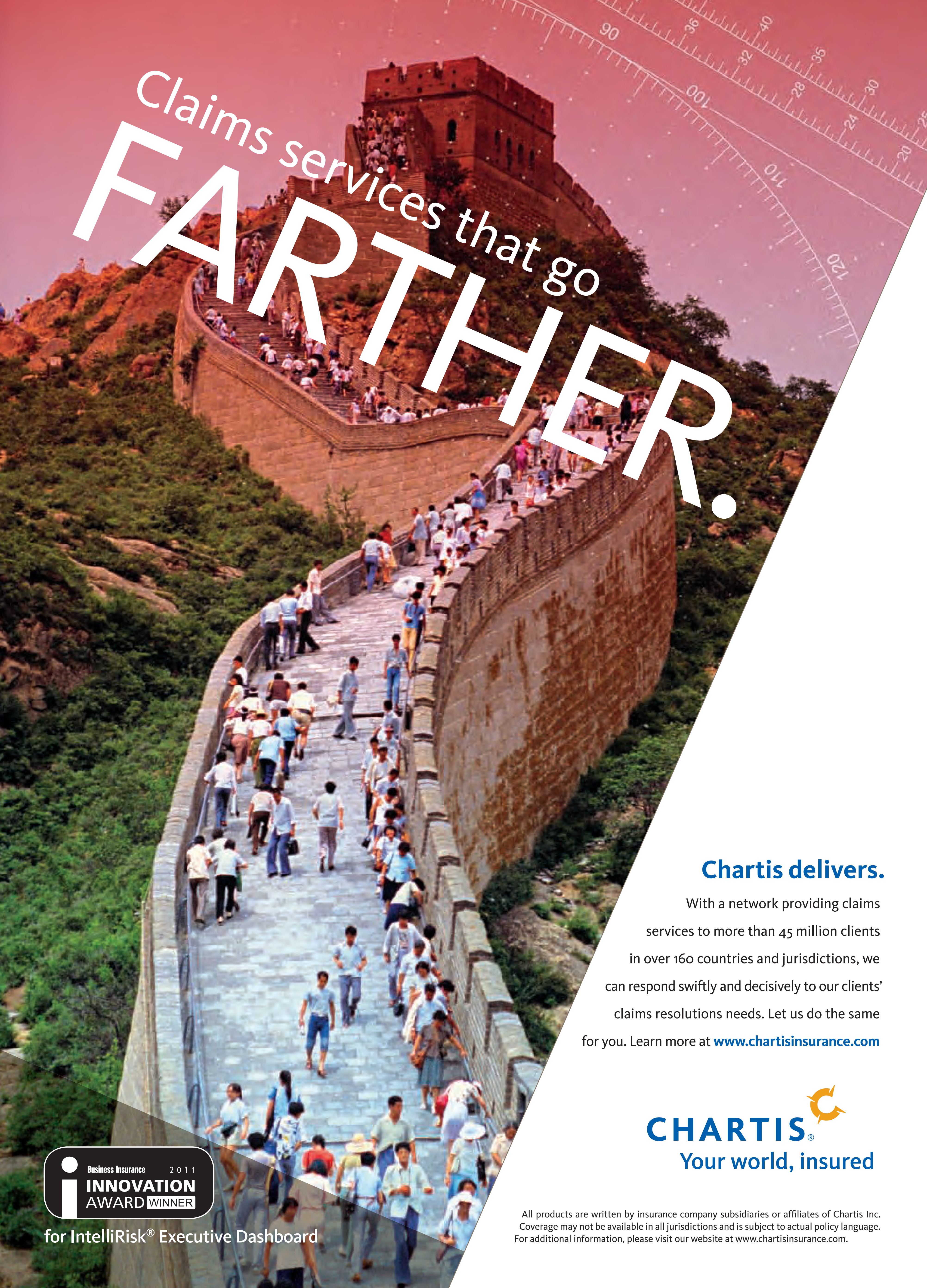
Due to their involvement in environmental and employee safety efforts, risk and safety managers often must comply with corporate objectives, such as green initiatives, Ms. Britz said.

After two years in the making, Marsh consultants assessed rules and regulations in various countries around the world to create best practices in safety and health management, and then found a technology platform to support the team's assessment.

GSEA, a *Business Insurance* Innovation Award winner, works by collecting data from an organization's location or supplier through a customizable risk assessment form. Once the location or supplier responds, the risk manager can analyze the data individually or in aggregate and chart the analysis. The system also provides reports to risk managers measuring a location's performance and how key areas are performing, with the ability to continuously measure and report on improvements.

The product was made available to risk managers in December.

—By Mike Tsikoudakis



Claims services that go
FARTHER.
Business Insurance 2011
INNOVATION
AWARD WINNER
for IntelliRisk® Executive Dashboard

Medcor Inc.

Medcor Injury Triage Service
www.medcor.com

Medcor On-Line is a telephonic workers compensation medical triage system that directs injured workers to the most effective treatment.

The system, which received three U.S. patents in 2010 and a *Business Insurance* Innovation Award this year, connects employees and their supervisors by phone to nurse case managers who use Medcor's proprietary software to assess and prescribe treatment for a variety of work-related injuries.

"The purpose is to provide a clinical assessment of an injury before a claim has been filed," said Curtis Smith, executive vp at McHenry, Ill.-based Medcor Inc. "We view our triage as a vaccine for unnecessary claims."

An injured employee calls in and speaks to a specially trained nurse using Medcor's proprietary software, which was developed in-house by Medcor Chief Information Officer Tim Sahouri using medical algorithms written by Tom Glimp, Medcor's chief medical officer.

When medical treatment is necessary, nurses direct workers to the appropriate level of care at the nearest in-network facility. For less serious injuries, nurses guide workers in the use of first aid and self-care.

> 'We view our triage as a vaccine for unnecessary claims.'
>
> Curtis Smith, Medcor Inc.

In addition to assessing individual injuries, the software lets nurses assess and prioritize multiple injuries occurring to a single employee. For example, if an employee calls in after a fall that caused knee and head injuries, nurses first will ask questions to rule out a traumatic brain injury before moving on to questions about the knee to rule out a serious injury there, Mr. Smith said.

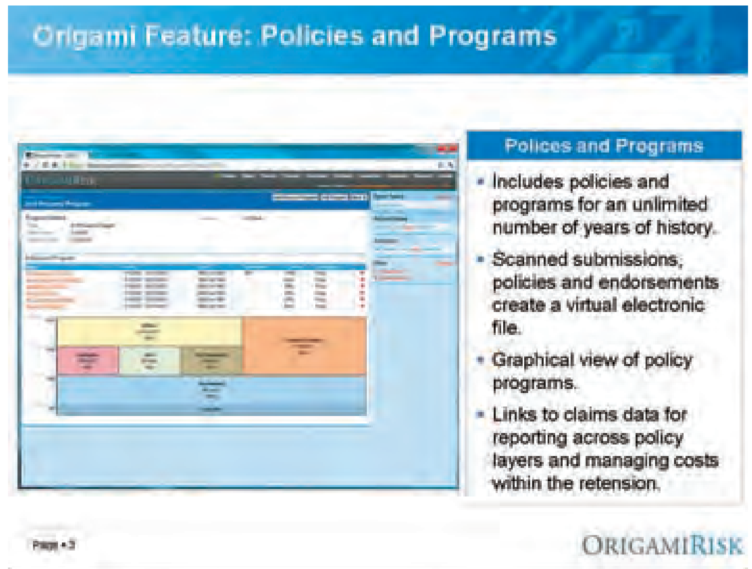
The software, used by 700 employers at 80,000 worksites in the United States, Australia, New Zealand and Singapore, helps curb workers compensation costs by eliminating unnecessary claims, Mr. Smith said. Based on Medcor's experience, about half of the workers who call the injury triage service ultimately never file a workers compensation claim, he said.

The software also can be used as a loss control tool by providing data on incidents, injuries and causes that safety professionals can use to perform trend analysis, Mr. Smith said. Medcor On-Line also deters workers compensation fraud by recording every conversation, he said.

—By Joanne Wojcik

Origami Risk L.L.C.

Origami Risk
www.origamirisk.com



Origami Risk, by the company of the same name, is a cloud-based risk information system that automates and manages risk data, including claims, lawsuits, exposures, values, policies, programs and locations, according to Origami Risk L.L.C.

The system, which has been honored with a *Business Insurance* Innovation Award, allows risk managers to share data across finance, operations, legal and human resources, and connects them to their brokerages and insurers to share and manage data efficiently.

The system has tools to manage claims and retained losses starting from when a claim is first reported until it is closed. Claims data can be analyzed for the root cause of the loss, loss trends and loss rates across locations.

"With every generation of technology, the products that come from that technology get cheaper and they perform better," and Origami Risk reflects that, said Bob Petrie, president of the company formed in 2008.

"What we're trying to do is take advantage of technology to give our clients better value and…to take some of the lessons we've learned from our many years" of experience with risk management information systems, Mr. Petrie said.

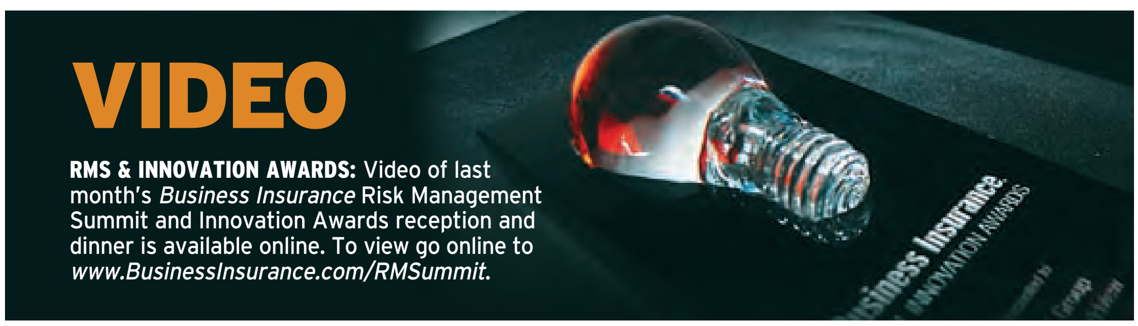
A critical factor in RMIS is "being able to pull data from multiple" data sources, "and we have engineered Origami Risk to do that job, we think, more efficiently, and with a much higher quality standard" than in the past, Mr. Petrie said.

> 'With every generation of technology, the products that come from that technology get cheaper and they perform better.'
>
> Bob Petrie, Origami Risk L.L.C.

The product has been well-received by the market, Mr. Petrie said. It gained its first client about a year ago and has been doubling sales every quarter since.

"We're doing a lot of business with brokers and midsized accounts, helping them to help their clients improve their efficiency and better manage the cost of risk" at a competitive price point compared with other system vendors, according to Mr. Petrie.

—By Judy Greenwald



Karin Landry, a managing partner with Spring Consulting Group L.L.C. in Boston.

Spring Consulting Group L.L.C.

Program for Alternative Funding of Employee and Retiree Benefits
www.springgroup.com

During the past few decades, captive insurance companies have become a standard risk management tool for larger employers and other organizations to fund and manage their property/casualty exposures.

But there is no reason why the key advantage of captives—a more cost-efficient way of funding risk compared with traditional commercial insurance—can't be applied to funding employee benefit risks, said Karin Landry, a managing partner with Spring Consulting Group L.L.C. in Boston.

Utilizing experience gained by working with a client several years ago that explored a new approach to fund its retiree health care obligations, Spring Consulting last year obtained a patent from the U.S. Patent & Trademark Office for its Program for Alternative Fund of Employee and Retiree Benefits.

The program, which has been honored with a *Business Insurance* Innovation Award, has many permutations.

For example, an employer would contribute funds to a special tax-free trust, known as a voluntary employees' beneficiary association. The VEBA then purchases life insurance or other contracts, such as non-cancellable accident and health coverage, from a commercial insurer. The policies then are reinsured with an employer's captive. If there are claims, the insurance proceeds go to the VEBA.

Spring Consulting has developed a computer program to project how much an employer should contribute to the trust, the amount of coverage to be purchased and the financial implications of the arrangement.

Spring Consulting is working with a client on a retiree medical funding program. It has determined, using its patented funding process, that if the client makes an initial contribution of $100 million to a VEBA and smaller amounts in succeeding years, it will realize "over $70 million in profit and loss savings over the first 10 years," Ms. Landry said.

—By Jerry Geisel

Verisk Analytics Inc.

CargoNet
www.verisk.com

CargoNet, a division of Verisk Analytics Inc., prevents cargo theft and increases recovery rates through secure and controlled information sharing between theft victims, their business partners and law enforcement.

The national database and information-sharing system has analyzed and aggregated U.S cargo theft incident data since early 2009, which has resulted in a growing database of detailed cargo theft reports.

The "2010 CargoNet Cargo Theft Report," issued in March, includes information on the type of commodities stolen, the location date and time of the incident, the cargo's origin and destination, and additional analysis based on more than 300 data points.

That helps pinpoint supply chain vulnerabilities and provides guidance to improve supply chain security.

"CargoNet is built around the prevention and recovery efforts of five industries—transportation, distribution, retail, manufacturing and insurance," said Maurizio Scrofani, president of CargoNet. "It allows for a controlled environment that aggregates theft data and allows for the user to manage their risk differently than they do today. Law enforcement needs to know in a clear and concise fashion where, how and when the incident took place and what was stolen," he said.

CargoNet allows risk managers "to view the climate of cargo theft and review from a holistic perspective the story that needs to be told" and assists them in building more robust loss-control efforts, Mr. Scrofani said.

Work on CargoNet, a unit of ISO Crime Analytics Inc., began in 2009 as the Insurance Services Office Inc. and the National Insurance Crime Bureau began collaborating on establishing a national information-sharing system to combat cargo theft. The initiative formally launched in January 2010, said Mr. Scrofani.

—By Mark A. Hofmann

CARGONET

The CargoNet database and information-sharing system has analyzed and aggregated U.S cargo theft incident data since early 2009.

Zurich Global Corporate

Supply Chain Risk Assessment and Insurance
www.zurichna.com

As the recent crisis in Japan illustrates, the supply chains of today's global businesses are complex, long, multifaceted and subject to disruption.

It was this vulnerability, and the awareness that business interruption coverage may be insufficient for global corporations' needs, that drove Zurich Global Corporate to develop its Supply Chain Risk Assessment and Insurance proposition, winner of a 2011 *Business Insurance* Innovation Award.

The risk of supply chain disruption has been a potential "blind spot" for risk managers and high-level executives, according to Zurich.

The proposition has two distinct parts: a thorough risk and financial assessment of a customer's supply chain that uses a tier-based view of a company's supply chain hierarchy, and a proprietary risk grading process that enables Zurich to input the company's risk assessment data into underwriting and pricing models.

Insurance can be structured to provide agreed-upon limits per individual and individual supplier based on the potential loss of profits or increased cost of working.

The maximum aggregate limit is $50 million per customer and the maximum indemnity period is 12 months.

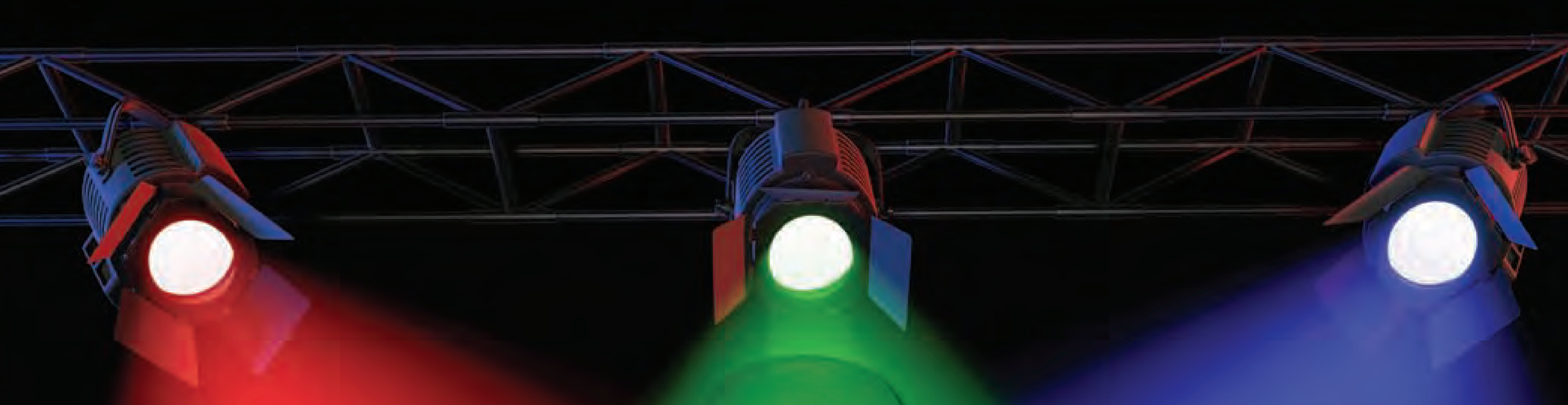
Development of the product, which took several years, was a collaborative process, with Zurich colleagues in Europe and North America tweaking the product to fit their markets. The product wraps around existing coverage, such as contingent business interruption policies.

The product, which was introduced in mid-2010, offers broad coverage and is not based on named perils, according to the team that developed it. It also does not require physical damage to take place before it responds. This, according to the team that developed the product, was one of the shortcomings that risk managers had complained about in existing business interruption or trade disruption products, which typically are triggered only by physical damage.

In fact, many business interruption problems are caused by events that do not cause physical damage to a company's property but disrupts its ability to trade, they said.

Zurich's involvement in assessing the risks to a company's supply chain and the evaluation of those supplies and suppliers that are most critical to the company enables the policy to cover supplies or properties that are vital to a company's ongoing operations, Zurich said.

—By Sarah Veysey



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Illinois governor pushes comp reforms

SPRINGFIELD, Ill.—A workers comp reform package Illinois Gov. Pat Quinn has proposed lacks measures that employers say are needed to rein in costs.

But the governor's April 1 proposal shows he is listening to employers' concerns about costs of the state's workers comp system, said Mark Denzler, vp and chief operating officer for the Illinois Manufacturers' Assn. in Springfield, Ill.

"It's a good thing the governor and legislative leaders have recognized the seriousness of Illinois' workers compensation system problems and are working to address them," Mr. Denzler said.

The governor proposed slashing the state's medical fee schedule by 30%.

"Illinois has the nation's second-highest workers compensation medical costs by a wide margin," the governor's office said in a statement. "Even if the medical fee schedule were reduced by 30%, Illinois would still have the second-highest reimbursement rates in the nation, but our employers could save up to $500 million—as much as 14.9% in premiums."

The governor's package also calls for capping benefits for carpal tunnel injuries, returning permanent partial disability payments to pre-2005 levels, and denying claims by intoxicated workers whose inebriation caused their injuries. In addition, Gov. Quinn wants to enhance the state's authority to prosecute workers comp fraud and increase utilization reviews of physical therapy, occupational therapy and chiropractic care.

Employers also would like to see legislation requiring the worksite be the primary cause of an injury for workers to receive comp, Mr. Denzler said.

"Right now in Illinois, the workplace does not have to be the pre-eminent factor in causing an injury…for the employer to be on the hook for the costs," Mr. Denzler said.

Employers also want a requirement that doctors—not just physical therapists, as suggested by governor—apply American Medical Assn. treatment guidelines when determining an injured worker's level of impairment and benefit award, Mr. Denzler said.

The governor must reach an agreement with lawmakers about specifics, but his office said he is seeking adoption of the bill this spring.

—By Roberto Ceniceros

Comp: California in crisis?

CONTINUED FROM PAGE 1

committee voted to forgo sending any rate filing to California Insurance Commissioner Dave Jones. Instead, the WCIRB will submit an informational filing that will include an analysis of insurers' loss experience and "will reference that pure premium rates are inadequate by roughly 40%," a WCIRB spokesman said.

The governing committee is concerned that requesting such an large increase in the pure premium rate, which some states refer to as loss costs, would cause panic among employers that might misconstrue its action to mean that insurance prices immediately would increase 40%, observers said.

Mr. Poizner rejected WCIRB-recommended pure premium rate increases for three years, arguing that insurers were not entitled to higher rates because they had not done enough to lower their costs.

Pure premium rate increases do not result in an equal price increase for employers at renewal. Insurers also must consider factors, such as market competition, when setting their pricing.

Additionally, the insurance commissioner must approve any WCIRB call for an increase in the pure premium rate. The commissioner can only recommend that insurers adjust their rates and cannot order them to do so.

Insurers have raised their rates only about 5% on average in the past year because of a competitive environment, and Mr. Poizner's rejections made it harder to convince employers that larger increases are necessary, Mr. Sektnan said.

Yet WCIRB data reveals that the average cost of California indemnity claims rose 60% between 2005 and 2009. That, along with insurers' combined ratio of 127%, shows the system is under pressure, said Joe Burgess, senior executive vp for CHSI of California, a Las Vegas-based self-insured workers comp program manager.

Historically, such scenarios in California preceded rapidly increasing coverage prices, as happened in the years leading up to reforms that were adopted in 2003 and 2004, Mr. Burgess said.

"Typically in California when things go, they go all at once," Mr. Burgess said. "They tend to change explosively. It's like the lid is held on for a long time and then it just goes boom."

But California is not on the verge of a crisis, because today's market conditions are substantially different from rapid price escalation before the 2003 and 2004 reforms, said Mark Webb, vp and assistant general counsel for Agoura Hills, Calif.-based Pacific Compensation Insurance Co.

Better research on system cost drivers is available today than a decade ago and capital provided by insurers regularly flows in and out of California now rather than just a few underwriters "coming in and grabbing a big share of the market," Mr. Webb said.

"You have a different type of competition than produced the catastrophes that occurred (a decade ago)," Mr. Webb said. "But I also think the research and experience from both self-insureds and insurers…points to the fact that costs are increasing and there are some erosions of the reforms."

Ways also have been found around California's reforms, sources said.

It is more common now for claimants represented by attorneys to seek permanent partial disability for injuries to several body parts, said Yvette Boehnke, a workers comp defense attorney in the Law Office of Yvette Boehnke in Los Alamitos, Calif. For example, back injury claims from lifting are commonly accompanied by leg pain and sleep disorder claims, she said.

"So on a simple back strain, you are likely to see five or six additional body parts alleged in addition to the original one," Ms. Boehnke said. "The attempts to do this started right after the reforms and they have escalated in the last three years."

The practice increases employer costs as each body part requires an additional medical exam and treatment, while driving up legal and settlement costs, Ms. Boehnke said. Claimant attorneys earn fees based on a percentage of a claimant's permanent disability and a percentage of the settlement, she said.

California's controversial lien filing system also is driving up medical expenses by forcing employers to settle claims for treatments they feel they should not have to pay, observers said.

"Liens certainly are a problem," said Brenda Ramirez, the CWCI's claims and medical director.

Increased dispensing of compound drugs for work injuries also is driving up expenses, as are legal rulings allowing doctors and attorneys to challenge objective standards to set permanent disability awards, observers said.

UP CLOSE
Comings & Goings

ANDREA JAMES

NEW JOB TITLE: Scottsdale, Ariz.-based vp and sales leader for Novato, Calif.-based Fireman's Fund Insurance Co.

PREVIOUS POSITION: Novato, Calif.-based vp for sales and operations for Fireman's Fund

INDUSTRY CHALLENGES: I don't think anyone could say it better than Warren Buffett just did in his shareholder letter. At the end of the day, a sound insurance operation requires understanding all exposures that might cause a policy to incur a loss and an evaluation of the likelihood of those events. You have to get the right rate for the risk. The challenge today continues to be competitors with a different… price than what our knowledge and discipline say is prudent.

INDUSTRY OUTLOOK: Insurance is a staple of the economy. It's foundational to our economic system.

FIRST MARKET EXPERIENCE: I actually grew up in insurance. My grandfather was a New York police officer who (later) saw opportunity in the (insurance) business. From there, my three uncles, my dad, my sister and I all followed into the business. I always wanted to be in insurance. I joke that my first job in the industry was when I was 5 years old and stuffing mailers for a cross-sale campaign while watching "Sesame Street."

ADVICE: My advice would be to not use average to define your goals. You'll drastically underestimate what's possible. Define big goals and paint a vivid picture for your team on what excellence looks like. Great leaders want their team to feel a tension to achieve. It's the kind of an environment where a person can learn and be more productive. And it's more fun.

HOBBIES: I love to practice yoga and cook at home with my husband.

ON A SATURDAY AFTERNOON: Yoga. Working in my garden.

EMAIL OR PHONE, AND WHY: I think email is the scourge of the Earth right now. I prefer phone or face-to-face.

Comings & Goings ONLINE

VISIT ***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 email.

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

POSTING THIS WEEK

BROKERS
- K&K Insurance Group Inc.
- Wholesale Trading Co-Op Insurance Services L.L.C.

INSURERS:
- Beazley Group P.L.C.
- Aspen U.S. Insurance
- RSA Insurance Group P.L.C.

REINSURANCE
- JLT Reinsurance Brokers Ltd.

OTHER PROVIDERS
- Mercer L.L.C.
- Bickmore Risk Services
- Crawford & Co.

Market Moves

Dempsey, Tokyo Kyodo partner for Japan claims

TOKYO—Dempsey Partners L.L.C. and Tokyo Kyodo Accounting Office have formed a joint venture in Japan to assess earthquake and tsunami insurance claims.

The joint venture provides professional loss accounting services to help risk managers and financial executives measure and recover insured property and business interruption claims after the March 11 earthquake and tsunami in Japan, the Wilton, Conn.-based risk management firm said in a statement.

Under the agreement, for which terms were not disclosed, Tokyo-based Tokyo Kyodo Accounting Office provides certified public accountants to assist with claims preparation assignments, such as investigating the circumstances of each loss and facilitating communications between Japanese businesses and insurers, according to the statement.

Aon Benfield sets up market analysis team

LONDON—Aon Benfield Inc. has established a market analysis team within Aon Benfield Analytics.

The team, which is located in London and Philadelphia, specializes in the analysis of reinsurance markets with an emphasis on credit risks, the reinsurance brokerage unit of Chicago-based Aon Corp. said in a statement.

Mike Van Slooten, head of the international market analysis team in London, and Mike McClane, head of the U.S. and Bermuda market analysis team in Philadelphia, have shifted their respective positions from Aon Benfield Research to the market analysis team.

"The analysis of reinsurers is a lot more challenging than a few years ago. The balance sheets of reinsurers are becoming increasingly complex to analyze due to sophisticated investments, securitizations, hedging strategies and a more complex capital structure, including contingent capital and hybrid equity," Mr. McClane said in the statement.

With the change, Aon Benfield Research will focus entirely on collaborating on academic and industry research.

Starr Aviation launches workers comp unit

ATLANTA—Starr Aviation Agency Inc. has launched a small-business unit within its workers compensation division.

The unit provides "an alternative to the limited number of options for aviation workers compensation accounts," the Atlanta-based aviation unit of C.V. Starr & Co. Inc., which recently rebranded as Starr Cos., said in a statement.

The workers comp small-business unit offers guaranteed-cost policies from Chubb Group of Insurance Cos. for small airports, charter operations, fixed-base operators, agricultural operations, and industrial aid, Starr Aviation said.

The minimum premium for accounts with supporting aviation lines is $2,500 and $5,000 for monoline accounts.

Gallagher Bassett Services Inc. provides claims management services for Starr Aviation's workers comp small business unit, according to the statement.

Crawford & Co. buys claims unit

OVERLAND PARK, Kan.—Crawford & Co. has acquired claims services provider ClaimHub Inc.

The acquisition, for which financial terms were not disclosed, furthers Crawford's expansion into vehicle claims services, the Atlanta-based third-party administrator said in a statement.

Overland Park, Kan.-based ClaimHub was established in 2000 and provides Web-based claims platforms for dispatching, tracking and managing assignments and work product involved with the automotive claims process.

As part of the acquisition, ClaimHub's headquarters will remain open as a Crawford location and the staff has been offered positions at Crawford, according to the statement.

ClaimHub no longer will be a separate company, but Crawford will use its name as a product for property/casualty insurers, a spokesperson for Crawford said in an email.

Crawford's vehicle claims services already include damage appraisal for autos, heavy equipment, recreational watercraft and vehicles, and motorcycles.

TO SUBMIT ITEMS

BI's Market Moves column reports on activities by insurance industry companies and related entities. Please send news of Market Moves to Mike Tsikoudakis, 360 N. Michigan Ave., Chicago, Ill. 60601 or e-mail *mtsikoudakis@businessinsurance.com.*

ADVERTISER INDEX

Issue of April 11

PAC: RIMS boosts clout

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president of RIMS.

Mr. Fleming noted that several short- and long-term risk management issues confront lawmakers, including reauthorization of the federal terrorism insurance backstop program before it expires in 2014.

Outside observers praised RIMS' move, saying that establishing and funding a political action committee is an essential part of doing business in Washington.

Mr. Fleming said RIMS had been looking at the idea of creating a PAC for a while, after a survey of members several years ago generated a "fairly significant response from people who would donate" to a PAC.

"We look at it as the logical next step in our lobbying efforts and as another tool in our toolbox," said Mr. Fleming, who also is director of the division of risk management for Montgomery County, Md., in Rockville.

RIMS began bolstering its federal legislative efforts more than a decade ago, when it began holding its annual RIMS on the Hill legislative conference in Washington. This year's event is slated for June 12-14.

Mr. Fleming said RIMS still is doing the necessary legal background work to proceed with the PAC and has not yet begun raising money.

"We hope to have it in place by the time of the annual conference in Vancouver the first week in May," said Mr. Fleming "We'll be having a booth at the conference and we'll be doing a reception for interested people at the conference."

He noted that only RIMS members and senior staff will be eligible to donate to the PAC.

As a nonprofit organization, RIMS is not allowed to donate money itself, but it is allowed under federal law to create a sister organization to do so, he said. RIMS PAC will operate a segregated, separate fund from RIMS.

Mr. Fleming pointed out that RIMS has several issues before Congress, "and we're hoping this new tool will give us more traction on Capitol Hill. We want to help elect congressional candidates who will advance the discipline of risk management."

RIMS won victories in the past Congress with creation of the Federal Insurance Office and the inclusion of the Nonadmitted and Reinsurance Reform Act in the Dodd-Frank Wall Street Reform and Consumer Protection Act. He said RIMS continues to support an optional federal charter for insurers and brokers.

RIMS is working with Congress on the Medicare set-aside issue and supporting a measure that would allow risk retention groups to offer property and liability coverage to their members, he said.

In addition, RIMS continues to oppose efforts to subject certain offshore reinsurance transactions to new taxes.

Mr. Fleming stressed that RISK PAC will affect long-term issues as well.

"In 2014, we'll be faced with TRIA all over again. We want to be well-placed and up and running to have an impact on the issue," he said, referring to the Terrorism Risk Insurance Act of 2002 and its successors that set up and maintained the federal government's terrorism insurance backstop.

A pair of veteran Washington lobbyists hailed RIMS' creation of the PAC as a politically sophisticated move.

"RIMS is well-represented in Washington to begin with, but a political action program is a needed advocacy tool for every organization," said Joel Wood, senior vp at the Council of Insurance Agents & Brokers in Washington. "There are thousands of professional associations in Washington and we all compete with one another for the attention of Congress.

"The old line is, 'If you're not at the table, you're on the menu,' so I hope they're very successful," Mr. Wood said. "With all of the risk management issues before Congress, I think their voice will be magnified by a vibrant political action program."

"I think it's an essential component to doing business in Washington D.C., today," said Peter A. Lefkin, senior vp-government and external affairs in Allianz of America's Washington office. "Political access is absolutely essential to getting your message across as legislators are bombarded with many competing demands for their time and attention, and a PAC facilitates this."

Bribery: U.K. law expands exposures for businesses

CONTINUED FROM PAGE 3

business norm and not extravagant, according to the Ministry of Justice.

Penalties for violating the Bribery Act include fines for companies and individuals that are unlimited and jail terms of up to 10 years.

Most criminal fines are not covered by directors and officers policies and insurers are not allowed to write the coverage.

In its guidance at *www.justice.gov.uk/guidance/docs/bribery-act-2010-guidance.pdf*, the Ministry of Justice said companies would be expected to carry out periodic bribery risk assessments and keep records of the processes and conclusions they reach.

"Businesses now need to use the next three months to revise their anti-bribery policies (to be) ready for the act's implementation," Katja Hall, chief policy director at the London-based Confederation of British Industry, said in a statement.

"It is now more important than ever that companies ensure that they have a robust risk assessment process in place," said Kirsty Searles, a partner in the anti-bribery and corruption controls team at Deloitte L.L.P. in London.

"Ethical trading and reputational risks are high-profile" for U.K. risk managers, said Paul Hopkin, technical director of the London-based Assn. of Insurance & Risk Managers.

The Justice Ministry Bribery Act guidance is "quite pragmatic," Mr. Hopkin said, and will be welcomed by risk managers trying to ensure that their company complies with the new rules.

Risk assessment is one of six principles outlined by the 45-page guidance.

Risk managers at U.K. companies should facilitate workshops and discussions among different areas of their organizations, such as sales and marketing departments, to ensure the risk assessments are robust, according to Mr. Hopkin.

Aside from risk assessment, the other five principles the Ministry of Justice outlined are:

- An organization's anti-bribery principles should be "clear, practical, accessible, effectively implemented and enforced."
- Senior managers must be committed to tackling bribery.
- Due diligence of "associated persons," such as agents, should be part of bribery risk assessment and should reflect a "proportionate and risk-based approach."
- Anti-bribery policies must be communicated effectively within a company and externally.
- Anti-bribery policies and processes must be monitored and reviewed.

"Taken together, the six principles embody the key facets that well-run companies will already have in place, and which will enable and accelerate business success in overseas markets," said John Conyngham, group legal counsel and global director of corporate investigations for London-based consultant Control Risks Group Ltd.

> **'Taken together, the six principles embody the key facets that well-run companies will already have in place, and which will enable and accelerate business success in overseas markets.'**
> John Conyngham, Control Risks Group Ltd.

Businesses in the United Kingdom must ensure that they have adequate processes and policies in place before July 1 to protect themselves from violating the law, said Steve White, head of compliance and training at the London-based British Insurance Brokers' Assn.

The fact that overseas companies may fall under the scope of the U.K. Bribery Act means they also must make sure they comply with the law, experts say.

Even so, the Ministry of Justice said "combating bribery is about common sense, not bureaucracy" and a company's anti-bribery policy "should be proportionate to the size and nature of the business." For example, small companies "can rely heavily on simply telling staff verbally," according to the guidance.

There are several differences between the U.K. Bribery Act and the U.S. Foreign Corrupt Practices Act, said Rachel Cropper-Mawer, legal director at law firm Clyde & Co. L.L.P. in London (see box, page 3).

While the FCPA covers bribery of foreign public officials by companies and individuals, the Bribery Act also covers any other form of bribery that leads to any business advantage by companies or individuals, she said.

In addition, facilitation payments—monies paid to speed up functions or services to which the payer is legally entitled—are, in some cases, permitted under the FCPA, but not under the Bribery Act, she said.

Another major difference between the two laws is that fines are capped at $250,000 under the FCPA, but they are unlimited under the Bribery Act.

While criminal fines are not insurable under D&O policies, individuals may be able to recover some of the costs of defending bribery-related cases until the case is completed, provided they are named on the policy, said Kurt Rothmann, a partner in the financial risks division of JLT Specialty Ltd., a unit of London-based brokerage Jardine Lloyd Thompson Group P.L.C.

Only in cases where fraud or dishonesty is proven would insurers be able to seek repayment of any defense-related monies they paid out, he said.

Companies should review their D&O coverage to examine the exclusions and ascertain whether local policies are in place in territories where nonadmitted insurance is not permitted and companies cannot indemnify directors and officers, Mr. Rothmann said. Because the scope of the act extends overseas, and any alleged bribery may become highly politicized, individuals could be detained abroad and need access to local insurance policies to cover defense costs, he explained.

JLT is seeing more client inquiries seeking clarity on the insurance implications of the Bribery Act ahead of its July implementation, he added.

1099: Health care reform law tweak aids employers

CONTINUED FROM PAGE 3

will they be able to agree on health care reform law changes?" Ms. Sheaks said.

"I don't see any other easy (reform law provision) repeal candidates," said Gretchen Young, senior vp-health care with the ERISA Industry Committee in Washington.

Still, efforts could be made to repeal other provisions, though the likelihood of success is considered low.

For example, there has been a popular backlash against a provision that went into effect Jan. 1. It bars using flexible spending accounts to reimburse over-the-counter medications unless prescribed by a doctor. The only exception is insulin.

Employers probably would not lead efforts to repeal the FSA OTC provision because they have amended their FSAs to comply with the law and would have to do so again if the OTC reimbursement ban were lifted, experts say.

"The employer community will not fight" a repeal of the OTC provision, but "they also will not lead the charge" for repeal, Ms. Sheaks said.

News In Brief

CONTINUED FROM PAGE 1

compensation, property, business interruption, small commercial, general liability and automotive—"adjusted in March" and "showing a moderation of rate cuts."

Munich Re's Pina Albo honored by APIW

Munich Reinsurance America Inc.'s Pina Albo has been named APIW Insurance Woman of the Year, the Assn. of Professional Insurance Women said. Ms. Albo's "leadership and accomplishments, as well as her commitment to supporting and advancing women, are exceptional examples of all of the qualities that APIW looks for in the recipient of this highly prestigious honor," APIW President Carol Ann O'Dea said in a statement. Ms. Albo is president of the reinsurance division of Munich Re America. The APIW will hold a reception June 22 at the New York Marriott Marquis to honor Ms. Albo.

Cats, wind model pushing reinsurance rates up

Large insured losses from catastrophes last year and this year plus the recent release of a revised windstorm model will prompt reinsurers to push for higher rates worldwide, Towers Watson & Co. said in an analysis. However, the push by reinsurers to increase rates will not be as severe as after Hurricane Katrina in 2005, it said. Despite the devastation from the March earthquake and tsunami in Japan, insured losses will not greatly affect the capital of Japanese insurers or the global reinsurance industry, Towers Watson said.

Calif. adult child tax measure signed

California Gov. Jerry Brown last week signed legislation to enable employers to extend coverage to employees' adult children up to age 26, as required by the federal health care law, without employees being taxed by the state on the coverage. California lawmakers last month approved the measure, A.B. 36, which conforms California tax law with the health care reform law.

Some rates hardening following cat losses: JLT

While the recent string of natural catastrophes in Japan, Australia and New Zealand, among others, have not turned the insurance and reinsurance market, pockets of rate hardening are being seen, Jardine Lloyd Thompson Group P.L.C. said during a briefing. For the April 1 Japanese treaty renewals, business exposed to earthquakes saw rate increases up to 50%, Mark Drummond-Brady, JLT's international chairman for risk and insurance, said during the briefing. The Australian market also has hardened to an extent, he said.

DOL seeks comment on possible rule change

The Labor Department is asking for public comment on possible changes to its rules involving electronic transmission of benefit plan information. Under those 2002 rules, electronic transmission of benefit plan information is permitted for employees who have access to electronic information as part of their work duties. The agency wants to know if the 2002 rules should be changed. It also wants comments on whether disclosure rules should vary based on the types of benefit documents.

Risk management lacking in India, EMEA

Companies in India, Europe, Africa and the Middle East aren't doing enough to incorporate risk management practices into their long-term strategic planning, according to a survey from KPMG International. While regulatory changes in those regions in the past several years have tasked company boards with aligning strategy, risks and rewards, many companies are too bogged down in a "keep-us-out-of-trouble" mentality, KPMG's report said. As a result, incorporating risk management tools and practices into strategic decisions, such as investment in new markets and capital allocation, isn't getting the attention it needs.

Lloyd's coverholder starts up in Russia

Chaucer Syndicates Ltd., Nakhodka Re Ltd. and RFIB Group Ltd. have launched the first Lloyd's of London coverholder in Russia. The coverholder, SeaLine, is owned by Nakhodka Re and will underwrite cargo reinsurance risks in the Commonwealth of Independent States region.

Epsilon: Breach sends fresh warning about cyber risks

CONTINUED FROM PAGE 1

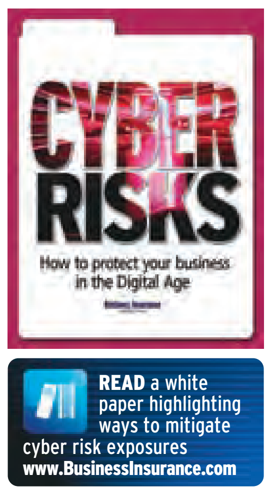
appear to be coming from your bank or from a hotel chain that you do business with," said Alan E. Brill, Secaucus, N.J.-based managing director for Kroll Ontrack Inc., a unit of Kroll Inc.

Data from San Diego-based Identity Theft Resource Center, which tracks this information, indicates the scope of the problem. In 2010, there were 662 data breaches that exposed 16.2 million records. The center defines a breach as an event where individuals' names plus personal information such as a Social Security number is potentially put at risk, which would not include the Epsilon incident.

Steps to take

Experts say there is no guarantee that online data can be kept secure, but there are steps firms can take to mitigate such risks, including purchasing cyber insurance and making sure firms that store their data have up-to-date security in place.

"Data breaches generally represent enormous problems for companies," said Alan N. Situn, a shareholder with law firm Greenberg Traurig L.L.P. in New York. "Not only can they be very expensive, but equally important to many companies (is) the reputational damage that they perceive from these types of breaches" if information they provide to a third party is somehow breached.



For the most part, the companies that are affected are in a damage- or crisis-management mode, said Robert J. Scott, managing partner with law firm Scott & Scott L.L.P. in Dallas. "They're emailing their customers; they're apologizing for the inconvenience, trying to clarify and limit the scope of the magnitude of the problem; and they're hopeful the leakage of the email doesn't result" in other problems.

Observers noted that the firms were notifying customers of the data breach even though they were not legally required to do so by state laws, except in North Dakota, unless more damaging personal information, such as Social Security or credit card numbers, had been revealed.

Given that only email addresses were obtained, "It's a relatively painless wake-up call for a lot of companies as to the risk associated with outsourcing aspects of your data or your system," said Robert Parisi, New York-based senior vp with brokerage Marsh Inc.

Epsilon customers whose data was breached have been "doing everything they should be doing in terms of being up front and honest with the consumers," Mr. Scott said.

Observers say it is premature to conclude Epsilon bears any fault for the breach, or whether there is more its clients could have done. "No one is in a position to know that, and to reach a conclusion at this point," said Joseph J. Lazzarotti, a partner with law firm Jackson Lewis L.L.P. in White Plains, N.Y. Observers say criminal hackers are notoriously nimble in keeping one step ahead of firms' security measures.

Phishing, if not now, then later, is a major concern. Hackers tend to hold on to such information "usually about a year, and then use it in the hope that folks have become a little bit more relaxed and not as vigilant," said Mauricio F. Paez, a partner with law firm Jones Day in New York.

If the breach results in litigation, the question will arise of "how does that fit into the overall risk management program of the company" that hired the outside marketing company, said Kroll Ontrack's Mr. Brill, who suggested that affected firms review their risk management programs now.

Mr. Parisi said Epsilon clients with robust cyber liability policies will find coverage under the vicarious liability provisions. It also is possible Epsilon has a professional liability policy that may respond if its corporate clients make a claim against the company, he said.

Epsilon said in a statement that it is conducting an ongoing investigation.

Leaders of the House Committee on Energy and Commerce's Subcommittee on Commerce, Manufacturing and Trade, sent the president and CEO of Epsilon's parent company a letter asking questions about the breach.

Experts say there are lessons to be learned from the situation.

"There is a tendency to look at these sorts of marketing arrangements as presenting a lower level of risk," said Michael R. Overly, a partner with law firm Foley & Lardner L.L.P. in Los Angles. But companies should look at agreements with these firms "just as carefully as they would any agreements where they're putting sensitive information at risk."

Firms should revisit their data breach response plans and ensure their vendor's management protocols and procedures are up to date, said Jennifer Smith, Washington-based vp and technology, media and telecom practice leader at Lockton Cos. L.L.C.

Companies that contract with marketing firms should find out how they store data, if it is encrypted, and if they have had an independent security review, said Mr. Brill.

The contract also should provide for immediate notification of client companies if there is a breach so they can take damage-control measures, Mr. Overly said, observing that Epsilon acted "very responsibly" in this case.

Insurance available

Dozens of markets offer cyber insurance coverage, experts say.

"There are no standard policies. They are highly manuscripted and vary from underwriter to underwriter," Ms. Smith said.

"Theoretically, there's capacity for up to $300 million" of coverage, with "more than enough capacity for anyone who wants to buy it" in a competitive market, Mr. Parisi said.

Experts recommend firms should be sure to cover themselves, and make sure their vendors have cyber liability insurance as well.

"Make sure that they have coverage, that it isn't illusory," said Peter S. Vogel, a partner with law firm Gardere Wynne Sewell L.L.P. in Dallas.

Mr. Paez said he always advises clients to be "very specific about who's ultimately liable for the cost and damages incurred by the company and its customers arising from this type of data security breach."

Business Insurance END PAGE

Contributing: Jeff Casale, Mike Tsikoudakis, Sarah Veysey

Monster drink unleashes dead beast: Suit

Mighty Mouse in a can isn't exactly what a Washington state man had in mind when he sipped his Monster Energy Drink.

Vitaliy Sulzhik of Federal Way, Wash., filed a lawsuit last month against Corona, Calif.-based Hansen Beverage Co., which owns Monster Beverage Co., after he reportedly found a dead mouse at the bottom of the can.

"I put (the can) down and I felt it was still heavy," Mr. Sulzhik, 19, told KREM News in Spokane, Wash. "So I backwashed it and all this debris went into my mouth. Then I looked into the can and I saw the tip of the tail and I vomited everywhere."

The King County Superior Court suit seeks physical and emotional damages, according to reports.

In a statement, Hansen Beverage described the suit as "frivolous and unfounded." Further, it said, Mr. Sulzhik said he drank part of the Monster Energy Drink and then left the can opened and unattended for hours in his car, which provided plenty of time for a mouse to crawl inside.

"Common sense would dictate that if a mouse had been introduced into the can at production (a virtually impossible scenario given modern production technologies), which occurred months prior to Mr. Sulzhik's consumption of the product, the mouse would have deteriorated and the product would not have been drinkable from the first sip," Hansen Beverage said in the statement.

PA PHOTOS/LANDOV

Sarah Outen begins her 30-month solo voyage around the world at London's Tower Bridge.

Lloyd's policy goes to extremes

Designing a policy to cover a solo adventurer's 30-month voyage around the world presented a challenge to Lloyd's of London underwriters.

Sarah Outen set off April 1 on the epic journey in which she intends to kayak, cycle and row around the globe. The intrepid Ms. Outen holds the world records for being the first woman and the youngest person to row solo across the Indian Ocean.

The British woman's journey began at London's Tower Bridge. During the trip, she will travel across Europe, Asia and North America—including the Pacific and Atlantic oceans.

Underwriters at Lloyd's were tasked with designing a personal policy covering a person enduring extreme mental and physical hardship for a prolonged period of time.

Jonathan Thomas, group accident and health underwriter for Watkins Group Inc.'s syndicate 457, who designed the policy that offers £1.25 million ($2 million) in coverage, said Ms. Outen presented one of the most challenging underwriting propositions in his 25-year career.

"She is possessed of incredible levels of mental and physical resilience, but this trip is over years, not months, and her Pacific and Atlantic solo rows will be preceded by long periods of cycling across continents alone, often on uncertain rations," he said in a statement.

"Accordingly, one of the many elements of risk I have had to consider is whether the muscle wasting that will happen while she is cycling will leave her able to row those oceans safely," Mr. Thomas said.

And now for something slightly different

The maker of Spam is suing a Netherlands-based food company alleging trademark infringement.

Austin, Minn.-based Hormel Foods Corp. filed suit in federal court in Minnesota alleging that Zwanenberg Food Group B.V.'s packaging design of Prem, its canned meat, is "confusingly similar" to Spam's yellow-on-blue design, according to court documents.

According to the suit, Hormel and Zwanenberg had entered into agreement in 2008 allowing Zwanenberg to manufacture luncheon meat on behalf of Hormel as long as it did not have "labels or packaging that may, in Hormel Foods' reasonable judgment, be confusingly similar to the labels or packaging of any products or any other products sold by Hormel Foods."

The maker of Spam says the package for Prem is too similar to its product.

But last October, Hormel sent a cease-and-desist letter demanding that Zwanenberg stop using the packaging design. The Netherlands-based food company, which makes Prem in Cincinnati, agreed to modify the design.

But the dispute's end was short-lived. Hormel sent a second cease-and-desist letter in March after learning Zwanenberg was selling Prem in the Philippines with a "modified yellow-on-blue design," according to the suit.

"Despite Hormel Foods' repeated demands, Zwanenberg has refused to cease using the modified Zwanenberg yellow-on-blue design, necessitating this lawsuit," Hormel said in the suit.

Hormel is asking the court to order Zwanenberg to stop using the packing similar to Spam as well as unspecified damages, attorneys costs and fees.

According to the lawsuit, Hormel has produced 7 billion cans of Spam since 1937. That's Spam, a lot.

BEAZLEY TAKES A STAB AT FENCING SPONSORSHIP

Lloyd's of London brokers and passersby were "en garde" when members of the British fencing team gathered in Leadenhall Market, near the Lloyd's building, to show off their skills.

The event also celebrated a five-year sponsorship deal with Dublin-based Beazley P.L.C.

The fencers—led by Chrystal Nicoll, Tom Bennett and Ed Jeffries—put on a demonstration and invited volunteers to take them on during the evening event late last month.

Beazley is the principal sponsor, and insurer, of the British fencing team for the next five years and hopes that the £1 million ($1.6 million) injection of funding provided by the deal will help the team win medals at the 2012 Olympic Games in London.

Under the deal, the £1 million will be used to support athletes, help fund the British Fencing National Academy, increase participation in the sport, help stage competitions, and market and promote the sport.

The idea is to increase awareness of fencing and help "dispel the myth that fencing is difficult to understand," the specialist insurer that manages five Lloyd's syndicates said in a statement.

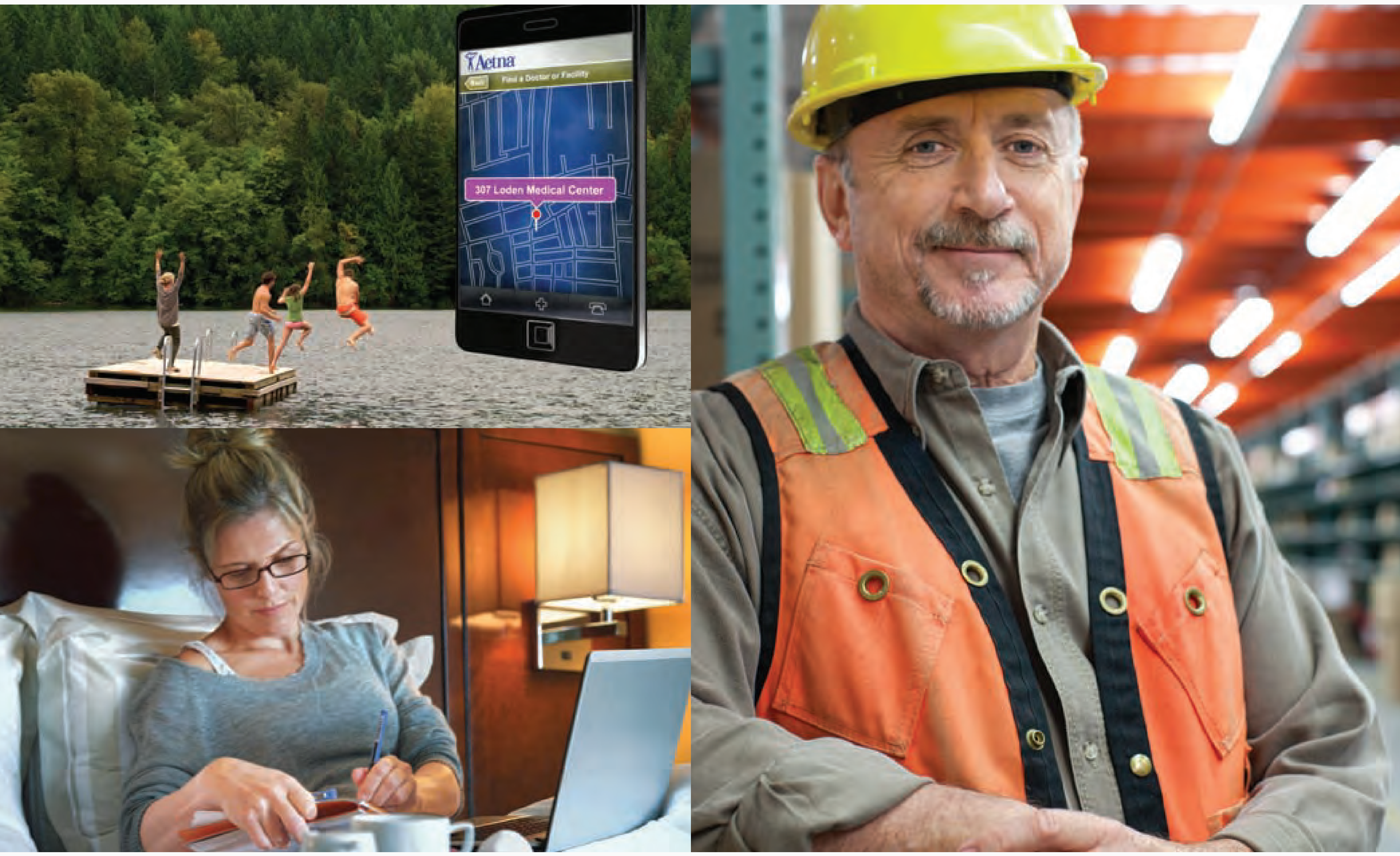
BEAZLEY P.L.C.

Members of the British fencing team show off their skills at Leadenhall Market in London as part of an event to celebrate a five-year sponsorship deal with Beazley P.L.C.

Aetna

Smarter is healthy.SM

Smarter is when your employees want to take charge of their health care.



A healthy attitude. Aetna can get your employees to look at health care differently. To take charge. To think and act like consumers when it comes to their health. To compare costs ahead of time. To make smarter health care choices. Our Mobile App and Member Payment Estimator help your employees stay in-network and avoid unnecessary expenses.

Get a smarter health planSM, **Aetna.com/Smarterishealthy**   medical dental vision life disability pharmacy

When our customer's frozen seafood warehouse was hit by a major storm, it sustained significant roof damage and lost power. Jeopardizing not only the inventory, but the restaurants that depend on it. So while other companies were still assessing the storm's impact, our claims experts were already arranging for repairs and securing refrigerated trucks plus fuel, to preserve the fish. Whether it's responding quickly, keeping you informed, or paying your claims in a timely fashion, we're committed to helping you protect your business before and after adversity strikes. That's our policy. For more information, contact your broker or agent or visit libertymutualgroup.com/property.

Liberty Mutual.

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LIABILITY | WORKERS COMPENSATION

Responsibility. What's your policy?®