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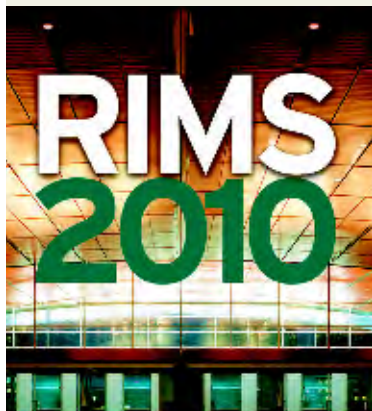
BEAZLEY CEO HORTON ON BUSINESS PLANS IN U.S. / PAGE 4

In Brief

Large wholesalers AmWINS, Colemont merge

AmWINS Group Inc. and Colemont Insurance Brokers said Friday that they have merged into combined entity with more than \$4.8 billion in annual premiums. In a statement, the wholesale brokers and specialty insurance distributors said the combined entity will operate under the name of AmWINS Group Inc. AmWINS was the second-largest wholesaler in *Business Insurance's* 2009 ranking, based on 2008 property/casualty premium volume of \$2.21 billion. Colemont ranked at No. 5, based on property/casualty placements of \$1.36 billion. The combined company, with 1,800 employees in 16 countries, will be based in Charlotte, N.C., and led by M. Steven DeCarlo, AmWINS' CEO.

See **IN BRIEF** page 30



RIMS CONFERENCE PREVIEW

Preparing for the next big risk; innovators to be honored; "Black Swan" author keys leadership lunch; service project backs childhood literacy; Spencer tournaments support foundation. **PAGE 11**

HEALTH CARE REFORM

Federal LTC program raising questions

Employers reviewing current benefits, awaiting guidance

By **JOANNE WOJCIK**

WASHINGTON—Although the new health care reform law establishes the first-ever national voluntary long-term care insurance program for U.S. workers, few employers are likely to begin enrolling their employees when it officially launches on Jan. 1, 2011.

In fact, some benefit consultants are advising employers against instituting the automatic enrollment provisions prescribed in the bill until after Health and Human Services Secretary Kathleen Sebelius issues regulations governing the new program, which is not expected until sometime in 2012.

The program, originally introduced by the late Sen. Edward Kennedy, D-Mass., as the Community Living Assistance Services and Supports Act, or the CLASS Act, was added to the health care reform bill last summer as it moved through the committee he chaired.

LONG-TERM CARE INSURANCE

Projected premiums, usage and cost savings of voluntary long-term care insurance through 2019 as provided by the Patient Protection and Affordable Care Act.

- Average monthly premium: **\$123**
- Minimum benefit: **\$50 per day**
- Years to vest, or collect on the coverage: **5**
- Percentage of U.S. workers expected to enroll: **3.5%**
- Estimated federal budget reduction: **\$72.5 billion**

Source: Congressional Budget Office

ADULT CHILDREN: Coverage mandate, effective date prompt employer concerns. **PAGE 3**

Open only to workers, the program requires participants to pay a monthly premium for five years, after which they will become eligible for a cash benefit of at least \$50 a day that can be used to offset the cost of long-term care services.

The legislation directs the secretary of HHS to establish procedures for auto enrollment by employers, similar to that used for automatically enrolling employees in defined

See **LTC** page 29



AP PHOTO

Workers drilled holes into a Massey Energy mine in West Virginia last week to vent dangerous gas before searching for miners missing after an explosion.

DISASTERS

Company self-insured for mine tragedy claims

Safety record eyed after blast kills at least 25

By **SALLY ROBERTS**

MONTCOAL, W.Va.—The company that owns the West Virginia coal mine where at least 25 miners were killed last week is largely self-insured for the risks associated with the explosion.

In its annual report filed last month with the Securities and Exchange Commission, Richmond, Va.-based Massey Energy Co. said—despite the inherent risks associated with coal mining, including fires

and explosions—it does not have business interruption insurance. It also self-insures its underground mining equipment, Massey said.

A spokesman for the West Virginia Insurance Commission said Massey's Performance Coal Co. subsidiary, which operates the Upper Big Branch-South mine where the explosion happened, is a qualified self-insured company in the state and self-insures its workers compen-

See **MINE** page 30

HEALTH CARE REFORM

Most employers won't drop health care benefits: Poll

By **REGIS COCCIA**

A nationwide survey of business executives indicates most U.S. employers, at least for now, are

unlikely to stop offering health care benefits in the wake of the landmark federal health care reform law.

The online survey of nearly 3,700 executives, conducted by Crain

52.5%

OF EXECUTIVES strongly disagreed with notion it would be better for their organizations to stop offering health care benefits and pay a fine under the nation's new health care reform law.

tions to stop offering health care benefits and pay a fine under the new law. Another 15.3% somewhat disagreed with the notion of dropping coverage and paying the fine.

Eighteen percent somewhat agreed with the idea of dropping coverage; only 14.1% strongly believe their organizations would be better off in dropping benefits.

Under the health care reform law, beginning in 2014, employers with 50 or more full-time workers must offer health care coverage or pay a fine of \$2,000 per full-time worker per year.

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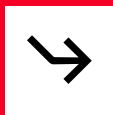
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VIDEO : ENSURING FUN AT ASSURANCE AGENCY

Business Insurance Senior Editor Sally Roberts speaks with Assurance Agency Ltd. CEO Tony Chimino about the award-winning firm's culture of fun and how that translates into continuing growth and climbing revenues.



HEALTH CARE WEBCAST

Sign up for "The New Health Care Reform Law: What Will Employers Need to Do to Comply?" a *Business Insurance* webcast that addresses how the new laws will affect your company and employees. It will be held April 15 at 2 p.m. EDT. To register, click on Webcasts/Webinars on the Tools & Resources tab.



HEALTH CARE REFORM FAQ

BusinessInsurance.com's Health Care Reform section includes an updated FAQ that describes key provisions of the new law for employers.

FOLLOW BI ON TWITTER

Business Insurance has a new home on Twitter. Follow us at www.twitter.com/BusInsMagazine for continuous news and information, as well as extensive coverage of the upcoming Risk & Insurance Management Society Inc. conference in Boston later this month.



MOST POPULAR STORIES Week of April 5, 2010

1. Exclusion eliminates duty to defend: Court
2. Obama signs stopgap COBRA subsidy extension
3. Florida says 5 more states challenge health overhaul
4. AIG Financial Products probe to end with no charges: Report
5. Big wholesalers AMWINS, Colemont merge
6. Massey opted against business interruption insurance: Filing
7. Maximum HSA contribution to rise in 2010
8. House passes stopgap COBRA subsidy extension
9. U.S. panel sifts subprime wreckage, blames Greenspan
10. Group tries to halt mental health parity rule

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Business Insurance.
BEST
places
to work 2010

Business Insurance's Best Places to Work in Insurance program gives industry firms a chance to see how they compare as employers of choice and provides valuable insight into how employees view the companies they work for in numerous areas. Five company categories are eligible to register: agents/ brokers, property/casualty insurers, group life/health insurers, reinsurers and third-party administrators. Register by April 30 at www.bestplacetoworkins.com.



CAREER CENTER

Business Insurance's Career Center, powered by JobTarget, is designed to deliver new career opportunities with the same specialization and quality that *Business Insurance* delivers in its news and information services. Whether you are looking for a new job, or to hire for a new position, sign up for the Career Center to make your search more efficient and successful.

HEALTH CARE REFORM

Adult children coverage mandate sparks concerns

Mixed messages on effective date confuse employers

By JERRY GEISEL

WASHINGTON—A provision in the new health care reform law that will extend group coverage to more adult children of employees is triggering confusion among employers and employees.

The provision will allow employees' children to continue coverage under their parents' plan until age 26, unless the child is eligible for coverage in another employer's

ADULT CHILD COVERAGE

How the new health care coverage mandate for young adult children will work

- Coverage must be extended to employees' adult children to age 26 unless he or she is eligible for coverage from another employer.
- Beginning in 2014, coverage must be offered even if the adult child is eligible for other employer coverage.
- The mandate is effective the first day of the plan year that starts six months after March 23.
- Coverage must be extended even if the adult child is married.
- Mandate applies to self-funded and insured plans, but states can impose more stringent requirements on insured plans.

plan. Then in 2014, the requirement will apply even if the adult child could receive coverage from

his or her employer's plan.

That is a major change from the typical self-insured group plan

design in which coverage of employees' children ends at age 19 or, if the child goes to college, at age 22 or 23. Some states have considerably longer coverage extension requirements—New Jersey's, for example, requires coverage until age 31—but those state laws apply only to insured plans.

The provision in the federal law that is intended to reduce the uninsured rate of young adults, the highest of any age group, has triggered a barrage of questions by employees of their employers, and employers are turning to their consultants and plan administrators in search of answers.

"Employers are being over-

whelmed by questions. There is great confusion among employees," said Randy Abbott, a senior consultant in the Wellesley Hills, Mass., office of Towers Watson & Co.

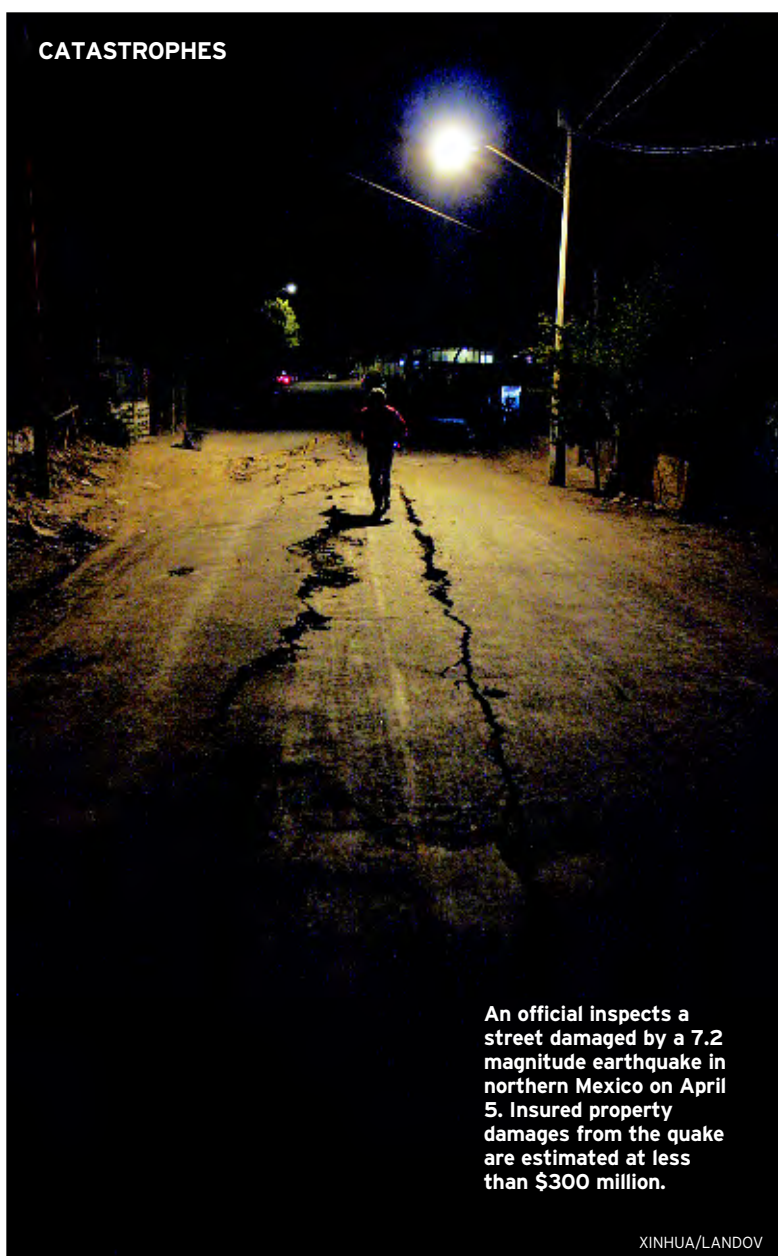
At a recent Towers Watson webinar for clients about health care reform, "Overwhelmingly," the extension of coverage to young adult children "was the question of the day," Mr. Abbott said.

Among the most frequently asked was, "When does the provision go into effect?"

"Many employees believe coverage starts now," Mr. Abbott said of the requirement that goes into

See **REFORM** page 29

CATASTROPHES



An official inspects a street damaged by a 7.2 magnitude earthquake in northern Mexico on April 5. Insured property damages from the quake are estimated at less than \$300 million.

XINHUA/LANDOV

Baja insured quake losses \$300M

Insured property damage from the April 4 earthquake that affected southern California and northern Mexico should not exceed \$300 million, according to an estimate released by Oakland, Calif.-based catastrophe modeler EQECAT Inc. EQECAT estimated that total economic damage will not exceed \$1 billion, most of it in Mexico. The earthquake, which had a magnitude of 7.2, had its epicenter in Baja

California, about 38 miles from Mexicali, Mexico. Newark, Calif.-based modeler Risk Management Solutions Inc. said damage reports from the U.S. side of the border reports "are mainly in the form of damage to building facades, shattered windows, fallen brick and plaster from structures and some contents damage."

—Mark A. Hofmann

RETIREMENT BENEFITS

Pension funding levels rise in '09

Towers Watson & Co. analysis finds levels still lower than 2007

By JERRY GEISEL

Buoyed by a resurgent equities market, the nation's largest employer-sponsored pension plans improved their funding levels in 2009, according to a Towers Watson & Co. analysis.

But plans' funding levels remain far below the lofty levels of just a few years ago.

A Towers Watson analysis of financial statements filed by sponsors of the 100 largest pension programs found that plans, on average,

were 82% funded at the end of 2009, a slight improvement from the prior year, when plans on average were 78% funded. Pension plan size was based on plan liabilities at the end of 2008.

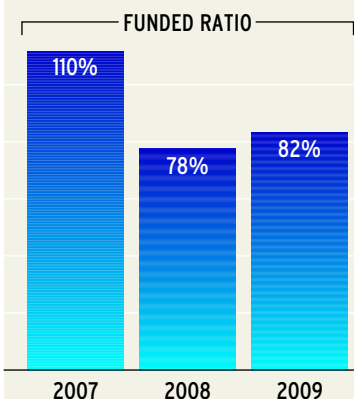
While plan funding levels improved last year, they remain far below 2007—just before the equities markets plunged—when plans on average were 110% funded.

"Last year brought some much-needed good news to pension plan sponsors as strong asset returns resulted in modest funding gains," Alan Glickstein, a senior Towers Watson consultant in Dallas, said in a statement. "However, employers are not out of the woods just yet.

See **TOWERS** page 6

PENSION PLAN FUNDING

Average funding levels of the 100 largest employer pension programs improved in 2009 but still trail 2007.



Source: Towers Watson & Co.

Webcast to explain health reform

Now that health care reform legislation has been signed into law, the hard part begins for employers attempting to understand the immediate and future implications for their benefit plans.

To provide information on the law and answer questions, employers and benefit professionals can register for a special *Business Insurance* webcast presented in collaboration with sister publication *Workforce Management*.

The 90-minute live webcast, "The New Health Care Reform Law: What Will Employers Need to Do to Comply," will be held from 2 to 3:30 p.m. EDT on April 15.

The webcast will feature presentations by Marie Chalmers, a principal at Mercer Health & Benefits in Boston; and Mark Holloway, senior vp and director of compliance services at Lockton Benefit Group in Kansas City, Mo. Jerry

Geisel, *BI* editor-at-large and lead reporter on legislative and regulatory issues affecting employee benefit plans, will moderate the webcast.

The new law will require employers to make almost immediate, major design changes to their health care plans.

Employers also face the challenge of communicating to employees how the new law will affect their health care plans. The massive law comprises thousands of pages and many sections are not clear.

To help employers understand their compliance obligations, provide the latest interpretation of regulations, and separate fact from fiction, the webcast will allow time for attendees to ask questions of the expert panel.

Registration for the webcast is \$99. To register or for more information, visit www.BusinessInsurance.com/webinars.

Business Insurance
Workforce
MANAGEMENT

INTERNATIONAL

Irish insurer Quinn blasts takeover by regulatory body

Concerns over solvency center on guarantees by Quinn subsidiaries

By MICHAEL BRADFORD

CAVAN, Ireland—Quinn Insurance Ltd. is battling an order by Ireland's Financial Regulator placing the company into administration, a move that has the insurance market worried about how a potential default could affect the availability of some coverage.

Citing policyholder interests, the Financial Regulator on March 30 directed the insurer, a unit of Cavan, Ireland-based Quinn Group

Ltd., to cease writing new and renewal business in the United Kingdom. Its Irish business and life insurance operations were allowed to continue operating and all claims are being paid, Quinn said.

Ireland's High Court appointed joint provisional administrators to oversee the company's operations and will consider whether to name a permanent administrator at a hearing scheduled for today.

Matthew Elderfield, head of financial regulation at the Central Bank & Financial Services Authority in Dublin, said during a news conference March 30 that regulators were concerned Quinn overstated its financial strength by about €450 million (\$611.3 million). Their con-

\$611.3M

Matthew Elderfield, head of financial regulation at the Central Bank & Financial Services Authority in Dublin, said during a news conference March 30 that regulators were concerned Quinn overstated its financial strength by about €450 million (\$611.3 million)

cern centered on guarantees by the insurer's subsidiaries that could be

used to cover debt of the larger Quinn Group, he said.

Privately owned Quinn Group includes among its global holdings insurers, hotels, a property management operation and manufacturing facilities across a range of industries including building products, chemicals, plastics and glass.

In a statement, Quinn argued that the guarantees "are entirely lawful, do not breach any insurance regulations, and were fully disclosed in the statutory accounts of the relevant companies." Quinn also said the Financial Regulator "made the wrong decision," which the insurer described as "aggressive and unnecessary."

The insurer said it has almost €1

billion (\$1.36 billion) in cash reserves and other assets and was in the process of renegotiating its financing that would have addressed the regulator's concerns.

Investment losses of more than €220 million (\$298.9 million) during the past two years adversely affected its solvency ratio, Quinn acknowledged, and will require adding about €100 million (\$135.9 million) to restore the ratio to the regulatory required level.

Meanwhile, Mr. Elderfield said there is a "reasonable prospect" that Quinn would be put up for sale while in administration.

The uncertainty around Quinn's

See **QUINN** page 27

Questions Answers

Beazley Group P.L.C., one of the most consistently successful companies at Lloyd's of London since its founding in 1986, recently marked the fifth anniversary of its U.S.-based admitted insurance operation, Beazley Insurance Co. Inc., and opened a larger office in New York after outgrowing its former space. Beazley Group CEO Andrew Horton spoke with Business Insurance Editor Regis Coccia about how its U.S. platform has grown.



Beazley works to grow business in America

Q: Why did Beazley Group decide to build a U.S. arm?

Our aim was to get access to lines of business we historically wrote at Lloyd's in the United States on an admitted basis. We launched Beazley USA with the same quality of underwriting, bringing in empowered underwriters supported by local claims staff. It has really worked well. In 2005, the year we started in the U.S., we wrote \$15 million of premium. In 2009, we wrote \$371 million of premium.

Q: Did Beazley Group have any concerns at first?

Our concerns at the beginning were along the lines of, "Are we going to stay with it?" Beazley has a history of doing things and staying with them. But we have done that, and we've attracted good people. If you can attract talented individuals, it creates a snowball effect to attract other

talented individuals. We got really good people from really good organizations.

Q: Did the U.S. business grow as quickly as Beazley Group expected?

It started more slowly, but it's ahead of expectations now. In the initial year or two, we were actually below expected premium. We now have a credible U.S. presence, and that means we can grow further, both organically and, should the opportunity arise, through acquisitions. (Mr. Horton noted that Beazley has made two significant U.S. acquisitions, First State Management Group Inc., a U.S. underwriting manager formerly owned by Hartford Financial Services Group Inc., in 2009 and Sapphire Blue, a health care professional liability managing general agency, in 2007.) It would have been harder to make these acqui-

See **HORTON** page 6

P/C INSURERS

AIG swaps head may avoid charges

By COLLEEN MCCARTHY

WASHINGTON—The former head of AIG Financial Products Corp. reportedly will avoid criminal charges in connection with transactions that nearly brought down American International Group Inc.

However, Joseph Cassano, former president and CEO of the London-based financial products arm that was responsible for AIG's credit default swap portfolio, still could face civil liability charges related to the matter, legal experts say.

Separately, AIG last week agreed to pay \$9 million to settle an antitrust lawsuit stemming from bid-rigging allegations by the state of Ohio, putting another legal burden behind the company, observers say.

According to a CBS News report, federal investigators were ready to end their two-year investigation,



Joseph Cassano, former president and CEO of AIG Financial Products Corp., likely will avoid criminal charges.

which had centered on Mr. Cassano, without filing criminal charges against anyone.

Prosecutors investigated multiple ways investors may have been misled about the value of derivatives

contracts. That included scrutinizing Mr. Cassano's public statements, including his comment to investors—as the housing bubble was about to burst—that he could not imagine a scenario "that would see us losing even \$1 on any of these transactions," the report said.

However, federal investigators were unable to uncover evidence that Mr. Cassano lied about AIG's financial problems, according to the report, which quoted one source as saying the criminal investigation had "hit a brick wall."

AIG Financial Products' exposure to credit default swaps linked to subprime mortgages is blamed for bringing the insurance holding company to the brink of collapse in September 2008 and prompting the government's bailout of AIG.

See **AIG** page 28

PROFESSIONAL LIABILITY

High court reinstates mutual fund fees suit

Decision seen having mixed impact on lawsuits against directors, officers

By ZACK PHILLIPS

WASHINGTON—A U.S. Supreme Court decision that allows a mutual fund investment adviser to be sued for alleged excessive fees could give ammunition to plaintiffs and defendants in other directors and officers liability litigation, legal observers say.

In *Jerry N. Jones et al. vs. Harris Associates L.P.*, the U.S. Supreme Court unanimously overturned a 2008 ruling by the 7th U.S. Circuit Court of Appeals and reinstated a lawsuit alleging that Chicago-based Harris Associates charged mutual fund investors excessive fees. But

the high court also said mutual fund directors and officers should be afforded broad deference for their compensation decisions, as long as certain criteria are met.

In 2004, shareholders in several mutual funds formed by Harris Associates sued the investment adviser alleging breach of its fiduciary duty for charging what the suit said were excessive fees. Under federal law, investment advisers have a fiduciary duty with respect to their compensation from mutual funds



Justice Samuel Alito wrote the opinion that allows a mutual fund investment adviser to be sued for excessive fees.

because the adviser typically forms the funds, selects their directors and officers, and manages their investments. But the law does not delineate specifically the adviser's fiduciary duties.

In 2008, the 7th Circuit affirmed a district court ruling that granted summary judgment for the defense. The court reasoned that competition from other mutual funds provides sufficient

incentive for advisers to charge reasonable rates, so an adviser has breached its fiduciary duty only if its fees are so unusual that deceit

See **RULING** page 27

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A LOT OF THINGS CAN HAPPEN IN A MAJOR STORM.
WE MADE SURE THIS DIDN'T.

SWELL'S SEAFOOD RESTAURANT



SWELL'S
SEAFOOD
RESTAURANT

Catch of
the Day:
Sea Bass
BEEF

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.



Towers: Pension funding levels rise in '09: Analysis

CONTINUED FROM PAGE 3

Overall, pension deficits remain quite large, and employers will need to contribute significantly more into their plans to return to full funding levels," he added.

In all, the plans had a deficit of \$183.5 billion at the end of 2009, an improvement compared with the aggregate deficit of \$209.6 billion at year-end 2008.

By contrast, at the end of 2007, the plans had a combined surplus of \$93 billion.

Employers contributed \$30.8 billion to their plans in 2009, nearly double the \$15.6 billion contributed in 2008.

Contributions this year, Towers Watson says, are expected to fall to just under \$20 billion due to regulatory and legislative relief approved during the past year. However, contributions are expected to rise again in 2011 and 2012. Employers have been lobbying for further funding relief, but Congress has not acted yet.

The analysis also found that assets held by the plans rose 12% in 2009 to \$863 billion. Just 17% of plan sponsors had pension programs that were less than 70% funded at year-end 2009, down from 41% a year earlier. The percentage of sponsors with plans in 2009 with funded ratios between

< \$20B

Contributions this year, Towers Watson says, are expected to fall to just under \$20 billion due to regulatory and legislative relief approved during the past year. However, contributions are expected to rise again in 2011 and 2012.

70% and 90% climbed to 69% compared with 45% in 2008.

Copies of the analysis are available online at <http://www.towerswatson.com/united-states/research/1488>.

Horton: Beazley grows business in U.S.

CONTINUED FROM PAGE 4

sitions if we hadn't had a strong U.S. presence.

Q: How does having an admitted platform complement Beazley's operations at Lloyd's?

It gives us access to business we don't normally see in London, but we've been very deliberate about not having a U.K. and U.S. division. For example, there is no CEO of the U.S.; our product heads look after both (geographies), so there is no

conflict over where to drive business.

And it's the customer's choice of whether to place business into the admitted company or Lloyd's. We've actually grown the amount of business coming through Lloyd's. It's not our call where business is placed. That's up to the broker and the client. Our production model helps that. No one is incentivized to drive business through the U.S. platform at the expense of putting it into Lloyd's.

Q: What might Beazley USA look like

five years from now?

We have an aspirational target to hit the \$1 billion mark, and I'd like to hit that in the next five years. My view is, with the product mix and quality of people we've got, \$1 billion is achievable. Can we go from \$370 million to \$1 billion in five years? I think we can. If the market conditions are horrible for the next five years, though, maybe not. I'm only interested in profitable premium growth. If there aren't opportunities to grow premium profitably, our business lines won't grow.

Commentary

Health care reform creates political theater

Covering the debate and passage of health care reform legislation has been thrilling and disappointing.

The exhilaration part is obvious: In sheer drama and suspense, no story I have followed during my more than 34 years at *Business Insurance* comes close to health care reform. At several points, it seemed the legislation was dead—first, when opponents mounted vociferous counterattacks during town hall meetings last August; and second, when Democrats lost their supermajority in the Senate in January.

Yet, reform backers always found a way to keep the legislative drive going, culminating in final passage last month.

With exhilaration also came disappointment, broad and deep.

I was disappointed at President Barack Obama for deploying a familiar political strategy to build support for the legislation: Blame and demonize the insurance companies. He warned during a speech last month at George Mason University that failure to pass the legislation would allow "insurance companies to run amok. They will continue to deny people care. They will continue to jack up premiums 40% or 50% or 60% as they have in the last few weeks without any accountability whatsoever."

Believe me, I don't believe health insurers are saints. Regrettably, the industry goliaths that have emerged from the megamergers of the past decade have seemed more interested in using that clout to increase their profits than pressure medical providers to deliver care more efficiently.

That said, it is sheer exaggeration and, frankly, demagoguery to say that insurers are running amok.

I'm also disappointed at many congressional Democrats, especially those chairing House committees that had jurisdiction over the reform legislation. When the House Education and Labor and Ways and Means committees approved reform bills last year, they did so in one day.

Can anyone say with a straight face that was sufficient time to consider legislation of such complexity and importance or to give panel-member Republicans enough time to have their objections considered?

I'm also disappointed in many congressional Republicans for what I thought were distortions. House Minority Leader John Boehner, R-Ohio, who I came to respect greatly a few years ago for his leadership in the drive to pass

pension funding reform, was guilty of several distortions.

In a weekly column written just after the passage of the legislation, Rep. Boehner described the measure as "Washington Democrats' government takeover of health care." It's hard for me to follow that one. Employers still will be able to offer health care coverage to employees and commercial insurers will compete to offer coverage through new state

In sheer drama and suspense, no story I have followed during my more than 34 years at *Business Insurance* comes close to health care reform.

insurance exchanges to individuals and small employers. It seems quite a stretch to call that a government takeover of health care.

Rep. Boehner and other Republicans also frequently have said the new law will add "hundreds of billions of dollars to our deficit." They could well be right and, in fact, I'm deeply suspicious of Congressional Budget Office estimates that the law will reduce the federal deficit.

But fair is also fair. Perhaps my memory is faulty, but I just don't recall many Republicans sounding off about deficit concerns when Congress passed legislation to add a prescription drug benefit to the Medicare program—a totally unfunded entitlement—or when the war in Iraq began, for which costs were funded by debt and not tax increases. Republicans' concerns about the deficit seem very selective.

But all that is history. And I just hope Republicans, Democrats and the administration will find a way to work together again to make whatever changes are needed to improve the health care reform law.



JERRY GEISEL

Editor-at-large Jerry Geisel can be reached at: jgeisel@businessinsurance.com

Business Insurance Webcasts & Webinars

Business Insurance's Webcasts are developed by *BI* editors to discuss the latest and most pressing issues facing our readers. *Business Insurance's* Webinars are educational and informative presentations by leading companies serving the risk management, employee benefits and commercial insurance communities. Both formats are presented live online and afterward are accessible on demand.

The New Health Care Reform Law: What Will Employers Need to Do to Comply?

Live Online: April 15, 2010 | 2 p.m. Eastern
Registration Fee: \$99

The new health care law requires employers to redesign their health care plans to meet new coverage requirements, and in some cases those changes will have to be made almost immediately.

Join Marie Chalmers of Mercer Health & Benefits, Mark Holloway of Lockton Benefits and Jerry Geisel, editor-at-large of *Business Insurance*, as they dig into the new law and detail what steps employers will have to take now - and later - to be in compliance. Attendees of the live 90-minute webcast will have the opportunity to ask questions of the experts.

Webcast Presented by:

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For details, visit BusinessInsurance.com/Webinars



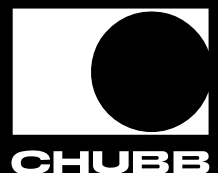
Dave Carroll, creator of a consumer complaint video which has received more than 8 million views on YouTube

Will Social Media Break Your Company?

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Share your ideas on social media risk management by joining Chubb's online conversation during the RIMS 2010 Conference April 26-29. Be one of the first 500 people to register at chubbsocialmedia.imaginatik.com and receive a free download of Dave's Pop-Folk album, "Perfect Blue."

Sponsored by Chubb Group of Insurance Companies



Business Insurance OPINIONS

Many unknowns for employers in LTC rule

PROVISIONS IN THE NEW health care reform law that would establish a federal long-term care insurance program shine a much-needed light on the issue of financing elder care. But what's not clear, and likely won't be clear until regulations on implementing the program are formulated, is what effects the program will have on employers.

As we report on page 1, the health care reform measure signed into law by President Barack Obama last month will establish a voluntary long-term care program for workers.

Financing elder care is a huge issue for the country as a whole and one that often is ignored. As life expectancy increases, more and more people will need various forms of care as age-related illnesses grow more common. The cost of that care can be substantial and can eradicate retirement savings quickly.

A program that would allow workers essentially to prefund that care throughout much of their working lives sounds like a good idea. Such programs already exist, however, in the form of private long-term care insurance. In addition, the coverage that now is available often is cheaper and provides better benefits than the recently approved government program.

While employers seldom finance long-term care insurance programs, many do offer coverage as a voluntary benefit to workers. The trick is to communicate to employees the importance of the coverage and facilitate their enrollment in the programs.

A program that would allow workers essentially to prefund that care throughout much of their working lives sounds like a good idea.

Some financial reforms too important to reject

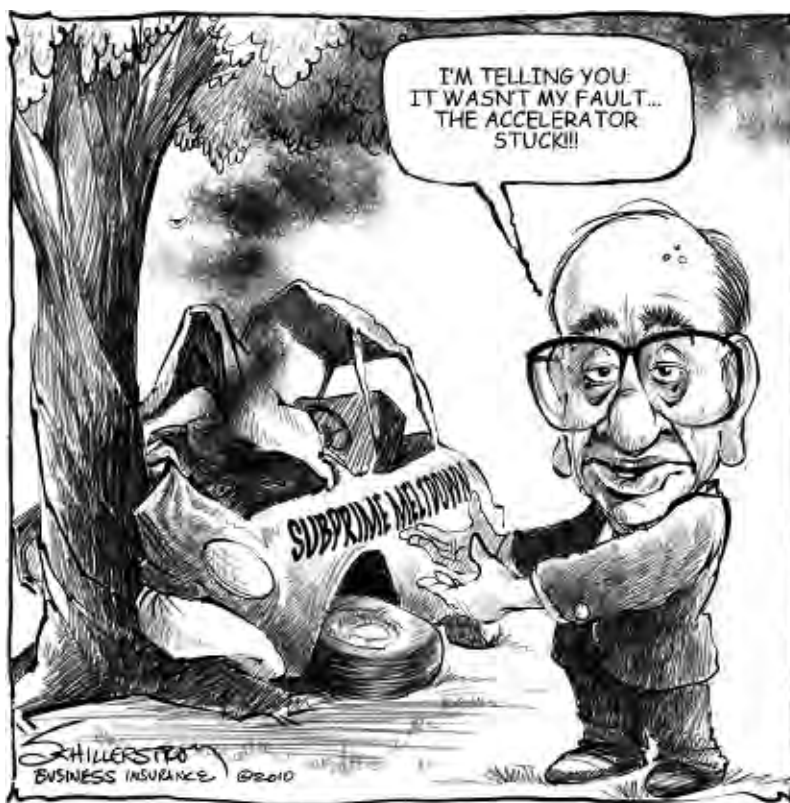
NO ONE SHOULD have any illusion that financial services regulatory reform is going to have an easy time in the U.S. Senate.

But with the full Senate expected to take up a regulatory reform bill passed last month by the Banking, Housing and Urban Affairs Committee on a strict party-line vote, we hope lawmakers don't allow their differences on such contentious matters as a consumer financial services protection to reject the merits of a couple of insurance-related provisions in the measure.

The first is language that incorporates the Nonadmitted and Reinsurance Reform Act that already has passed the House several times. The provision, which would streamline the regulation of surplus lines insurers while allowing qualified risk managers easier access to the nonadmitted market, enjoys widespread support among risk managers and across the insurance industry. In fact, the provision virtually defines the term "noncontroversial."

The other provision would create an Office of National Insurance within the Treasury Department. The office would provide the federal government with a source of insurance expertise that currently does not exist. It does not represent a means to establish some sort of federal insurance regulatory apparatus, although we wish it did. Instead, it would provide knowledge to federal officials dealing with domestic and international insurance issues.

These provisions should not fall victim to unrelated disagreements over financial services regulation. If a comprehensive reform bill containing those provisions cannot be passed, then they deserve to be considered and approved on their own merits.



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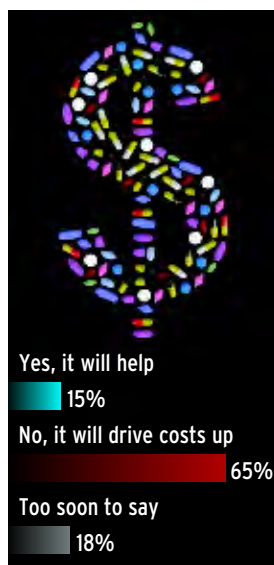
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THIS WEEK'S RESULTS

Will the health care reform law help U.S. businesses reduce their costs?



NEXT WEEK'S QUESTION

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Market Moves

Crawford & Co. establishes desk for Chile quake claims

LONDON—Atlanta-based Crawford & Co. has established a London desk to facilitate Chilean earthquake claims.

In a statement, Crawford said the desk focuses exclusively on serving and coordinating claims for insurers and reinsurers in the London market from the February

earthquake in Chile.

Crawford said the desk consists of four individuals to handle the claims in three locations: two in London and one in Chile.

The company has 435 adjusters, inspectors and other Spanish-speaking staff working on earthquake claims, including a team in Chile.

"Our focus here continues to be on the commercial market, particularly for global organizations including Fortune 500 companies, reinsurers, Lloyd's and the London market," Mike Reeves, executive vp of Crawford Global Markets, said in the statement.

To contact the London desk, call +44-207-265-4000 or e-mail chile.londondesk@crawco.co.uk.

Ingenix acquires health outcome measurement firm

EDEN PRAIRIE, Minn.—Health information and technology provider Ingenix Inc. has acquired Lincoln, R.I.-based QualityMetric Inc.

Ingenix said the acquisition, for which terms were not disclosed, aims to expand its health outcomes measurement capabilities to life sciences companies, governmental agencies, health systems, payers and consumers.

QualityMetric is a health outcome measurement firm that has administered health surveys to patients and assessed the patient-reported outcomes for health care companies since 1997.

With approximately 60 employ-

ees, QualityMetric joins Ingenix's life sciences division i3 Global, as i3 QualityMetric, and will remain in Lincoln.

"Health reform in the U.S. focuses even greater attention on applying real-world evidence to improving patient outcomes," Clifford Goodman, vp of Lewin Group, a health care and human services consulting unit of Ingenix, said in a statement. "QualityMetric augments our ability to measure how patients experience changes in their quality of life, daily functioning, satisfaction and other health categories as a result of the care they receive."

Eden Prairie, Minn.-based Ingenix is unit of UnitedHealth Group Inc.

Chartis forms alliance with MMR Information Systems

LOS ANGELES—MMR Information Systems Inc., a unit of MyMedicalRecords Inc., said it has formed a strategic alliance with New York-based Chartis Inc.

The alliance, for which terms were not disclosed, enables Los Angeles-based MMR to provide its electronic personal health record program to Chartis policyholders.

According to a statement, the online personal health record provides medical records storage serving health professionals, employers and insurance companies. The program is powered by MMR, using the patented technologies of MyMedicalRecords and will be available in various languages including Spanish, German, French and Japanese.

"In addition to storing medical records, the personal health record also will include a virtual MyESafe deposit box for the storage of other important documents, such as insurance policies, passports, deeds of trust, wills and advance directives, in a secure, encrypted Web-based application that can be accessed any time from anywhere in the world," the company said in the statement.

Chartis will provide the personal health record to its policyholders as an integrated benefit, introduced through local Chartis insurance companies worldwide.

Munich Re America rebrands to broaden awareness

PRINCETON, N.J.—Munich Reinsurance America Inc. has changed its brand name from Munich Re America to Munich Re, the company said.

Munich Re, America said the brand positioning strategy of parent company Munich Reinsurance Co. in the U.S. property/casualty and reinsurance markets aims to broaden awareness of its custom products and services and to use a known brand, Munich Re, for its reinsurance business.

According to a statement, the company will concentrate on positioning itself as a risk assumption and risk transfer provider, focusing on three deliverables: offering specialty consulting services, shaping coverage concepts for complex risks, and expanding its operations with insurance pools or with public/private partnerships.

"Adopting a consistent brand name worldwide is an acknowledgment of the global nature of risks and the collaborative solutions that all Munich Re companies can provide to mitigate their impact," said Anthony J. Kuczinski, CEO and president of the newly branded U.S. unit.

Munich Re America, formerly known as American Re-insurance Corp. until 2006, is based in Princeton, N.J.

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CONFERENCE PREVIEW

Preparing for the next big risk and potential lifelong connection

By KRISTIN GUNDERSON HUNT

BOSTON—The Risk & Insurance Management Society Inc.'s upcoming Annual Conference & Exhibition carries a theme: Think forward. Think risk.

Mary Roth, executive director of RIMS, said the theme is appropriate considering all the business and legislative changes taking place in the wake of the financial crisis. "Risk managers need to move their risk management programs forward, and they need to be thinking about the next big risk that is going to emerge," she said. "It is our job to prepare them for this."

This year's conference will take place April 25-29 in Boston at the Boston Conference & Exhibition Center.

Carolyn Snow, director of insurance and risk management at Humana Inc. in Louisville, Ky., and head of the conference programming committee, said registrations were on pace to outperform the past two years. She said the improving economy, a strong program and hosting the conference in easily accessible Boston are likely reasons for the heightened interest.

"The economy is looking up; the location will be great and easy for people to get to; and I think registrants are encouraged by the strength of the educational sessions being offered at the conference," Ms. Snow said.

Ms. Roth said the conference's enterprise risk management sessions have had particularly strong registration, which she attributed to companies' increased awareness of ERM and a greater understanding of its importance. She said companies are realizing it's necessary to look at risk across the organization—not in silos.

"Enterprise risk management has had a lot of traction over the last few years," Ms. Roth said. "Organizations are looking more holistically at their risk."

One ERM session attracting registrants is "Working with Internal Audit to Manage Risk

Holistically," which will cover ways risk management departments can work with internal audit colleagues to more effectively manage ERM, on Thursday, April 29 starting at 11:30 a.m.

Another popular ERM session is "Governance, Risk and Compliance: An Advanced Approach to ERM," which will explain the ERM methodology that links process and technology and brings together internal audit, risk management, security, information technology, operations and compliance functions. It will be held on Thursday, April 28 starting at 3:15 p.m.

Sessions outside ERM generating interest include: "Gotcha! Top 10 Litigation Traps for Risk Professionals" on April 29 starting at 9:45 a.m.; "Lower Your Workers Compensation Costs 20 to 50% by Taking Control of Claims" on April 28 starting at 3:15 p.m.; and "Advanced Insurance Issues in Corporate Merger and Acquisition Transactions" also on April 28 starting at 10:45 a.m.

Offsite sessions include tours of the FM Global research campus, the world's largest center for property loss prevention research, on April 25 from 7:30 a.m. to 3 p.m. and again April 29 from 11 a.m. to 5 p.m.; Showcase Cinema de Lux, National Amusements Inc.'s high-end entertainment concept, on April 27 from 8:30 to 11 a.m.; and the New England Aquarium on April 28 from 8 a.m. to 11:30 a.m.

Ms. Roth said all tours are hands-on, educational experiences for attendees.

Outside educational sessions, keynote speakers are another important component of the RIMS conference, Ms. Snow said. Three keynote speakers are scheduled to present at the conference.

"It's a really good, broad selection of speakers...with something for everyone" she said.

Gary Loveman, chairman, CEO and president of Harrah's Entertainment Inc., will be the keynote speaker at the general session, which is 8 a.m. to 10 a.m. on April 26. He will discuss managing the nation's largest gaming company

and the associated business risks and challenges.

Author Nassim Nicholas Taleb, who wrote "The Black Swan: The Impact of the Highly Improbable," which was voted as one of the 12 most influential books since World War II by the New York Times, will speak April 28 from 12:30 p.m. to 2 p.m. at the leadership luncheon. He will discuss the role of high-impact rare events—what he calls black swans—across economics, philosophy, finance, engineering and history.

The breakfast on April 29 from 8 a.m. to 9:30 a.m. will feature keynote speaker Rebecca Ryan, founder of Next Generation Consulting. Also the author of "Live First, Work Second: Getting Inside the Minds of the Next Generation," Ms. Ryan will discuss how experienced leaders can interact with future leaders to create a shared vision of the future.

Attendees also will have numerous opportunities to network. RIMS' opening reception on April 25 from 5 p.m. to 7:30 p.m. at Boston Marriott Copley Place Hotel is open to all attendees.

Also open to everyone is the social on April 28 from 7:30 p.m. to 10 p.m. at the Boston Opera House for a performance of "Young Frankenstein." Shuttle service between hotels contracted with RIMS and the Boston Opera House begins at 6:45 p.m.

First-time conference attendees can network at first-timer orientations on April 25 from 3:30 p.m. to 4:30 p.m. at the Boston Marriott Copley Place Hotel and again on April 26 from 10:15 a.m. to 11 a.m., in room 252AB at the Boston Convention & Exhibition Center.

On April 24, from 8 a.m. to 5 p.m., RIMS chapter officers with two or more years of leadership experience can network as RIMS staff and chapter leaders discuss effective chapter management. "An important part of being a RIMS member is engaging other industry professionals and discussing challenges and solutions to those challenges," Ms. Snow said. "Those engagements can turn into lifelong connections."

RIMS Conference Preview

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NEXT SPOTLIGHT April 26: Risk Manager of the Year

Tips on making the most of attending RIMS the first time

By KRISTIN GUNDERSON HUNT

BOSTON—Nearly 10,000 risk and insurance professionals attend the Risk & Insurance Management Society Inc.'s annual conference, making the experience overwhelming for some, particularly first-time attendees.

Rick Broderick, director of risk management at Harris Corp., in Melbourne, Fla., attended his first RIMS conference in the late 1980s and recalls being awe-struck.

"I remember being very much in awe of how big it was, how many

people were there, how much knowledge and expertise was there, and how good some of the sessions were," he said.

Years later, Mr. Broderick is more goal-oriented and determines in advance the RIMS educational sessions he cannot miss and the people he must meet. Once those goals have been met, he is open to opportunities the conference presents. He advises against overscheduling.

"Don't do it all, because you can't," Mr. Broderick said.

Janice Ochenkowski, managing director and director of global risk

management at Jones Lang LaSalle Inc. in Chicago, also remembers her first RIMS conference.

"I have a vague memory of being overwhelmed," said Ms. Ochenkowski, who was RIMS president from August 2007 to January 2009. "It actually took attending a few conferences to understand what the full range of benefits might be."

With so many opportunities to attend sessions, network and have business meetings, RIMS Executive Director Mary Roth advises to plan ahead.

"There is a lot to juggle, which is

why advance planning is critical," Ms. Roth said. "Having a preliminary schedule enhances the experience."

Ms. Ochenkowski said attendees should prepare for sessions, the exhibit hall and networking by reviewing their goals and objectives for the year, considering special projects they or others in their organizations are working on, and thinking about issues and problems their organization faces (see box).

Carolyn Snow, director of insurance and risk management at Humana Inc. in Louisville, Ky., and

head of the RIMS Annual Conference & Exhibition in Boston, said one of the most important things first-time attendees can do to ensure a positive experience is attend one of the first-timer orientations—something she still regrets not doing at her first RIMS conference.

"The first time I went, I was perpetually confused. I didn't know anybody and I didn't attend the first-timers orientation," Ms. Snow said.

At this year's gathering, orientations will be held April 25 from 3:30 p.m. to 4:30 p.m. at the Boston Marriott Copley Place Hotel and on April 26 from 10:15 a.m. to 11 a.m. in room 252AB at the Boston Convention & Exhibition Center.

At first-timer orientations, the conference planning committee is available to answer questions as well as go through the conference guide, offer advice on how to pace the week, navigate the exhibit hall and network effectively.

Several risk managers echoed the importance of the orientation, but also advised to ask questions to avoid being overwhelmed while also increasing networking opportunities.

"It may be a daunting experience for a first-timer, but it's also a fulfilling experience and the connections they will make will be lifelong," Ms. Roth said.

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TIPS FOR FIRST-TIMERS

How to make sure you get the most out of your first RIMS experience

TIPS FOR SELECTING SESSIONS

- Talk with managers about things they would like you to learn.
- If new to the risk management field, take lower-level classes at the beginning of the week and build up to higher-level sessions at the end of the week.
- Don't just pick popular or fun sessions—select sessions with content that relates to issues you're working on and benefit your organization.

TIPS FOR SELECTING EXHIBITORS TO VISIT

- Think about new products or services your organization is considering and visit exhibitors that could meet those needs.
- Meet with existing service providers to discuss problems, issues or concerns.
- Note in your schedule the aisle and location of the exhibitor you would like to meet.
- Don't be afraid to ask an exhibitor what it does. You might discover new products or services, or new organizations offering products and services pertinent to your job.

TIPS FOR NETWORKING

- Don't limit yourself to meeting with existing insurers or brokers.
- Schedule meetings, even if it's a quick cup of coffee, in advance with individuals—particularly mentors or industry colleagues—you'd like to meet.
- Don't be shy.



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Four to receive honors with RIMS awards

By MICHAEL BRADFORD

BOSTON—The Risk & Insurance Management Society Inc. will present four awards at its RIMS 2010 Annual Conference & Exhibition to honor individuals who exemplify the qualities of the risk management professionals for whom the awards are named.

RIMS' highest honor is the Harry and Dorothy Goodell Award, which recognizes an individual whose achievements further the goals of risk management. The Goodells established and funded the award.

Mr. Goodell was RIMS' first president and served from 1951-1953, when the group was called the American Society of Insurance Management Inc. At the time, he was an insurance buyer for Western Electric Co. in New York.

The first Goodell Award was presented in 1979 to William Altstaetter, who was RIMS president in 1974. Last year's recipient was Carol A. Fox, senior director of risk management at Convergys Corp.

Anyone participating in the discipline of risk management is eligible for the Goodell Award and nomi-

nees are not required to be RIMS members.

The second award that RIMS bestows is the Richard W. Bland Memorial Award to a RIMS member for outstanding efforts in the areas of legislation or regulation related to risk and insurance.

The award is given in memory of Mr. Bland, a member of RIMS' Greater Kansas City chapter, which conceived of and first presented the award in 1975 to Don Stuart of Canadian Packers Ltd. The chapter selects each year's recipient. Last year's Bland Award went to Robert

Cartwright Jr., loss prevention manager at Bridgestone Americas Holding Inc.

Mr. Bland, who died of a heart attack at age 60 in 1971, was risk manager at Panhandle Eastern Pipeline Co. in Kansas City, Mo. He was the first person in the United States to claim that title, according to RIMS.

Mr. Bland became a charter member of ASIM in 1950. He served on the group's legislative committee, where he pushed for risk managers to understand legislation that affected their organizations and work for measures that would benefit insurance buyers.

RIMS' third annual honor is the Ron Judd Heart of RIMS Award, which goes to deputy members of RIMS who further risk management at the chapter level. It honors the man who spent 22 years as RIMS' executive director.

The award's first recipient in 1997 was Michael D. Phillipus of the Houston chapter. Last year, the award was given to Marley Drainville of the Southern Alberta chapter in Canada and Al Gorski of the Orange County chapter in California.

Granville E. "Ron" Judd, who died at age 71 in 2000 after a battle with lymphoma, was lauded as a visionary. He began his work with the society when ASIM recruited him from the Glass Container Manufacturer Institute. Once on board, he worked to polish the image of an association, first by revamping its national conference.

Mr. Judd banned the word "convention" to describe the annual conference, which had become more a social event than a business meeting for insurance buyers. Under his direction, the gathering was transformed into one that features a bustling exhibit hall and several days of educational sessions.

RIMS' newest award is the Arthur Quern Quality Award. Established in 1998, it acknowledges individuals and organizations for significant improvements in quality in the field of risk management.

The award honors Mr. Quern, a former chairman and CEO of Aon Risk Services Co. known well for his determination to improve quality in the insurance industry.

Mr. Quern joined Chicago-based Aon Corp. in 1983 after 15 years of government service, having held positions in the administrations of President Gerald Ford, New York Gov. Nelson D. Rockefeller and Illinois Gov. James Thompson. He died in a 1996 plane crash at age 54.

Mr. Quern was responsible for transforming Aon from a transaction-oriented organization into one that focused on providing top-notch service, said Michael D. O'Halleran, executive chairman of Aon Benfield.

"He said service was paramount to what we do," said Mr. O'Halleran.

The Quern Award's first recipient was Environmental Compliance Services Inc. in 1998. Last year, it was given to Lawyers Insurance Fund, Law Society of British Columbia in Canada.



MICHAEL MARCOTTE

Carol A. Fox, senior director of risk management at Convergys Corp., received last year's Goodell Award.

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Author to discuss 'Black Swan' concept at RIMS leadership luncheon

By **MARK A. HOFMANN**

BOSTON—Most risk managers might not be bird watchers, but there's one fowl for which they ought to be on the lookout.

It's a metaphorical bird that Nassim Nicholas Taleb calls a "black swan."

Mr. Taleb, a trader, professor and author of the business best-seller "The Black Swan: The Impact of the Highly Improbable," will discuss the concept at the April 28 leadership luncheon during this year's Risk & Insurance Management Society Inc.'s Annual Conference &

Exhibition in Boston.

A black swan has three attributes, Mr. Taleb wrote in his 2007 tome.

"First, it is an outlier, as it lies outside the realm of regular expectations, because nothing in the past can convincingly point to its possibility. Second, it carries an extreme impact. Third, in spite of its outlier status, human nature makes us concoct explanations for its occurrence after the fact, making it explainable and predictable."

According to Mr. Taleb, "a small number of black swans explain almost everything in our world," from the success of religions to the

dynamics of historical events and even elements of personal lives. And the effect of black swans is growing as the world has grown more complicated, he wrote.

"Black swan logic makes what you don't know far more relevant than what you do know. Consider that many black swans can be caused and exacerbated by their being unexpected," he wrote.

In his book, Mr. Taleb notes that had the Sept. 11, 2001, terrorist attack on New York's World Trade Center "been reasonably conceivable on Sept. 10, it would not have happened. If such a possibility were

deemed worthy of attention, fighter planes would have circled the sky above the twin towers, airplanes would have had locked bulletproof doors, and the attack would not have taken place, period.

"Isn't it strange to see an event happening precisely because it was not supposed to happen? What kind of defense do we have against that?" he wrote.

In an article last year in the Financial Times, Mr. Taleb listed 10 principles for a black swan-proof world in light of the ongoing economic crisis.

The first was, "What is fragile

should break early while it is still small," Mr. Taleb wrote. "Nothing should ever become too big to fail. Evolution in economic life helps those with the maximum amount of hidden risks—and hence the most fragile—become the biggest.

Following such principles would create "an economic life closer to our biological environment: smaller companies, richer ecology, no leverage. A world in which entrepreneurs, not bankers, take the risks and companies are born and die every day without making the news. In other words, a place more resistant to black swans."

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Chapter's focus for RIMS 2010

BOSTON—A lot has changed in the 20 years since Boston last hosted the Risk & Insurance Management Society Inc.'s annual conference.

Many risk managers taking part in RIMS' 2010 Annual Conference & Exhibition may not have been involved in the profession in 1990 and risk management has evolved greatly since then.

Given the lagging economy and more focus on emerging risks, catastrophes and enterprise risk management, the occupation of risk manager has changed significantly, as has RIMS' Massachusetts chapter.

"I was not involved with RIMS 20 years ago and neither were any of our board members," said Bruce Birtwell, president of Massachusetts chapter and assistant vp of insurance at Boston-based financial services holding company State Street Corp.

The Massachusetts chapter saw a surge in membership in the past three months, and has 673 active members, Mr. Birtwell said. The chapter held its annual conference at Bentley College in Waltham, Mass., this year. The meeting featured a panel discussion on strategies for turbulent times and had as its keynote speaker Shivan Subramaniam, chairman and CEO of FM Global, the marketing name of Factory Mutual Insurance Co.

"We have made every effort to secure speakers and topics that are relevant to current issues facing risk managers, and specifically over the past few months would attribute the spike (in membership) to the RIMS conference being in town," Mr. Birtwell said. "Many smaller to mid-sized companies who have risk managers or equivalents and typically would not be in a position to incur the capital outlay for travel and hotel expenses have joined to attend (the RIMS conference in) Boston," he said.

As part of the national conference, the Boston RIMS chapter will host an event on Wednesday, April 28, at the New England Aquarium from 8 a.m. to 11:30 a.m. A tour of the aquarium will be provided for interested attendees.

—By Jeff Casale

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Service project focuses on childhood literacy

By KRISTIN GUNDERSON HUNT

BOSTON—While the Risk & Insurance Management Society Inc.'s conference theme focuses on thinking forward, the community service day portion of the conference is all about giving back.

This year's fourth annual project focuses on early childhood literacy and fostering an environment that promotes children's access to books and reading. Conference registrants may sign up to build and stock bookshelves that will be donated to organizations in the Boston area.

Mary Roth, RIMS executive director, said literacy is a worthy cause because so many learning problems stem from not being exposed to books in early childhood.

"Access to books and promotion of literacy will take us a long way in the future," Ms. Roth said.

The event takes place Sunday, April 25 from 9 a.m. to 3 p.m. at the Boston Convention & Exhibition Center. To participate, conference



RIMS' Mary Roth says reading in early childhood is essential for adult literacy.

registrants can sign up online at www.rims.org or register on-site.

Onsite registration and breakfast for volunteers will take place from 8:30 a.m. to 10 a.m. on the morning of the event.

Conference attendees who can't participate in the community service project are encouraged to contribute by donating some of their favorite childhood books at drop-off locations in the convention center.

RIMS will collect books Sunday through Tuesday, April 25-27, near the bookstore located at Level 1, NE Lobby A at the convention center as well as at Aon Corp. booth, No. 1501, in the exhibit hall.

Ms. Roth said community service is an important element of the conference to show support of the communities hosting the conference.

"It's our way of giving back to the local community that sponsors our conference in addition to supporting a worthy cause," Ms. Roth said.

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Tournaments back Spencer Foundation

BOSTON—Attendees at the Risk & Insurance Management Society Inc.'s annual conference will have the chance to show their team spirit and support the Spencer Educational Foundation Inc. with golf and hockey events.

The 19th annual Spencer/Gallagher Golf Tournament and the Spencer Cup Hockey Tournament will raise money for the Spencer Educational Foundation, which provides scholarships and educational grants for risk management students.

Both events will be held Sunday, April 25.

Golf

The Spencer/Gallagher Golf Tournament, co-sponsored by Arthur J. Gallagher & Co., begins at 8 a.m. at Pinehills Golf Club in Plymouth, Mass., after a 7:15 a.m. continental breakfast.

Entry fee for the four-person scramble is \$325 per person, which includes transportation, green fees, a golf cart, breakfast, lunch, two mulligans, range balls, and water, soft drinks and beer on the course. Participants can form their own team or be placed into groups. Limited space is available.

Bus transportation to the event will be provided. It will leave Boston Marriott Copley Place at 6:30 a.m.

For more information on the golf tournament, contact Lauren Cavanaugh at Arthur J. Gallagher at 225-906-0143 or lauren_cavanaugh@ajg.com.

Hockey

The Spencer Cup Hockey Tournament, co-sponsored by Napco L.L.C., will be held from 8 a.m. to 12:50 p.m. at the Edge Sports Center in Bedford, Mass.

Cost is \$200 for players, which includes the game and lunch. Limited space for sign-up remains.

Spectators can attend for \$10. During game breaks, fans will have the opportunity to participate in events for prizes.

The fundraising goal for the hockey event is \$15,000. Allianz Global Corporate & Specialty Americas will sponsor the sweaters for the U.S. and Canada teams and the medals that will be awarded after the tournament.

For more information on the hockey tournament, contact Napco's Adam Bergen at 732-603-5612 or abergen@napcollc.com or Rian Nelson at 732-603-2077 or rmelson@napcollc.com.



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Celtics risk manager living his dream

By SALLY ROBERTS

BOSTON—There are dream jobs and then there are “beyond a dream” jobs, says Rob Billings, who landed his with his lifelong favorite basketball team, the Boston Celtics, after 25 years in insurance underwriting.

“I was born and raised in New England and was always a Boston Celtics fan,” said Mr. Billings, who was named the team’s risk manager in 1999. “This is beyond a dream job....It is just beyond belief.”

As head of risk management, Mr. Billings is responsible for overseeing all the insurance and employee ben-

efit programs of Banner 17 L.L.C., the operational entity of the Boston Celtics.

Banner 17, which employs roughly 100 full-time employees including the players and more than 60 part-time employees, is the investment group that bought the franchise for \$360 million in late 2002. Celtics CEO Wycliffe Grousbeck came up with the name to signify his primary goal of returning the team to contention for a 17th NBA championship title, which the team achieved in 2008—the most of any team in the National Basketball Assn.

“I am not alone in my thinking that the Boston Celtics is perhaps the greatest and most storied sports franchise in history,” said Mr. Billings, who grew up idolizing Celtics great Bill Russell. “To be part of that history, be part of that club winning its 17th NBA championship, to be associated with our wonderful ownership group that are true stewards of the franchise’s legacy, and to work with such a great group of hard-working, dedicated employees is humbling and an honor,” he said.

But like any organization, there are risks associated with running



As head of risk management, Rob Billings is responsible for overseeing all the insurance and employee benefit programs of Banner 17 L.L.C., the operational entity of the Boston Celtics.

the Boston Celtics and no risk is greater than that of a marquee player sustaining a season- or career-ending injury. Because player contracts are guaranteed and often multiyear, the team remains on the hook for the player’s salary if he is

sidelined for an extended period of time.

“The thing that routinely concerns me is the whole issue of player injury, honestly, because of their contracts,” Mr. Billings said.

“When you look at a team such as ours that has several marquee players...it’s not only going down for injury (for a long period of time) and the cost of continuing their compensation...it’s also the potential loss of patrons, which is huge,” he said. “What if going into the season you were to have a Kevin Garnett or a Paul Pierce or a Ray Allen out? What happens to your ticket sales?”

Messrs. Garnett, Pierce and Allen are among the 20 highest-paid NBA players, according to various sports Web sites that estimate each player’s 2009-2010 salary between \$16 million to \$19 million.

“The need for key man coverage (for the Celtics) is as high as any company could possibly have,” said Don Lewis, president of USI New England, the team’s insurance broker. “In most companies, a reasonable replacement can be found for even the best employees.” But “replacing a Paul Pierce or Kevin Garnett—there are only maybe five people in the world who could play at those kinds of levels.”

“The most challenging thing we that hear from the management of the team is the vulnerability of players,” Mr. Lewis said.

For the Celtics, it means purchasing life insurance and additional disability insurance to augment the mandatory league disability program, which covers each of the team’s five most expensive contracts.

Under the program, once a player is disabled more than 41 games, the NBA’s insurer pays out 80% of the guaranteed portion of the player’s base salary up to an undisclosed limit.

While “there is a great deal of comfort” from the league program, “when you’re looking at a marquee player with contract values in excess of the league program, where discretionary coverage comes into play, that’s the unsettling thing,” Mr. Billings said.

He noted that the Celtics decide each year player-by-player whether to purchase additional temporary or permanent disability coverage. The team also purchases life insurance on a majority of its players, he said.

The player’s union, the National Basketball Player’s Assn., provides their employee benefits.

“What we purchase on the players is for the interest and protection of Banner 17 L.L.C.,” Mr. Billings said. “That doesn’t mean it doesn’t inure to the players in one way or another, but we’re really protecting our risk.”

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Keep your CFO informed on insurers' financials

By **STUART COLLINS**

BOSTON—Risk managers should consider reporting more frequently to their bosses on the financial strength of insurers, according to a veteran risk manager who will present results of a survey on evaluating insurers at this year's RIMS conference.

The results of the survey show risk managers vary greatly in their approach to the evaluation and reporting of insurers' financial strength, said Stephen M. Wilder, vp risk management at The Walt Disney Co., and co-presenter of "Understanding the Rating Game So You Can Inform Your CFO" which will be held April 27 at the Risk & Insurance Management Society Inc. conference in Boston this month.

Some 42% of those surveyed said they reported the financial health of insurers to senior management on an annual basis, 16% do so quarterly, 6% monthly, 1% weekly and 35% some other frequency.

There were 299 respondents to the survey, 91% of whom were risk managers, and 47% represent companies with revenues in excess of \$1 billion.

"It is surprising that over half the respondents report on the financial health of insurance carriers to senior management only once a year," said Mr. Wilder, who is a former *Business Insurance* Risk Manager of the Year. "Is this the appropriate frequency to ensure that management is aware of changes? I think that the take home from our session at RIMS for some risk managers is that they should report to senior management more often."

There were other "surprises in the results," said Leslie A. Lamb, risk manager at Cisco Systems Inc., and co-presenter of the session at RIMS. Risk managers pay a lot of attention to rating agency assessments, but they pay little attention to other factors such as an insurer's cash flow, its current stock price or its investments in collateralized debt obligations, she said.

Some 90% of the respondents to the survey said they relied on their brokers to provide them with financial information on their carriers and 92% used credit rating agencies to evaluate financial information on insurers.

Most risk managers look only at financial strength ratings when assessing their insurance partners, but others are going further, said Ms. Lamb. Some risk managers have developed a formal process or metrics to assess the strength of their insurers, she said. "Risk managers look at more qualitative metrics, such as reporting the access to senior leadership, insurers' investment philosophy, and claims management policies," said Ms. Lamb.

LOCAL FLAVOR: Places to dine during RIMS

THE SOUTH BOSTON SEAPORT DISTRICT is one of the city's hippest neighborhoods. This industrial area once served as a shipping and manufacturing district, but a renaissance in the same style and by some of the same developers of New York's SoHo neighborhood has transformed the area into an urban destination. In addition to the state-of-the-art Boston Convention & Exhibition Center, a variety of hotels, restaurants, bars and music clubs have sprung up in recent years to fill out the sprawling seaport district and nearby Fort Point area. While several of the city's classic, no-frills, seafood restaurants still sit on the famous fish piers, diners can find a wide variety of contemporary culinary delights, all within walking distance of the convention center. Entrée prices range from less than \$15 (\$) to more than \$25 (\$\$\$\$) per person.—By Colleen McCarthy



SEBASTIANS CAFÉ

157 Seaport Blvd.

www.sebastians.com/cafes

HOURS: Monday-Friday 7 a.m. to 4 p.m. Closed weekends.

PRICE RANGE: \$

Sebastians Café offers numerous inexpensive options for attendees looking for a quick and easy breakfast or lunch. Sebastians features fresh and healthy items, including hot breakfast sandwiches made with organic eggs, made-to-order salads, handmade sandwiches and wraps, seafood, vegetarian items, baked goods and a variety of items that can be boxed up for a lunch to go. Everything is made fresh daily. It's located diagonally across the street from the Seaport Boston Hotel.

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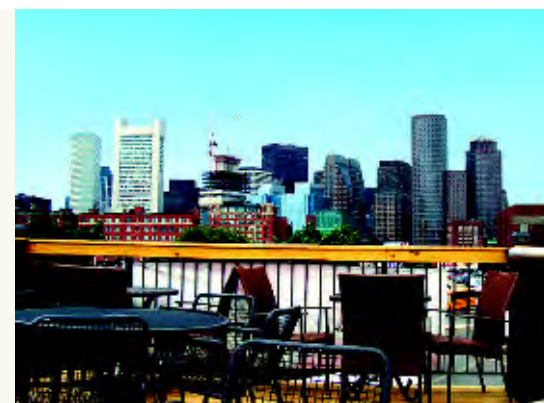
146 Seaport Blvd.

<http://www.atlanticbeergarden.com/>

HOURS: Monday-Friday 11:30 a.m. to 2 a.m.; Saturday-Sunday 10 a.m. to 2 a.m.

PRICE RANGE: \$\$

The Atlantic Beer Garden offers casual dining overlooking Boston Harbor. The menu is not overly creative, but it offers a variety of decent, reasonably priced pub-style items, including appetizers, sandwiches, burgers and seafood. There also are a variety of beers on tap, including local brews such as Sam Adams and Harpoon. The space features a large rooftop deck, which is a big draw when the weather cooperates, as well as several large-screen TVs for watching sports. It also serves a reasonably priced weekend brunch beginning at 10 a.m.



LTK BAR & KITCHEN

225 Northern Ave.

<http://www.ltkbarandkitchen.com>

HOURS: Sunday-Wednesday 11 a.m. to 1 a.m.; Thursday-Saturday 11 a.m. to 2 a.m.

PRICE RANGE: \$\$\$-\$\$\$\$

Legal Test Kitchen is an interesting spinoff from the owners of Boston's famous Legal Sea Food's restaurant. LTK, as it's called, offers an innovative menu that strives to serve seasonal, local and healthy food in interesting combinations. The daytime scene buzzes with business lunches, and the trendy setting also makes for a nice dinner with colleagues or clients. Diners can create their own combinations with mix-and-match items. Select your choice of fish prepared grilled, baked or with breadcrumbs, and then choose from a selection of sauces, spices and side dishes.

SPORTELLO BOSTON

348 Congress St.

www.sportelloboston.com

HOURS: Lunch and dinner available Monday-Thursday 11:30 a.m. to 10 p.m. and Friday-Saturday 11:30 a.m. to 11 p.m.; brunch available weekends 10:30 a.m. to 4:30 p.m.; bakery and retail available 7 a.m. daily.

PRICE RANGE: \$\$\$-\$\$\$\$

Sportello is the newest establishment created by Boston's celebrity chef Barbara Lynch, and is a modern interpretation of the classic diner. The menu offers Italian-inspired items, including fresh pasta, creamy polenta and soups. The setting is lively, but the feel is casual. Sportello boasts an extensive wine menu and serves fabulous desserts. Reservations are not required for lunch, but are required for dinner. Note that Sportello will be closed for dinner for a private function on April 27.



DRINK

384 Congress St.

<http://www.drinkfortpoint.com>

HOURS: Daily 4 p.m. to 1 a.m.

PRICE RANGE: \$\$\$

LUCKY'S LOUNGE

384 Congress St.

HOURS: Daily 11 a.m. to 2 a.m.

PRICE RANGE: \$\$

hour and late night scene. Lucky's features live music Thursday through Saturday, and a Frank Sinatra-style show begins at 7 p.m. on Sundays.

For attendees searching for stylish cocktails or a happy hour scene, Drink and Lucky's Lounge are worth a visit. Both are located nearby the conference center in Boston's seaport district. Drink is located downstairs at the same address as Sportello and is another creation of Boston celebrity chef Barbara Lynch. The trendy, upscale bar features a zig-zag counter space where patrons essentially line up for designer cocktails. Simply tell your server what kind of alcohol you prefer and the server will pour a cocktail just for you. Meanwhile, Lucky's Lounge is a speakeasy-style bar and restaurant, which offers a lively happy hour and late night scene. Lucky's features live music Thursday through Saturday, and a Frank Sinatra-style show begins at 7 p.m. on Sundays.

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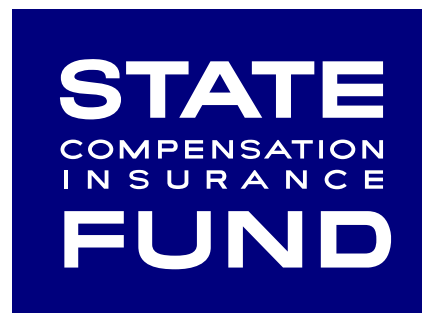
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BOSTON PUBLIC GARDEN

Bound by Charles Street and Arlington Street
http://www.cityofboston.gov/Parks/emerald/public_garden.asp

HOURS: Daily
PRICE: Free

For locals, springtime in Boston begins with a stroll through Boston Public Garden. Visitors can meander along America's first public botanical garden, which honors the Victorian traditions of the past. The 24-acre park is in the heart of the city, adjacent to Boston Common, and features hundreds of formal plantings that vary from season to season. At this time of year, look for the tulips to be in full bloom. Enjoy a stroll around the lake or take a ride on the famous Swan Boats. If you want to continue to explore, follow Charles Street into Boston's historic Beacon Hill neighborhood for a glimpse into Boston's Brahmin past. The 19th century neighborhood is known for its brick sidewalks, working gas lamps, ancient elms and brick row houses of the Federal, Greek Revival and Victorian periods.



INSTITUTE OF CONTEMPORARY ART

100 Northern Ave.
<http://www.icaboston.org>
HOURS: Thursday-Friday, 10 a.m. to 9 p.m.; Tuesday-Wednesday and Saturday-Sunday, 10 a.m. to 5 p.m. Closed Monday.
PRICE: \$15

Visitors can enjoy the Institute of Contemporary Art at its stunning new location in south Boston's Seaport District, just steps away from the RIMS event venue at the Boston Convention & Exhibition Center. Critics have celebrated the building's design for its openness that embraces the surrounding harbor. The institute offers a variety of diverse and ambitious installations. Currently on display are the featured works of American artist Roni Horn that include photographs, paintings and sculptures. On the site, the Water Café by Wolfgang Puck Catering serves light bites, sandwiches and wine.



MUSEUM OF FINE ARTS

465 Huntington Ave.
www.mfa.org
HOURS: Saturday-Tuesday, 10 a.m. to 4:45 p.m.; Wednesday-Friday, 10 a.m. to 9:45 p.m.
PRICE: \$20

Boston's cultural scene is world-class and the city is home to impressive art collections. At the Museum of Fine Arts, visitors can explore the works of the great masters. Highlights from its permanent collection include works from French impressionists and post-impressionists including Pierre-Auguste Renoir, Claude Monet and Vincent van Gogh; and 18th and 19th century American artists, including Winslow Homer and John Singer Sargent. Current exhibitions are Luis Meléndez: Master of the Spanish Still Life and the Secrets of the Tomb 10A: Egypt 2000 B.C.



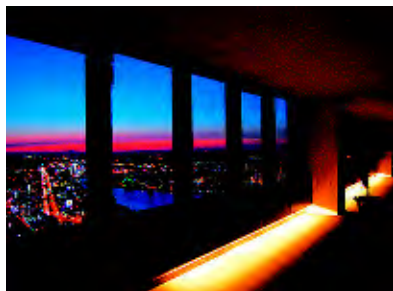
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HOURS: Every day, 9 a.m. to 5 p.m.
PRICE: \$12

Relive the powerful story of the Kennedy years at the John F. Kennedy Presidential Library & Museum, which is dedicated to the life, legacy and leadership of the nation's 35th president. Visitors can experience the events of the 1960s through President Kennedy's eyes. Many exhibits use recordings of the president's voice, which makes for a moving experience. The complex, designed by architect I.M. Pei, is the official repository for original papers and correspondence of the Kennedy administration. President Kennedy's 26-foot sailboat, Victura, is on display on the museum grounds at the edge of Boston Harbor.

THE SIGHTS: Top Boston attractions

YOU WON'T NEED TO pahk yah cah in Hahvahd yahd to experience this vibrant city like a local. Attendees heading to Boston for the Risk & Insurance Management Society Inc.'s Annual Conference & Exhibition this month will have the opportunity to explore the rich history, culture and cuisine that make Boston unique. The city is divided into distinct, pedestrian-friendly neighborhoods, making it easy for visitors to uncover the city's past while enjoying its modern edge. Here are things you don't want to miss. —By Colleen McCarthy



SKYWALK OBSERVATORY AT THE PRUDENTIAL CENTER

800 Boylston St.
http://www.prudentialcenter.com/shop/shop_detail.php?id=64
<http://www.topofthehub.net>
HOURS: Daily 10 a.m. to 10 p.m. (last elevator leaves at 9:30 p.m.)
PRICE: \$12

Also located in the Back Bay are Boston's two tallest skyscrapers: the John Hancock Tower and the Prudential Center, which together frame the City's Back Bay skyline. Visitors can enjoy panoramic views of the surrounding area from the Skywalk Observatory at the top of the Prudential Center. If you want to feel more like a local, skip the observatory admission fee and head instead to the Top of the Hub on the 52nd floor of the "Pru," as its known. The fine dining destination offers spectacular views from every table. A reservation is recommended for the restaurant but not needed for the bar, where you can sip on a cocktail and see all the way to Cape Cod on a clear day.



FREEDOM TRAIL

Boston Common Visitor Center
 148 Tremont Street.
www.thefreedomtrail.org
HOURS: Guided tours depart from Boston Common Visitor Center daily at 11 a.m., 12 p.m. and 1 p.m. Specialty tours are available.
PRICE: \$13

Boston has always been proud of its past; after all, this is where the American Revolution began. History lovers can walk along the city's famous Freedom Trail. The 2.5 mile red brick path leads to the story of American independence and features 16 historic landmarks, including the site of the Boston Massacre and the Old North Church or Trinity Church, where the signal was given to launch Paul Revere's ride in 1775 warning of the British invasion. Guided tours feature costumed colonial actors and begin at Freedom Trail Foundation's booth at the Boston Common Visitor Center. Visitors may also get a map and explore solo.



MIKE'S PASTRY AND NORTH END

300 Hanover St.
<http://www.mikespastry.com/>
<http://www.northendboston.com/>
HOURS: Sunday-Tuesday, 8 a.m. to 10 p.m.; Wednesday-Thursday 8 a.m. to 10:30 p.m.; Friday-Saturday, 8 a.m. to 11:30 p.m.

Tourists and locals alike flock to Mike's Pastry in the city's North End for the most dizzying array of delicious Italian pastry and deserts this side of Italy. For more than 50 years, this institution has been baking everything fresh on the premises. Don't let the chaotic scene and long lines dissuade you, however, as the quick service tends to keep things moving. For a taste of heaven, try some of the signature specialties, including the chocolate chip ricotta cannoli, pistachio nut macaroons and melt-in-your-mouth Italian gelato. Mike's also is open late on Friday and Saturday, attracting the after-dinner cappuccino crowd. Boston's North End is known as the city's Little Italy and also features authentic Italian restaurants, pizza parlors and cafes.



BACK BAY DISTRICT

Bordered by Arlington Street, Massachusetts Avenue, Newbury Street and the Charles River
<http://www.newbury-st.com/>
<http://www.trinitychurchboston.org>
<http://www.bpl.org/>

For a nice afternoon, hit Boston's Back Bay district, an upscale residential and retail area that offers a blend of sophistication and New England charm. The neighborhood is between Arlington Street on the east and Massachusetts Avenue on the west, and is lined with historic 19th century brownstones that contain boutiques, restaurants and outdoor cafes. The neighborhood also borders Boston's Charles River. The fashionable Newbury Street swirls with activity and offers shoppers an eclectic mix of stores. The most expensive shops are located on the Arlington Street end, including Chanel, Marc Jacobs and True Religion. The shops become less expensive and more bohemian toward the Massachusetts Avenue end. On Newbury Street, the youthful and independent Trident Booksellers & Cafe is a great spot for brunch or lunch. Head to nearby Boylston Street to explore two of Boston's most popular architectural landmarks: the impressive Trinity Church and the Boston Public Library, which was proclaimed "palace for the people" when it opened in 1895. The Renaissance-style building features lavish decorations and a central courtyard surrounded by a gallery built like a Renaissance cloister.

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LEGAL NOTICE

NEW YORK LIQUIDATION BUREAU
123 WILLIAM STREET
NEW YORK, NEW YORK 10038-3889
(212) 341-6755

To all persons or entities interested in the affairs of THE INSURANCE CORPORATION OF NEW YORK
Notice is hereby given

I. James J. Wrynn, Superintendent of Insurance of the State of New York, has been appointed by an order of the Supreme Court of the State of New York, New York County, entered March 10, 2010 (the "Liquidation Order"), as the liquidator (the "Liquidator") of the Insurance Corporation of New York ("INSOCORP") and, as such, has been: (i) vested with title to INSOCORP's property, contracts, rights of action and all its books and records; and (ii) directed to liquidate INSOCORP's business and affairs, pursuant to New York Insurance Law ("Insurance Law") Article 74. The Liquidator has, pursuant to Insurance Law Article 74, appointed Dennis J. Hayes, Special Deputy Superintendent of Insurance (the "Special Deputy") as his agent to liquidate the business of INSOCORP. The Special Deputy carries out his duties through the New York Liquidation Bureau, 123 William Street, New York, New York 10038-3889.

II. In accordance with Insurance Law Section 7432(b), all claims against INSOCORP must be presented to the Liquidator by July 9, 2010. Claims presented after July 9, 2010, will not share in the distribution of assets until all allowed claims that were filed on or before July 9, 2010 have been paid in full with interest. All policyholders or claimants who appear on INSOCORP's books and records as of the date of entry of the Liquidation Order are deemed to have duly filed proofs of claim prior to July 9, 2010.

III. In accordance with Insurance Law Section 7405, all contracts and agreements, including all leases, tax sharing agreements and employment contracts of INSOCORP, however described, shall terminate and all liability thereunder shall cease and be fixed as of the date of entry of the Liquidation Order, unless expressly ratified in writing by the Liquidator.

IV. The Liquidator is authorized, permitted and allowed to sell, assign or transfer any and all real or personal property, stocks, bonds or securities of INSOCORP at market price or better, or if there is no market price, at the best price obtainable at private sale at such times and upon such terms and conditions as, in his discretion, he deems is in the best interest of the creditors of INSOCORP, and he is further authorized to take such steps and to make and execute such agreements and other papers as may be necessary to effect and carry out such sales, assignments and transfers.

V. INSOCORP, its officers, directors, shareholders, members, depositories, policyholders, trustees, agents, servants, employees, attorneys, managers and affiliates, and all firms, corporations, associations, and other persons or entities: (i) having all property, records, books or papers belonging to INSOCORP, wherever located, including but not limited to insurance policy, loss claim and legal files, shall preserve all of them and are directed to promptly assign, transfer, turn over and deliver them to the Liquidator; and (ii) having any property, records, books or papers relating to INSOCORP, wherever located, shall preserve all of them and are directed, upon the Liquidator's request, to promptly submit them to the Liquidator for examination and copying.

VI. Any persons or entities providing claims processing services, data processing services, electronic records retention services or other information technology services to INSOCORP shall maintain and preserve all information in its possession ("Information") relating to INSOCORP, wherever located, including but not limited to all documents, data, electronic files and records, and are directed, upon the Liquidator's request, to promptly submit all such information to the Liquidator for examination and copying.

VII. Any bank, savings and loan association, other financial institution or any other entity or person, which has on deposit or in its possession, custody or control any of INSOCORP's funds, accounts or assets shall immediately, upon the Liquidator's request and direction: (i) turn over custody and control of such funds, accounts or assets to the Liquidator; (ii) transfer title of such funds, accounts or assets to the Liquidator; and (iii) change the name of such accounts to the name of the Liquidator; (iv) withdraw funds from such bank, savings and loan association or other financial institution; or (v) take any lesser action necessary for the proper conduct of the liquidation proceeding.

VIII. Any distribution of assets shall be in accordance with the priorities set forth in Insurance Law Article 74.

IX. The officers, directors, shareholders, members, depositories, trustees, policyholders, agents, servants, employees, attorneys, managers and affiliates of INSOCORP and all other persons are permanently enjoined and restrained from: (i) transacting INSOCORP's business; (ii) wasting or disposing of, or permitting to be done, any act or thing that might waste or dispose of, INSOCORP's property; and (iii) interfering with the Liquidator in the possession, control or management of INSOCORP's property or in the discharge of his duties.

X. All persons are permanently enjoined and restrained from commencing or prosecuting any actions or proceedings against INSOCORP, the Liquidator or the New York Liquidation Bureau, its employees, attorneys and/or agents, with respect to any claims against INSOCORP.

XI. All persons are permanently enjoined and restrained from obtaining preferences, judgments, attachments or other liens, or making any levy against INSOCORP's assets or any part thereof.

XII. All persons who have first-party policyholder no-fault loss claims pursuant to Article 51 of the Insurance Law against INSOCORP are enjoined from presenting and filing claims with the Liquidator for a period of 90 days from the date of entry of the Liquidation Order.

XIII. All communications relating to INSOCORP and to the liquidation thereof should be addressed to:

New York Liquidation Bureau,
123 William Street, New York, NY 10038-3889
(212) 341-6560

JAMES J. WRYNN, Superintendent of Insurance of the State of New York as Liquidator of The Insurance Corporation of New York

DENNIS J. HAYES, Special Deputy Superintendent of Insurance and Agent for the Superintendent as Liquidator of The Insurance Corporation of New York

LEGAL NOTICE

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT
Claim No. 16521 of 2009
IN THE MATTERS OF

MINSTER INSURANCE COMPANY LIMITED
MALVERN INSURANCE COMPANY LIMITED
THE CONTINGENCY INSURANCE COMPANY LIMITED
PROGRESS INSURANCE COMPANY LIMITED
GAN ASSURANCES (formerly GAN ASSURANCES IARD)
QBE INSURANCE (EUROPE) LIMITED
THE RELIANCE FIRE AND ACCIDENT INSURANCE CORPORATION LIMITED
and IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an Order dated 16 March 2010 made in the above matters, the High Court of Justice of England and Wales (the "Court") has sanctioned the solvent scheme of arrangement made between each of the above companies (the "Scheme Companies") and its Scheme Creditors pursuant to Part 26 of the Companies Act 2006 (the "Act") which was voted on and approved by the Scheme Creditors during the meeting held on 18 January 2010. A copy of the Order sanctioning the Scheme was delivered to the Registrar of Companies on 25 March 2010, and the Scheme became effective on that date (the "Effective Date").

A Claim Form and Guidance Notes to the Claim Forms have been sent to Scheme Creditors for whom the Scheme Companies have contact details which they do not believe are incorrect and Brokers who may have acted on behalf of a Scheme Creditor at their last known addresses. Further copies of the Claim Form, Guidance Notes thereto and other documents can be downloaded from the website at www.minsterscheme.co.uk (the "Website"). Alternatively, hard copies of all documents can be obtained, free of charge, by contacting the Scheme Manager (as defined in the Scheme) in the manner set out below.

Completed Claim Forms and any supporting evidence should be returned as soon as possible, and in any event so that they are received by 11.59pm in England on 21 September 2010 by the Scheme Manager marked for the attention of Hilary Young. Alternatively Scheme Creditors may also send their Claim Forms and any supporting evidence by email (in PDF format) of less than 5 megabytes in size to minsterscheme@minsters.co.uk or by facsimile to +44 (0)20 7709 5760 by 11.59pm in England on 21 September 2010 provided that they are legible. A hard copy of any electronic mail or facsimile must be sent to the Scheme Manager if any of the Scheme Companies or the Scheme Manager so requests.

Please note that failure to submit details of a Scheme Claim on a Claim Form with supporting evidence to the Scheme Manager before 11.59pm in England on 21 September 2010 will result in that Scheme Claim being deemed satisfied in full following which you will not be entitled to receive a payment from the Scheme Company in respect of that Scheme Claim nor will you have any further rights against the Scheme Company in respect thereof.

Any Scheme Creditor which is unclear about or has any questions concerning the action it is required to take should contact the Scheme Manager in the manner set out below.

DATED 26 March 2010

Scheme Manager

Minster Management Services Limited, 18 Mansell Street, London E1 8AA, United Kingdom

Contact: Hilary Young or Brenda Payter

Tel: +44 (0)20 7709 5654

Fax: +44 (0)20 7709 5760

Email: minsterscheme@minsters.co.uk

Solicitors to the Scheme Companies

Barlow Lyde & Gilbert LLP, Beaufort House, 15 St Botolph Street, London EC3A 7NJ, United Kingdom

Contact: Jonathan Yorke or Emily Cople

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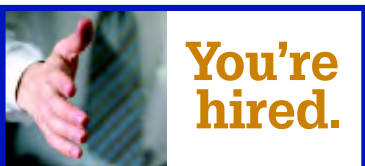
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at 212-210-0129 for details

UP Comings & Goings CLOSE



CYNTHIA PEVEHOUSE

NEW JOB TITLE: Washington-based senior counsel at Steptoe & Johnson L.L.P.

PREVIOUS POSITION: Novato, Calif.-based senior vp and general counsel at Allianz of America Inc.

GOALS FOR NEW POSITION: I was brought on board to mostly work with the firm's clients in relation to corporate governance matters. I'll be counseling clients in that area of expertise.

INDUSTRY OUTLOOK: I think everybody is looking at the fact that, particularly in the financial services industry and certainly...the insurance industry, the pressure now is what it was in other industries that have crashed. Like, when we saw what happened to the tech boom in the past. Maybe the regulatory oversight was insufficient in those cases. People will look for changes in regulations with what has happened over the last year.

FIRST MARKET EXPERIENCE: (When joining Allianz and Fireman's Fund Insurance Co., a subsidiary of Allianz in 2006), I had just come from the technology industry, so this is a rather drastic jump for me

from high tech into the property and casualty insurance industry. I think that (Fireman's Fund) had a goal if becoming more entrepreneurial, so I was not the only person they brought in from outside of the industry. I came from the tech industry, which was fast-paced, so I think they wanted to bring some of that into their insurance (market). I think that was their recipe for success.

CAREER HIGHLIGHT: I would say that the highlights of my career are the opportunities to work in other regulatory environments internationally, whether that was in the tech industry or with insurance. I was able to go all over the world and learn new cultures.

ADVICE: The recipe for success is to take calculated risks. Be willing and open to adventure.

WHAT YOU WANTED TO BE WHEN YOU GREW UP: I wanted to be a whole bunch of things when I was younger. I wanted to be an airline attendant, because I wanted to travel. When my father told me women could do it, I wanted to be president of the United States. In a way, my job now has allowed me those things that I wanted-to travel to be in a leadership role.

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 e-mail.

TO SUBMIT ITEMS

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

Mike Tsikoudakis
Business Insurance
360 N. Michigan Ave.
Chicago, Ill. 60601-3806
mtsikoudakis@businessinsurance.com

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■ Equity Risk Partners
■ MAI Insurance Brokers Ltd.
■ Marsh Inc.

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■ ACE Group of Cos. Ltd.
■ Ironshore Inc.
■ Navigators Group Inc.
■ Western World Insurance Group

Need to Publish a
Legal Notice,
Announcement or RFP

Contact Monique Murray at 212-210-0129

Ruling: Court reinstates mutual fund fees suit

CONTINUED FROM PAGE 4

must be involved.

"A fiduciary must make full disclosure and play no tricks but is not subject to a cap on compensation," the 7th Circuit ruled.

The Supreme Court late last month rejected the view that the market can prevent exorbitant fees.

Federal law "interposes disinterested directors as 'independent watchdogs' of the relationship between a mutual fund and its adviser," Justice Samuel Alito wrote for the court.

Still, the high court said plaintiffs

'The Supreme Court has given strong ammunition to the plaintiffs bar that shareholder litigation against D&Os serves an important role and should not be defeated lightly.'

Dan Bailey, Bailey Cavalieri L.L.C.

have the burden of proof in such cases, and pointed to the test established in the 1982 case *Gartenberg vs. Merrill Lynch Asset Management Inc.*: Are the adviser fees within range of fees that would have been negotiated?

"(T)o face liability...an investment adviser must charge a fee that is so disproportionately large that it bears no reasonable relationship to the services rendered and could not have been the product of arm's-length bargaining," Justice Alito wrote in *Jones*.

Dan Bailey, a partner at Bailey Cavalieri L.L.C. in Columbus, Ohio, said future plaintiffs likely would cite the Supreme Court's opinion in arguing that shareholder lawsuits are important mechanisms not only

to control conflicts of interest on mutual fund adviser fees, but also to control misbehavior by directors and officers generally.

"This is an age-old debate, particularly whenever the legislature is asked to amend statutes impacting shareholder litigation," Mr. Bailey said in an e-mail. "Does shareholder litigation against D&Os serve an important function or is it simply a means for plaintiffs lawyers to extort money from defendants? The Supreme Court has given strong ammunition to the plaintiffs bar that shareholder litigation against D&Os serves an important role and should not be defeated lightly."

But the high court also made it clear that it believes boards should be afforded broad deference on business decisions, even those that seem imprudent in hindsight, as long as they had adequate information, processes and disclosure.

"If the disinterested directors considered the relevant factors, their decision to approve a particular fee agreement is entitled to considerable weight, even if a court might weigh the factors differently," the court wrote.

When a court should defer to the judgment of directors and officers, which is known as the business judgment defense, and when a court should penalize the board for misbehavior is central to many D&O suits.

The Supreme Court's opinion likely is comforting to corporate defendants, said Thomas D. Graber, a Dallas-based attorney at McGlinchey Stafford P.L.L.C. The high court's logic suggests that directors and officers generally are safe from lawsuits for imprudent decisions "as long as they have a good process around the decision and the decision isn't wildly off the mark," he said.

"It's sort of similar to the business judgment rule," Mr. Graber said.

Jerry N. Jones et al. vs. Harris Associates L.P.; U.S. Supreme Court, No. 08-586; March 30, 2010

London P&I club covers grounded ship

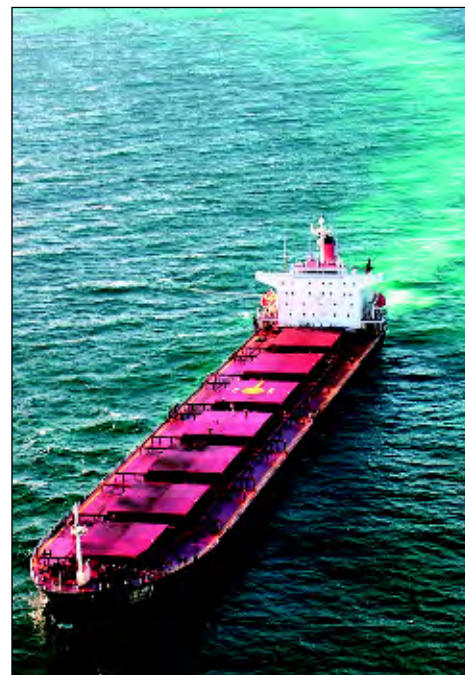
By MICHAEL BRADFORD

QUEENSLAND, Australia—Crews began pumping fuel oil Friday from a Chinese coal ship that ran aground off the coast of Australia and began leaking, a delicate operation to minimize damage to the Great Barrier Reef.

The Shen Neng 1, which is owned by Shenzhen Energy Transport Co. Ltd. in Shenzhen, China, ruptured its fuel tanks in the April 3 mishap. The ship was in waters restricted to shipping because of the risk of damage to the Great Barrier Reef's fragile ecosystem.

The London Steam-Ship Owners' Mutual Insurance Assn. Ltd. covers the Shen Neng 1 for liabilities up to 20 million Australian dollars (\$18.4 million) arising from the spill, said Ian Barr, claims director at London-based A. Bilbrough & Co. Ltd., which manages the P&I club.

Booms to trap leaking fuel oil put in place after the accident will remain to contain any oil that might spill while offloading the ship's fuel to a barge, said Patrick Quirk, general manager of Maritime Safety Queensland, a government agency. "This is a delicate operation that will take days, not hours," Mr. Quirk said in a statement Friday.



REUTERS/LANDOV

The Shen Neng 1 ruptured its fuel tank last week when it ran aground off Australia's coast.

"Today will give us a good indication of the rate of flow that can be achieved," Mr. Quirk said. "But we're not going to rush into this operation—we want to manage the risk and manage it closely."

The Shen Neng 1 was enroute to China carrying 68,000 tonnes (75,000 tons) of coal and 975 tonnes (1,075 tons) of fuel oil when it grounded at Douglas Shoal. A small amount of oil leaked from the ship and was treated with dispersants to minimize impact on the marine environment.

Australian Prime Minister Kevin Rudd was angered by the incident, saying in a news conference shortly after the spill that the ship's operator could face large fines.

It is "outrageous that a vessel this size could find itself 12 kilometers (7.5 miles) off course," said Mr. Rudd, who pledged action against whoever

is determined responsible for the spill.

Mr. Rudd and Queensland Premier Anna Bligh have said the ship's operator and captain could face millions of dollars in fines and cleanup costs related to the accident, which is under investigation by the Australian Transport Safety Bureau.

Judge awards \$2.6M in drywall case

By JEFF CASALE

NEW ORLEANS—A judge has awarded \$2.6 million in damages to seven Virginia families in a bellwether trial involving contaminated drywall from China.

In a decision in New Orleans, U.S. District Judge Eldon Fallon on Thursday ruled that the drywall must be removed from the plaintiffs' homes. In addition, the judge ruled that all electrical wiring, heating and air conditioning systems, appliances, carpet, cabinetry, trim work and flooring damaged by the corrosion the dry-

wall caused also be removed.

Judge Fallon's decision in *Michelle Germano et al. vs. Taishan Gypsum Co. Ltd. et al.* is the first in a series of lawsuits brought against Taishan Gypsum Co. Ltd., a Chinese subsidiary of German drywall manufacturer Knauf Plasterboard Tianjin Co. Ltd.

The judge also is presiding over *the Hernandez family vs. Knauf Gips A.G. et al.*, multidistrict litigation also stemming from the tainted drywall, which has been blamed for causing corrosion and other physical damage as well as health-related issues.

Though the judge made a deci-

sion in *Germano*, questions remain about whether the plaintiffs will be able to collect from the Chinese manufacturers and distributors of the drywall, which have not responded to lawsuits brought in the United States.

Judge Fallon's decision followed interim remediation guidelines that U.S. Consumer Product Safety Commission issued last week, which call for gutting of homes in which the tainted drywall had been installed. In addition, the CPSC called for removing electrical components, wiring, gas service piping, and fire suppression and alarm systems.

Quinn: Irish insurer blasts takeover by regulatory body

CONTINUED FROM PAGE 4

operations has some commercial insurance buyers nervous. Among them are U.K. attorneys who bought professional indemnity coverage from Quinn.

The annual gross premiums written for the attorneys professional indemnity market in England and Wales is about £245 million (\$374.6 million), said Elliott Vigar, head of regulatory affairs at the Law Society of England & Wales. "Quinn has just under 10% (of the market)," he said.

"Quinn is not an inconsiderable player in the professional indemnity market" for attorneys, said a spokesman for the Assn. of British Insurers in London. It is a market that "is under some strain

'The market would have to spool up quickly to meet the demand in four weeks.'

Elliott Vigar,
Law Society of England & Wales

at the moment."

Four insurers write about half of the coverage for solicitors in England and Wales, Mr. Vigar said. Apart from Quinn, the leading insurers are Chartis Europe S.A., Travelers Insurance Cos. Inc. and Zurich Financial Services Ltd., he confirmed.

If policyholders in England and Wales lose coverage from Quinn, they would be bound by the Solicitors Regulatory Authority to replace it within a month, Mr. Vigar said. "The market would have to spool up quickly to meet the demand in four weeks," he said.

Premiums for the coverage have risen at recent renewals and "2010 is likely to be challenging," Mr. Vigar said. "If Quinn were to fail or be unable to write new or renewal policies, it would add more of a challenge" for attorneys to find affordable coverage, he said.

If Quinn is not permitted to write new or renewal business on Oct. 1 when solicitors' professional indemnity policies expire, the loss of capacity would tighten the professional indemnity market, he said.

Among other commercial coverage written by Quinn are product liability, employers liability, property, business interruption and commercial automobile insurance.

If Quinn were to fail, some commercial policyholders could find themselves with claims problems.

In Ireland, there is no fund available to pay commercial claims filed with a company that goes into liquidation, said Brian McNelis, director of general services at the Irish Brokers Assn. in Dublin.

The U.K.'s Financial Services Compensation Scheme provides protection for small businesses in the case of insurance company failures. In some situations, large commercial policyholders may be eligible for compensation, a spokeswoman for the agency confirmed.

ADVERTISER

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Poll: Most employers likely to continue offering health care coverage

CONTINUED FROM PAGE 1

Among the largest employers—those with 25,000 or more workers—64.9% strongly disagreed with the statement that their organizations would be better off dropping health care benefits. Another 12.4% somewhat disagreed; 14.2% somewhat agreed and 8.4% strongly agreed.

The survey also found executives overall have a mixed level of understanding of the reform legislation.

When asked whether they understand the impact the law will have on their benefit programs, only 17.7% strongly agreed that they understand, while 43.9% somewhat agreed. More than 38% either somewhat or strongly disagreed that they understand the impact.

More than 61% of the survey respondents identified themselves as responsible for the purchase and/or administration of health care benefits, while 38.7% did not have such responsibilities.

Respondents with benefits decision-making responsibility—including C-suite executives—reported similar levels of understanding as the overall survey group. About 18% strongly agreed they understood the impact of the law, while 44.9% somewhat agreed and 37.3% somewhat or strongly disagreed.

In that same group of benefits decision-makers, 51.3% indicated they strongly disagreed it would be better for their organizations to drop benefits, while 15.4% somewhat disagreed. About 18.5% somewhat agreed it would be better, and 14.8% strongly agreed.

Need for information

Larry Boress, president and CEO of the Midwest Business Group on Health in Chicago, which represents midsize and large employers, said the main issue for his group's members right now is the uncertainty created by the health care reform law.

"The reaction to the health care

reform legislation is, 'What do I have to do now? Does this impact my employee population and my benefit programs?'" he said. "People are grasping for information that will apply to them, and they're really focused on what they need to do next."

As for opting to stop offering health care benefits, Mr. Boress said that is unlikely among larger employers but might happen among smaller companies.

"No one's going to make a big move to drop benefits unless they see an industry leader, a big company, make a move," Mr. Boress said. "Smaller companies may be a different story. They have to decide, 'Is it going to be cheaper for me to pay the fine?'"

When asked whether they would continue offering health care benefits because they are critical to employee recruiting and retention, 65.7% of survey respondents strongly agreed. Another 25.6% somewhat agreed, while 5.2% somewhat disagreed and only 3.5% strongly disagreed.

Regardless of whether employers decide to stop offering health care benefits, Mr. Boress said employers must communicate their intentions.

"Employers historically have not communicated well on benefits. People are stressed out enough because of the economy, and now the health care reform legislation is causing them to run around asking, 'Am I going to have benefits?' Employers need to give basic information and start communicating that to employees," Mr. Boress advised.

"We're not seeing a jump-for-joy reaction that the legislation will help address the cost of health care," said Tom Hutchinson, president of MidAmerican Group Inc., a Westmont, Ill.-based insurance brokerage and employee benefits consulting firm. "If anything, employers are concerned that it will increase their costs in the

short term."

As an employer with 25 full-time workers, MidAmerican Group is "in the same boat" as many of its clients, Mr. Hutchinson said. "We ourselves are still absorbing the details of the legislation. An initial response is, 'If lifetime maximums (dollar limits on benefits) are removed, what's that going to do to our rates?'"

"It's still too early to tell. We hope that health care cost increases will abate," he said.

MidAmerican Group, however, does not plan to stop offering benefits for benefits. Employees have the ability to buy up" certain benefits, but health care and other basic benefit programs are provided at no charge, which MidAmerican Group views as an important recruiting tool, he said. "We're hoping we can continue to have that differentiator for us."

Next steps

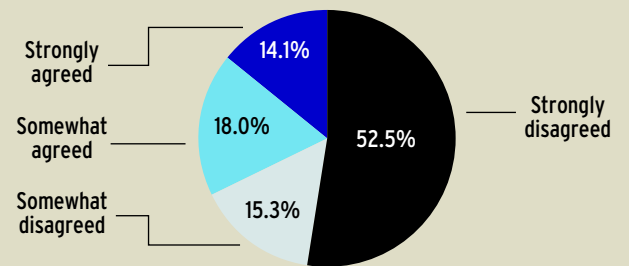
An important next step is for regulations to be written, providing guidance to implement the new health care reforms, Mr. Boress noted.

"None of this will function without regulation. Building a law is like saying, 'We're going to build a bridge from Chicago to Michigan City, Ind.' The law just says you're going to build the bridge. The regulation tells you what materials to use, when to build, and so on," Mr. Boress said.

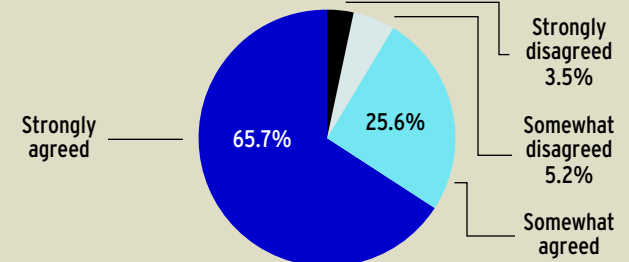
"The administration needs to have a sit-down with leading business organizations, with the people who are going to be responsible for implementing the law, and identify the issues and problems they're facing," he said. "We don't need legislators to do anything else" on health care reform; "we need them to sit down and clarify the provisions. They're not going to repeal this law, but they can make it easier to implement."

SURVEY FINDINGS

Our organization would be better off if we dropped employee health care coverage and simply paid the fine:



We will continue to offer health care coverage because it's a crucial part of our recruiting and retention efforts:



Source: Crain Communications Inc. survey

Reform survey demographics

The health care reform survey, sent via e-mail to readers of Crain Communications Inc. publications—including *Business Insurance* and *Workforce Management*—garnered 3,698 responses from business executives nationwide, at employer organizations of all sizes and across a variety of industries.

Industries represented included health care, 13.3% of the total; manufacturing, 12.1%; finance/insurance/real estate, 9.8%; services, 7.8%; nonprofits, 6.7%; government, 6.2%; and consulting/legal, 6.1%.

Employer size, by revenues, included \$1 million to \$99 million, 46% of the total; less than

\$1 million, 17%; more than \$1 billion, 15.7%; \$100 million to \$499 million, 13.5%; \$500 million to \$999 million, 7.7%.

Employer size, by workforce, included 1 to 49 employees, 27.4% of total respondents; 100 to 499 employees, 21.5%; 1,000 to 2,499 employees, 9.3%; 50 to 99 employees, 9.2%; more than 25,000 employees, 7.7%; 500 to 999 employees, 7.6%.

States with the highest representation were California, 9.8% of respondents; New York, 7%; Illinois, 6.3%; Ohio, 5.3%; Florida, 4.7%; Michigan, 3.8%; and Georgia and Massachusetts, each with 3%.

—By Regis Coccia

AIG: Head of financial products unit may avoid charges over swaps

CONTINUED FROM PAGE 4

Mr. Cassano reportedly met with attorneys from the U.S. Justice Department and Securities and Exchange Commission last week in the hopes of ending the investigation, media reports said.

Representatives of the Justice Department and SEC did not respond to a request for comment.

Legal experts said the meeting could have been what's known as a "proffer agreement," in which someone agrees to be interviewed in exchange for immunity related to the information provided. "It's generally high risk, but high reward" to take part in such a meeting, said Michael Cornacchia, a New York criminal defense attorney and former assistant U.S. attorney who is not involved in the case.

"On one hand, the subject will face some tough questions; but on

'On one hand, the subject will face some tough questions; but on the other hand, they also have the opportunity to explain their actions and try to persuade prosecutors not to bring charges.'

Michael Cornacchia, New York criminal defense attorney

the other hand, they also have the opportunity to explain their actions and try to persuade prosecutors not to bring charges," Mr. Cornacchia said.

Even if prosecutors drop the probe, the SEC will continue to investigate whether Mr. Cassano should face civil liability charges, Reuters reported last week, citing people familiar with the investigation.

Mr. Cassano left AIG in February 2008. His attorney, F. Joseph Warin,

a partner in the Washington office of Gibson, Dunn & Crutcher L.L.P., did not respond to a request for comment. Previously, Mr. Warin said Mr. Cassano was cooperating with investigators and acted lawfully.

The high-profile nature of the AIG bailout and the pressure on the SEC to hold some executives accountable for big losses "suggests there will be a careful assessment by the SEC. They will want to satisfy (themselves) independent of the

(Justice Department) investigation," said Jacob Frenkel, a partner with Shulman Rogers Gandal Pordy & Ecker P.A. in Potomac, Md., and a former federal prosecutor.

"I expect the SEC will pursue this pretty aggressively," Mr. Cornacchia said.

Although a civil action, which requires a lower burden of proof, would be easier to bring against Mr. Cassano than criminal charges, the likelihood of such action is uncertain because "investigators still need to have hard evidence," Mr. Frenkel said. "Risky, novel and creative business practices—even if they resulted in the collapse of the company—are not necessarily grounds for action," he said.

On a broader note for the parent company, "every case that gets put to bed is a relief, and a positive step for AIG," Mr. Frenkel said.

In resolving another pending

issue, AIG last week agreed to pay \$9 million to settle a 2007 antitrust lawsuit brought by the Ohio Department of Insurance. The suit accused AIG and others of price fixing and restraining competition in the commercial casualty insurance industry between 2001 and 2004.

While the insurer agreed to the settlement, AIG denied any wrongdoing. A spokesman for AIG said the company entered the agreement to avoid the uncertainty and expense of protracted litigation. The case continues against Marsh & McLennan Cos. Inc., ACE American Insurance Co., Chubb Corp. and Hartford Financial Services Group, Ohio Attorney General Richard Cordray said.

Mr. Cordray's office also said it will continue to pursue a separate class action securities fraud lawsuit against AIG that was filed on behalf of several Ohio state pension funds.

Reform: Adult children coverage sparks concerns

CONTINUED FROM PAGE 3

effect next year for most employers.

Right after the reform legislation passed, some employees contacted their employers' benefit call centers to try to immediately enroll their adult children in their employers' health care plan, said Christopher Renz, a partner with Mercer L.L.C. in San Francisco.

One possible explanation of confusion about the effective date is that misleading information has been spread by legislators, the media and even the nation's chief executive.

For example, during a speech this month in Portland, Maine, even President Barack Obama said the extension of coverage to adult children would start this year.

In fact, the effective date is the first day of the plan year that begins six months after the March 23 enactment of the law. Given that the vast majority of employer health care plans begin their plan years on Jan. 1, the requirement would not apply to most plans until Jan. 1, 2011.

Also contributing to the confusion was the unusual way the legislation was passed as well as 11th-hour changes. For example, under the main health care reform bill that Congress passed, the extension of coverage would not have applied if an employee's adult child were married.

But a budget reconciliation bill

26

While one part of the law says employers must extend coverage until an adult child's 26th birthday, coverage can be continued on a tax-favored basis for adult children through the end of the year in which the child turned 26.

that Congress passed in addition to the main legislation made the marital status irrelevant in determining whether an adult child is eligible for coverage from a parent's employer-provided plan.

Yet another source of confusion, consultants say, is how long coverage must be extended due to wording of the law. While one part of the law says employers must extend coverage until an adult child's 26th birthday, coverage can be continued on a tax-favored basis for adult children through the end of the year in which the child turned 26.

The biggest reason for another wave of questions bombarding employers is enormous employee interest in the extension due to the recession and the nation's high unemployment rate.

When the economy was booming, students graduating from

Costs to extend coverage modest: Experts

WASHINGTON—The cost of extending health care coverage to employees' adult children until age 26 will vary widely, but will be relatively modest, experts say.

Employers with self-funded health care coverage can expect their plan cost increases to range from 0.5% to 1.5%, consultants say.

One key variable affecting costs is employee demographics. "Demographics will be a big factor," said Christopher Renz, a partner in the San Francisco office of Mercer L.L.C.

For example, an employer with a very young workforce is unlikely to have many employees who have young adult children.

On the other hand, employers whose workforces have a high proportion of employees between ages 45 and 60 likely would have many employees who have young adult children, Mr. Renz said.

The strength of the economy also will influence costs. During periods of high unemployment, employees' children graduating from high school and college will be more likely to continue health coverage through a plan offered by a parent's

employer. Under the new law, until 2014, an employer does not have to extend coverage to employees' adult children if the child is eligible to enroll in another employer's health care plan.

The health care reform law does not mandate that employers pick up costs attributed to the expansion. Employers are free to decide how added premium costs will be divided, if at all, or whether they will pick up the added costs.

Some employers, especially those with a young workforce, are likely to keep existing premium structures, consultants say.

Others, though, will consider a variety of approaches, such as a premium surcharge for those covered by the extension or adding premium tiers to reflect the number of dependents an employee has covered.

In fact, the young adult coverage provision may spur employers to review how they price employee premium contributions for dependent coverage, said Andy Anderson, a partner with Morgan, Lewis & Bockius L.L.P. in Chicago.

—By Jerry Geisel

school often quickly found jobs and coverage under their employer's plan. Now, some new graduates have to wait a lot longer to be hired, leaving them exposed to medical bills when their coverage eligibility through a parent's plan runs out.

"In the current economic environment, parents are very anxious for their children to continue coverage," said Michael Thompson, a principal with PricewaterhouseCoopers L.L.P. in New York.

When employees' children lose employer-paid coverage due to "age-out" stipulations, they can

continue that coverage under COBRA, but they have to pay the full premium and coverage is limited to 18 months.

To ease employee confusion and provide accurate information, some employers are mailing notices and posting messages on corporate Web sites about highlights of the extension.

For example, the nation's largest employer—the U.S. government—last week informed employees via a Web posting and e-mail about key provisions of the age 26 coverage extension, including the Jan. 1,

2011, effective date. It also said additional information would be provided prior to November open enrollment when employees make their health care plan selections for the next year.

Consultants say providing information now, even in abbreviated form, will reduce confusion and the burden on corporate human resources departments.

"Be proactive. That is the smart thing to do. You minimize questions now and demonstrate to employees that you are on top of the issue," Mr. Abbott said.

LTC: New federal long-term care program raising questions

CONTINUED FROM PAGE 1

contribution retirement plans, such as 401(k) plans. Employees must opt out if they do not want to participate. Premiums will be paid via payroll deduction on an after-tax basis, similar to those paid for private long-term care insurance.

Because the legislation requires that the program be in actuarial balance for 75 years, the Congressional Budget Office estimates that monthly premiums will average approximately \$123 based on a projection that only about 10 million individuals—about 3.5% of the U.S. working population—are likely to enroll in the voluntary program.

Moreover, because the program is open to all working Americans, regardless of health status, it is likely to attract enrollees with a higher-than-average probability of eventually receiving benefits, the CBO notes. Premiums would vary only according to the enrollee's age when he or she enters the program. Once enrolled, an individual's premium generally would remain the same for as long as that individual remains in the program.

The CBO estimates that the program should reduce "federal outlays" by \$72.5 billion by 2019 by reducing Medicaid spending on long-term care by \$2 billion over

the next 10 years. Between 2011 and 2019, premium receipts should total \$88 billion, while benefit payments, which are not slated to begin until 2016, would total just \$14 billion. Administrative costs associated with operating the program are projected to take up 3% of premiums collected.

Although the program is described as voluntary in the Patient Protection and Affordable Care Act, benefit consultants report that some employers have expressed concerns that they will be required to begin enrolling their employees beginning on its Jan. 1, 2011, start date.

"There has been some misconception about it," said Amy Bergner, a partner at Mercer L.L.C. in Washington. "Some people think employers will be required to establish these programs. But the way we interpret the law is that employers will have the option to establish a CLASS Act program."

Ann Marie Breheny, a consultant in Towers Watson L.L.C.'s Arlington, Va., research office, said she is advising her employer clients to take "a watch-and-wait approach."

"It's an area employers might need to assess, but it's not clear that they have all the information by Jan. 1 that they'll need to make that assessment," she said.

Karen Frost, health and welfare outsourcing leader at Hewitt Associates Inc. in Lincolnshire, Ill., said the introduction of the new federal program is prompting many of her employer clients to rethink their long-term care benefit strategies.

'This is something that an employer can make available to employees without having to go through the work of selecting and managing a vendor.'

Rich Stover, Buck Consultants L.L.C.

"Employers are asking themselves whether they already have a long-term care strategy and whether it fits in or competes with (the CLASS Act)," she said. "If they suspect it competes, they probably won't participate. If they decide it either complements it, or if they don't have a long-term care strategy in the first place, it is possible it will make

them think about having one and whether the CLASS Act or a private insurance approach will be more appropriate for their populations."

Rich Stover, a principal at Buck Consultants L.L.C. in Secaucus, N.J., said the clients that have expressed interest in the new program are those that don't offer their employees access to private LTC programs but have been considering adding one.

"This is something that an employer can make available to employees without having to go through the work of selecting and managing a vendor," he said.

Regardless of whether they decide to implement the new program, Michael J. Thompson, a consultant at PricewaterhouseCoopers L.L.P. in New York, is advising his employer clients to be prepared for a potential onslaught of questions from employees as the program gains media attention.

"There's going to be a communications challenge," he warned. "As people become aware of it, they're going to be asking about it. At a minimum, employers need to be aware of it and they need to be able to explain it."

Those employers that decide to go ahead and begin enrolling employees will have an even greater communications challenge, Mr.

Thompson said.

"What if an employee defaults in, starts getting \$123 taken out of their paycheck every month, and then starts asking why?" he asked.

The program's cost ultimately could end up being a deterrent to employers offering it because it is significantly higher than that of private LTC insurance products, benefit consultants and LTC experts note.

Typical group premiums for LTC insurance ranges from a low of \$430 annually for employees between ages 45 and 54 to a high of \$1,400 a year for employees between ages 55 and 64, according to Jesse Slome, executive director of the American Assn. for Long-Term Care Insurance in Los Angeles.

Moreover, benefit levels for private LTC products are significantly greater than those that will be offered under the government program, he said.

"Only 14% of those enrolled in group LTC plans pick the daily benefit of less than \$99," he said.

A recent AALTCI survey of 65,000 new enrollees in group LTC plans in 2009 found that 31% chose daily benefit levels ranging between \$100 and \$149; 20.4% chose daily benefit levels of \$150 to \$199; and 34.2% chose benefit levels of \$200 or more per day.

News In Brief

CONTINUED FROM PAGE 1

Forecasters predict active Atlantic hurricane season

The 2010 Atlantic hurricane season will be more active than average, with eight hurricanes forming, forecasters at the Tropical Meteorological Project at Colorado State University predicted last week. The team said 15 named storms are forecast for the season, which runs from June 1 to Nov. 30. Eight of those are expected to become hurricanes, four of which are forecast to be major hurricanes. In addition, the researchers said there is a 69% chance that at least one major hurricane will make landfall in the United States.

Stevens to retire from Supreme Court

Associate Justice John Paul Stevens said Friday that he intends to retire from the U.S. Supreme Court at the end of its term in June. Justice Stevens, one of the longest-serving justices in history and a member of the court's liberal wing, wrote for the majority in several notable court decisions involving risk management and benefits issues.

Few large insurer M&As expected this year: Study

It's unlikely that large mergers and acquisitions will be done by U.S. insurers this year, as there are not enough sellers looking to divest at this time, PricewaterhouseCoopers L.L.P. said in a report, "U.S. Financial Services M&A—Analysis and Trends." PwC said that while "behind-the-scenes" discussions were taking place, there were few natural disasters or "market-changing" events in 2009, which allowed property/casualty insurers to rebuild their balance sheets and strengthen their market position.

Group tries to halt mental health parity rule

A suit seeking to prevent the implementation of an interim final rule requiring parity for mental health benefits has been filed in federal court by a coalition of mental health care benefits organizations. The interim final rule, which is slated to go into effect for plan years beginning July 1,

was issued this year by several federal agencies to implement a 2008 law that requires group plans with more than 50 employees to provide the same coverage of mental health and substance abuse treatments as they do for medical and surgical care. The suit, filed by the Coalition for Parity Inc., alleges that regulators failed to provide a "true and complete comment period," which has resulted in "confusing, flawed and untested requirements."

Exclusion eliminates duty to defend: Court

A federal appeals court ruled unanimously last week that an insurer has no duty under Illinois law to defend a policyholder in class actions for products manufactured in China but sold in the United States when its general liability policy specifically excluded coverage of occurrences that took place in the United States. The case, *ACE American Insurance Co. vs. RC2 Corp. Inc. et al.*, involved lead exposure claims against a toy manufacturer. The court remanded the case to the district court with instructions to enter judgment in favor of ACE.

Securities class actions fell in 2009: Study

Securities litigation declined significantly in 2009 compared with 2008, according to a study by accounting firm and consultant PricewaterhouseCoopers L.L.P. Federal class action filings in 2009 were 26% below 2008 levels, and financial crisis-related lawsuits were 48% below 2008, the study found. Financial services companies remained the most popular target, named in 41% of total filings; still, that was down 7% from 2008, according to the study.

Noted

ACE Group of Cos. Ltd. said Damien Sullivan has been named president and CEO of ACE Asia Pacific, effective July 1. Mr. Sullivan, who serves as CEO for ACE's Australia and New Zealand business, will succeed John Bassetto, who is retiring from the company after 30 years in the insurance industry. Mr. Bassetto will serve as senior adviser to ACE Overseas General after his retirement....**SCOR S.E.** received a composite license that will enable the insurer to extend its reinsurance activities in China to include life and health business....U.S. property/casualty insurance rates in the United States declined 4% in March compared with a year earlier, **MarketScout** reported.

Mine: Massey Energy largely self-insured

CONTINUED FROM PAGE 1

sation risks.

At least 25 miners died and two were injured in the April 5 coal mine explosion in West Virginia; the search for four others continued Friday.

Although the cause of the explosion is under investigation, reports noted that most of the miners were in an area where longwall cutting was taking place. The technique uses a large grinder to extract coal, resulting in large amounts of coal dust and methane, both of which are explosive.

The U.S. Department of Labor's Mine Safety and Health Administration is investigating the incident.

Overall, insurance experts say it's not unusual for a large coal mining operation to self-insure a majority of its risk given the expense of insuring coal mines, especially underground coal mines.

"If you look at Massey's peer group...their use of self-insurance is not atypical," said Ken Sloan, national mining practice leader for Marsh Inc. in Knoxville, Tenn. "The mining industry, and the coal mining industry particularly, does typically self-insure a lot of their exposures."

How large the financial toll the explosion will have on the self-insured energy giant—the fourth-largest U.S. coal company—remains to be seen. Massey reported \$497.2 million in 2009 earnings before interest, taxes, depreciation and amortization on produced coal revenues of \$2.32 billion.

Massey Energy did not return calls seeking comment.

In a research update last week, Standard & Poor's Corp. estimated that lost production impact on Massey's 2010 EBITDA could reach \$50 million. Massey's liquidity of about \$550 million, however, should be "sufficient to meet the near-term cash outlay associated with the accident," S&P said, but uncertainty exists regarding its workers comp liability and potential lawsuits.

Surviving family are eligible for workers comp death benefits equal to two-thirds of a miner's average weekly wage, up to a maximum of \$2,940 a month, said a spokesman for the West Virginia Insurance Commission. A spouse is eligible for the benefits until death or remarrying. Children are eligible until they reach age 18 and 25 if they are college students.

Massey could face claims beyond those falling under workers comp, though, especially if survivors are able to use safety-related violations as a basis for suing the company outside the workers comp system,

experts say.

Several questions already have been raised about the mine's safety record, which includes 124 violations this year as of April 5, and 53 assessed civil penalties amounting to \$188,769, MSHA records show. In 2009, the mine had 515 violations and \$897,325 in civil penalties.

Under West Virginia's workers comp law, employers can be sued in civil court if it is determined that they "deliberately intended" to expose workers to an unsafe act or condition (see box). Such claims are known as "Mandolidis," so named for the 1978 West Virginia Supreme Court of Appeals ruling in *Mandolidis vs. Elkins Industries Inc.* that said "deliberate intention" could be satisfied by proof of willful, wanton and reckless misconduct.

Given West Virginia's leniency in allowing suits outside the comp sys-

tem, experts say Mandolidis suits are possible against Massey, which sources say self-insures its commercial general liability exposures up to an excess layer.

"If a mine disaster happened in Pennsylvania...it's almost impossible for an employee to sue his employer," said Ron Parry, a senior vp and account executive on several coal mining accounts for Aon Risk Services in Pittsburgh. "That is not the situation in West Virginia and in other states." While some states require employees to give up their workers comp benefits to bring a third-party action, "In West Virginia, you've got nothing to lose. You don't have to give up your workers compensation," he said.

Rusty Ellis, a vp with Hull & Co., a Hurricane, W.Va.-based wholesale subsidiary of Brown & Brown Inc., which has several coal mining clients, said Mandolidis claims could be filed against Massey, but cau-

tioned against reading too much into safety citations against the mine, which he said are commonplace.

"It's not uncommon for any coal mine to get five to six violations every month. And for somebody like Massey that has 50 or so locations, it's possible they get 20 to 30 a month," Mr. Ellis said, noting that a "great deal" of citations tend to be general "housekeeping" violations.

On its Web site, Massey says safety is its No. 1 priority and Massey CEO Don Blankenship told CNN last week that he would "take great exception to the fact that someone would claim Massey's mines aren't generally safer than competitor mines."

At least one West Virginia personal injury attorney said it's too soon to say whether Massey will face further litigation.

For civil claims to prevail, it would have to be established that

NOT NECESSARILY AN EXCLUSIVE REMEDY

Under West Virginia's workers compensation law, employers can be sued in civil court if they "deliberately intended" to expose workers to an unsafe act or condition. For employees or surviving family members to prevail, they must prove:

- A specific unsafe working condition existed in the workplace, which presented a high degree of risk and a strong probability of serious injury or death;
- The employer, prior to the injury, had actual knowledge of a specific unsafe working condition and the high degree of risk;
- The specific unsafe working condition violated state or federal safety laws, rules or regulations or commonly accepted and well-known industry safety standards;
- Notwithstanding the first three elements, the employer thereafter intentionally exposed an employee to the specific unsafe working condition;
- The employee suffered serious compensable injury or compensable death.

Source: West Virginia Code

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Massey had actual knowledge of an unsafe working condition at the mine and that it violated state or federal mining regulations, said Stephen P. New, a solo practitioner based in Beckley, W.Va., who has handled several coal mine personal injury cases. Those two elements are the hardest to prove of five elements required under the state's workers comp law, he said.

"Obviously if the regulatory agency comes in and issues a ton of citations, those cases get a little easier," Mr. New said. But he said it still is too early "to be able to tell a client whether you believe you can...survive summary judgment" in this particular incident, he said.

Sources say most mining operations purchase what is known as Mandolidis or "broad form" coverage. Massey most likely has such coverage within its excess casualty program, they note.

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Flo, the plucky price-gun toting "insurance clerk" for Progressive Superstore, is in need of a sidekick and the insurer is putting it to a vote.

From a quirky housewife to a master of sign language to a guy portraying multiple personalities to represent today's everyday person, 10 semifinalists have been chosen and their videos are posted online at *HelpFlo.com*.

Each video is a 30- to 40-second clip with a semifinalist explaining why he or she is best suited to appear in a national spot alongside Flo to pitch auto insurance for Progressive Group of Insurance Cos. The clips can be viewed on the Web site until May 3.

People can log on to the site and register to vote until then, after which three finalists will be announced. They will compete to appear in a national TV spot, with each doing an in-person tryout with Flo.

"After three months, three cities and more than 2,500 contestants, the competition has been fierce," Chris Owen, marketing business leader for Mayfield Village, Ohio-based Progressive, said in a statement. "Now it's time for America to step up and vote for the winner."



Business Insurance END PAGE

Contributing: Jeff Casale, Roberto Cenicerros



Softball player wants sun screen

A Canadian has filed suit seeking \$1.5 million for injuries he received when the setting sun interfered with his vision while playing softball.

In the suit, George Black said he was playing third base during a men's softball game in Hamilton, Ontario, in May 2004, when a batter hit a line drive and he lost sight of the ball in the sun, according to the *Toronto Globe and Mail*.

Mr. Black said the ball injured two of his fingers before hitting his right eye, leaving a gash that required 20 stitches. He also said the ball drove his glasses into his face, leaving his eye "traumatized so the right pupil is much larger than the left."

Mr. Black filed suit against the owner of the baseball field, Hamilton-based ArcelorMittal Dofasco Inc., alleging the company failed to inspect the diamond and "warn (Mr. Black) of the dangers of

the sun at a particular time of day," the newspaper reported.

Mr. Black said the steelmaker should have installed a sun screen at the field to protect players. He also told the *Globe and Mail* that Dofasco had considered putting up a screen months before the incident and failed to do so.

In seeking to have the case dismissed, lawyers for Dofasco argued there were no reasonable steps the company could have taken, but the Ontario Superior Court sided with Mr. Black this month and ruled the case must go to trial.

"Players are not trained nor experts in knowing the safety precautions," Mr. Black said in his lawsuit. "There have been no instructions in avoiding the sun. There were no instructions that the players are to cease playing when the sun is at a level that will interfere with their eyes."



A fan has filed suit for an injury he suffered on the Coca-Cola Superslide known as the Guzzler.

THE GUZZLER SLIDES TO COURT WITH FOURTH SUIT

An attraction designed to enhance fans' experience at the ballpark instead is enhancing headaches for the San Francisco Giants and Coca-Cola Enterprises Inc.

The Giants, which play at AT&T Park, are facing a \$6 million lawsuit from fan Chad Mello, who reportedly injured his left knee and ankle in July 2008 when he slid down a 60-foot Coca-Cola Superslide known as the Guzzler. The attraction features four slides that curve to form a Coca-Cola bottle that is 47 feet off the ground at its highest point.

Since the park opened in 2000, 55 people have reported injuries from using one of the slides, and some have filed suit, according to news reports.

The Giants said the Guzzler has failed two safety inspections in recent years, according to the *San Francisco Examiner*.

Most of the injuries have been knee- or ankle-related and occur when a person's foot gets stuck and twisted inside a slide, according to reports.

Mr. Mello's attorney, Fred Meis, told the newspaper that his client's injury caused severe and permanent damage as well as chronic pain.

The Guzzler has been guzzling cash from the Giants and Coca-Cola's pockets. Mr. Mello's lawsuit is the fourth filed against the Giants and Coca-Cola, according to the *Examiner*. The Giants and the bottling/distribution arm of Coca-Cola Co. reached a confidential settlement in 2001 with a woman who broke her knee on the slide, and settled with another plaintiff in 2003. In 2008, a jury awarded another woman \$177,823 for her injuries, according to reports.



San Jose SaberCats wide receiver Rodney Wright during a July 2008 game, the last year California teams played for the Arena Football League.

ARENA FOOTBALL SKIPS CALIFORNIA GOLD RUSH

The Arena Football League has returned to the gridiron without any teams from California because of the state's generous workers compensation system, according to a published report.

The AFL sat out the season last year, but it returned to action recently minus the Los Angeles Avengers and San Jose SaberCats. So many California players filed claims that workers comp insurance costs prohibited the California teams from playing this year, reports say.

Retired National Football League players also are taking the state up on its generosity. According to the

New York Times, California's workers comp system extends to retired players for NFL teams based in other states.

Retired players reportedly can collect sizeable indemnity payments for cumulative trauma from injuries even if they played only one game in California throughout their career for a team based elsewhere.

It's a uniquely California workers comp arrangement, with brain injury accounting for many football-related claims, according to the newspaper.

The wife of one former player, 67-year-old Ralph Wenzel, has filed

a workers comp claim the newspaper said "will almost certainly" become a test case for NFL liability in dementia cases.

Meanwhile, the cost of routine orthopedic claims discouraged the AFL teams from returning to action in California.

One sports blogger reacted with a posting that said Californians could fix the state's workers comp system to make it more like that of other states.

That is certain to get a chuckle from workers compensation observers, who have said the same thing about California's workers comp system for decades.

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