

IS SIDECAR MARKET POISED TO MAKE A BIG COMEBACK? / PAGE 3



PLEURAL PLAQUES LAW SURVIVES CHALLENGE FROM INSURERS / PAGE 3

WELLNESS INCENTIVES DON'T VIOLATE ADA, COURT SAYS / PAGE 4

In Brief

Montana overhauls workers comp system

Montana Gov. Brian Schweitzer has signed bipartisan workers compensation reform legislation into law. The law, H.B. 334, makes sweeping changes to the state's workers comp system, including limiting employer liability for injuries that occur off the company's premises, such as while a worker is performing personal business, on a break, or participating in social or recreational activities paid for by the employer; and allowing insurers to designate doctors.

Cat bond activity surges in first quarter

Investors bought larger amounts of catastrophe debt during the typically quiet first three months of 2011, a unit of Willis Group Holdings P.L.C. said

See **IN BRIEF** page 33

HEALTH CARE REFORM

Voucher mandate cut from reforms

Employers relieved as Congress nixes complex requirement

By **JERRY GEISEL**

WASHINGTON—Employers were pleasantly surprised last week when congressional negotiators agreed to strip a provision in the health care reform law requiring employers to offer low-wage employees company-paid vouchers to purchase coverage in state health insurance exchanges.

Business groups and others who feared the provision's cost and administrative complexity welcomed the repeal of the voucher provision as part of the federal budget package, H.R. 1473, which cut more than \$38 billion in federal spending. The House and Senate passed the legislation Thursday.

The provision originally was inserted in the health care reform measure by Sen. Ron Wyden, D-Ore., as the legislation was working its way through Congress.

"Employers detested it. Administratively, there would have been

so many challenges," said Gretchen Young, senior vp with the ERISA Industry Committee in Washington.

"It was a complicated provision, with many unanswered questions," said Paul Dennett, senior vp-health care reform with the American Benefits Council in Washington.

Under the provision, employees would have had to meet two conditions to be entitled to the employer-funded vouchers: their family income could not exceed 400% of the federal poverty level, and the premium contributions their employers require them to make must be between 8% and 9.8% of their income. In 2011, 400% of the federal poverty level for a family of one is \$43,560 and \$89,400 for a family of four, according to the Department of Health and Human Services.

If those conditions were met, those employees would be entitled to receive a voucher from their employers, and the value of the voucher would not be tied to the plan in which the employee actually was enrolled.

See **VOUCHERS** page 33

RISK MANAGEMENT



A concrete pump vehicle extracts water from a pool of spent nuclear fuel at the No. 4 reactor of the Fukushima Daiichi Nuclear Power Plant.

COURTESY OF TOKYO ELECTRIC POWER/KYODO/AP PHOTO

Nuclear safety under review

U.S. looks for lessons in Japan plant disaster

By **MATT DUNNING**

ROCKVILLE, Md.—As details of the failures that led to the ongoing catastrophe at the Fukushima Daiichi Nuclear Power Plant in Japan continue to emerge, U.S. regulators have started a

review of safety and emergency plans at U.S. nuclear facilities.

The reviews began this month, shortly before the Japanese government upgraded the situation at Fukushima to a

See **NUCLEAR** page 30

EMPLOYMENT PRACTICES

Psychiatric disabilities challenge employers

By **JUDY GREENWALD**

Discrimination claims related to intellectual and psychiatric disabilities are expected to increase under a change in federal law, but

employers face significant challenges in efforts to deal with such disabilities.

Key obstacles to effective accommodation for psychiatric disabilities in particular include

employers' lack of knowledge and a tendency to misinterpret symptoms, observers say.

Jerrold F. Goldberg, a shareholder with law firm Greenberg Traurig L.L.P. in New York, said, "It's one thing to deal with a physical limitation that can be addressed, either in terms of modifying a work station" or giving people time to recover from medical conditions.

But accommodating psychiatric conditions is much more difficult because people do not understand them "as well as they do some physical limitations or physical conditions." In addition, "there are a lot more misperceptions

about people with mental and psychiatric conditions," Mr. Goldberg said.

Gregg M. Lemley, a shareholder with law firm Ogletree, Deakins, Nash, Smoak & Stewart P.C. in St. Louis, said, "It's easier when it's something you can't see, or something you're not as familiar with, to jump to the conclusion that the employee is malingering or is trying to game the system."

The issue has become more critical for employers with the adoption last month of the Americans with Disabilities Act Amendments Act, which vastly expands the

See **EEOC** page 32

SPOTLIGHT

CONFERENCE PREVIEW



Get ready for RIMS 2011 in Vancouver, British Columbia. Learn about locals' favorite eateries, attractions and getaways; find out how to help serve the community and raise funds through sporting events; catch author's keynote speech. **PAGE 11**

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video

RIMS PREVIEW: This first RIMS 2011 In Focus video, features RIMS executive director Mary Roth on the upcoming conference in Vancouver, British Columbia, along with a look at the charitable events that precede the conference. Click through the Multimedia tab to Video.

MOST POPULAR STORIES Week of April 11, 2011

1. Budget deal repeals health care reform voucher provision
2. D&O insurance could become unprofitable: Agency
3. Financial incentives for wellness programs don't violate ADA: Court
4. Japan disaster insured property losses range from \$18B-\$26B: RMS
5. AIG hires ex-Morgan Stanley exec as head of strategic planning
6. Montana overhauls workers compensation system
7. High court unlikely to expedite ruling on health care reform law
8. Tenet sues suitor Community Health, alleges inflated earnings
9. ACE names global compliance officer
10. Towers Watson president, COO Mactas to retire in 2011

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UPDATED: BI offers updated rules and requirements at health care reform's one-year anniversary. On the Home Page.



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



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

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REINSURANCE

Market for sidecars remains mostly idle

Alterra starts vehicle, but current market limits interest in deals

By **SONJA RYST**

Alterra Capital Holdings Ltd.'s recent move to set up a sidecar to write property catastrophe retrocessional business likely doesn't signal a return to widespread use of such vehicles at this time, observers say.

Sidecars are special-purpose vehicles, often capitalized by hedge funds, that provide capacity to existing reinsurers by assuming risk, typically through quota-share reinsurance contracts of a short duration. The sidecar collects a percentage of premiums in return for assuming the risk, which generally is property catastrophe reinsurance.

The reinsurance market saw a surge of sidecar formations after the 2005 hurricanes, but their popularity has declined steadily since due to the soft market, abundant capacity and modest catastrophe losses.

"A big event is what it will take for the creation of new sidecars," said Jon Wright, director in the insurance group at the Charlottesville, Va.-based research firm SNL Financial L.C. "With reinsurers it's feast or famine, and most of the time it's been famine."

This year already has been an expensive one for insurers and reinsurers, as several large-scale disasters have produced large losses. Most recently, the devastating earthquake and tsunami in Japan produced insured losses estimated at \$25 billion to \$30 billion (see related story).

As a result, reinsurers "are sitting around at the moment saying 'I'm OK now, but we haven't even gotten to the hurricane season

this year,'" said Steven K. Bolland, president of the New York firm Gill & Roeser Inc., which provides services ranging from reinsurance broking to capital strategies. "A lot of people are looking into planning what they're going to do if something else occurs."

Some reinsurers aren't waiting for something else to happen.

Given the recent catastrophes, Alterra's sidecar was a "very timely addition of capacity" to write new business, the Bermuda reinsurer's president and CEO, Marty Becker, said in a statement.

Alterra worked with Stone Point Capital L.L.C.—which formed when Marsh & McLennan Cos.

\$200 Million

The amount of capital that could be assigned to Alterra's new sidecar reinsurance vehicle.

sold its private equity subsidiary, MMC Capital, to the unit's management in 2005—to set up the New Point IV sidecar, with each party committing up to \$100 million into the entity. Alterra expects that New Point IV will start doing retro business in May, subject to market conditions. The entity can continue existing for a year unless terminated earlier, and it may be extended another year, according to a filing with the Securities and Exchange Commission.

Alterra last week estimated that its losses as a result of the March 11 earthquake and tsunami in Japan could range from \$60 million to \$100 million before taxes

See **SIDECARS** page 33

CATASTROPHES



KYODO/LANDOV

A man stands near a damaged building in Onagawa, Japan, on April 7. Risk Management Solutions estimates the total insured property losses from last month's quake and tsunami is between \$18 billion and \$26 billion.

Quantifying Japan losses remains difficult task

RMS says claims could hit \$26 billion; insurers tally losses

By **JEFF CASALE**

SENDAI, Japan—Risk Management Solutions Inc. last week estimated that total insured property losses from the massive earthquake and tsunami that struck Japan last month will be between \$18 billion and \$26 billion.

The catastrophe modeler said that after combining payouts by the life and health insurance sector for deaths and injury, the total insurance loss from this event is likely to fall between \$21

billion and \$34 billion—the largest insurance loss in more than five years, affecting several lines of coverage in the local and international markets.

In previous loss estimates, cat modeler AIR Worldwide Corp. said it expected insured property losses to total \$20 billion to \$30 billion, while rival modeler EQE-CAT Inc. soon after the disaster put the figure at \$12 billion to \$25 billion.

Meanwhile, insurers and reinsurers last week continued to estimate their losses from the earthquake and tsunami.

"Insured exposure in Japan is a complex landscape of coverage, varying considerably by class of exposure and line of business,"

said Robert Muir-Wood, chief research officer for Newark, Calif.-based RMS, in a statement. "The biggest challenge to loss modeling of the Tohoku event is not the details of the property damage itself, but rather sampling and modeling the underlying pattern of insurance take-up rates and restricted terms of coverage. Residential and commercial earthquake insurance was purchased in areas where people perceived the threat, but the Tohoku earthquake was not an event they were led to expect."

The losses for commercial and industrial risks are modeled to include impacts of direct and

See **QUAKE** page 32

INTERNATIONAL

Insurers lose bid to challenge Scottish pleural plaques law

By **SARAH VEYSEY**

EDINBURGH, Scotland—A group of U.K. insurers say they will go to the country's highest court to appeal a ruling upholding a Scottish asbestos law, which they say will cost them billions in liability claims.

The Court of Session in Edinburgh, a Scottish appeals court, on Tuesday upheld a Jan. 8 ruling by the court that the Damages (Asbestos-Related Conditions) (Scotland) Act should be allowed to stand.

The appeal was brought by AXA General Insurance Ltd., a unit of Paris-based AXA S.A.; London-based insurers Aviva P.L.C. and RSA Insurance Group P.L.C.; and the U.K. arm of Zurich Financial Services Group.

The Court of Session rejected the insurers'



challenge that the law contravened legal rules governing insurance claims. It also ruled that while the insurers' property rights

under the European Convention on Human Rights had been "interfered with" under the law, that interference was justified.

A spokesman for the Assn. of British Insurers, which is not party to the proceedings but which comments on behalf of the insurers, said the insurers were "disappointed" by the judgment and would appeal to the U.K. Supreme Court. Scotland has a separate legal system from England and Wales, but the U.K. Supreme Court hears appeals from both jurisdictions.

That appeal likely will take place next winter, he said.

The 2009 law states that pleural plaques are a personal injury and that sufferers should be compensated.

The Scottish law was passed after the U.K.

House of Lords ruled in 2007 that pleural plaques were not compensable. The U.K. Supreme Court began operations in 2009 and assumed the judicial functions of the House of Lords, which formerly was the highest court in the United Kingdom.

Pleural plaques are scarring of the lungs which indicate exposure to asbestos and, while they can be a signal of future disease, do not necessarily lead to other health problems.

Insurers believe that the law is fundamentally flawed, according to the ABI spokesman, because "it seeks to make a medical condition, which in itself is not harmful, compensable. That goes against legal principles."

See **PLAQUES** page 6

FEDERAL LEGISLATION & REGULATION

Risk panel needs insurance input: Lawmakers

Frustrations mount on lack of nominee for FSOC post

By MARK A. HOFMANN

WASHINGTON—Lawmakers and industry observers are growing increasingly troubled by the Obama administration's delay in naming an insurance expert as a voting member of the new Financial Stability Oversight Council.

During a hearing concerning the FSOC held by the House Financial Services Committee's Oversight and Investigations Subcommittee last week, legislators from both sides of the aisle expressed concern about the administration's lack of action.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the White House is required to appoint a person with "insurance expertise" as a voting member of the FSOC. The FSOC has the power to designate financial institutions as presenting a systemic risk to the economy, making them subject to greater regulation.

"Can you indicate when the position will be filled?" Rep. Michael Fitzpatrick, R-Pa., asked Jeffrey A. Goldstein, Treasury undersecretary for domestic finance, during the hearing.

Mr. Goldstein responded that he didn't have influence over the White House but added, "I understand that people are hard at work" on the issue.

Rep. Fitzpatrick continued to



AP PHOTOS

Reps. Michael Fitzpatrick, R-Pa., left, and Barney Frank, D-Mass., are concerned about the vacant insurance position on the FSOC.

press the official, asking him whether he thought it was appropriate for the council to move forward on issues that could impact

insurers without the insurance expert in place.

Mr. Goldstein replied that the council could call on insurance expertise without having seated the insurance expert. Specifically, he noted the insurance expertise of two nonvoting FSOC members—John Huff, the director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, who represents the National Assn. of Insurance Commissioners on the council; and Illinois Insurance Director Michael McRaith, who recently was named head of the new Federal Insurance Office but is not expected to assume the job's duties until later this spring.

The lead House sponsor of the Dodd-Frank Act—Rep. Barney Frank, D-Mass.—also pressed

See **FSOC** page 6

BI adds staff to marketing, editorial teams

CHICAGO—*Business Insurance* has made several additions to its staff in Chicago and New York.

In Chicago, Diane Lillie has joined *Business Insurance* as the publication's marketing director.

Ms. Lillie previously was a principal at Blue Moon Communications, where her integrated and digital marketing consulting clients included McCain Foods USA Inc., Chicago Tribune, MacArthur Place and Danaher Corp. She also served in Internet, marketing and promotion roles at Poly-One Corp., Whirlpool Corp, Spiegel, Abercrombie & Kent and other companies.

She has a master's degree in broadcast/cinema from the University of North Carolina at Greensboro as well as a Bachelor of Arts degree in communications from Augustana College in Rock Island, Ill.

Ms. Lillie can be reached at 312-649-5246 and at dlillie@businessinsurance.com.

Also in Chicago, Christina Kneitz has been named digital product manager.

Before joining *Business Insurance*, Ms. Kneitz had Internet marketing and Web development roles at Preferred Hotel Group and



Ms. Lillie



Ms. Kneitz



Mr. Dunning

Smith Bucklin & Associates, among other positions.

She has a Bachelor of Arts degree in political science and communications from Loyola University in Chicago.

Ms. Kneitz can be reached at 312-649-5428 and at ckneitz@businessinsurance.com.

In addition, *Business Insurance* has named Matt Dunning associate editor in its New York bureau.

Mr. Dunning has joined the publication from the Tribeca Trib, where as associate editor he reported on business, crime and other subjects in Lower Manhattan.

Prior to that, Mr. Dunning held reporting and editorial positions at several other publications, including the Cambridge Chronicle in Massachusetts.

He graduated from Marist College in Poughkeepsie, N.Y., with a Bachelor of Arts degree in English studies.

Mr. Dunning can be reached at 212-210-0143 and at mdunning@businessinsurance.com.

HEALTH CARE REFORM

Reform rule may boost costs

By JOANNE WOJCIC

While accountable care organizations authorized under the health care reform law hold the promise of lowering costs for Medicare beneficiaries, they could have the opposite effect on employer-sponsored benefit costs, health care experts warn.

Under regulations proposed last month by the Obama administration, doctors and hospitals that band together to form ACOs could earn up to \$800 million in bonuses during the next three years if they meet certain quality standards, while spending less on patients than expected by the Centers for Medicare and Medicaid Services.

Conversely, ACOs that provide low-quality care or spend more than CMS anticipates could have to pay up to \$40 million in penalties.

Some health care experts are concerned that ACOs may increase prices on services they provide to private-sector patients to meet the cost-savings requirements set by CMS. They also expect health care organizations to pass much of the cost of the investments required to become ACOs onto private payers.

To prevent this cost shift, some health care experts are urging employers and insurers to enter into cost- and risk-sharing arrangements with ACOs similar to those reached with CMS.

"ACOs are one of the major provisions in the Accountable Care Act that, if successful, could revolutionize the way we deliver health care in the United States, if they really are integrated, coordinated and accountable, focusing on primary and preventive care, so they can minimize hospitalization and specialty care," said Steve Wojcik, vp, public policy at the National Business Group on Health in Washington.

"We're concerned they'll just be a repackaging to secure additional monies from Medicare," he said. "We also want to make sure that any of the savings are true savings and not just

See **ACO** page 29

WELLNESS

Incentives OK under ADA: Court

By MIKE TSIKOUKAKIS

FORT LAUDERDALE, Fla.—The U.S. District Court for the Southern District of Florida dismissed a lawsuit alleging that financial incentives to participate in a voluntary wellness program as part of a health plan provided to employees by Broward County, Fla., violated the Americans with Disabilities Act.

In *Bradley Seff vs. Broward County*, U.S. District Judge K. Michael Moore granted summary judgment to Broward County last week, ruling that the wellness program falls under the safe harbor provision of the ADA and is based on insurance and risk

management principles.

In 2009, Broward County implemented a wellness program to address rising health care costs and its aging workforce, according to court documents. Under the program, employees were required to take a health assessment test and produce a blood sample to determine glucose and cholesterol levels.

In 2010, the county decided to incentivize its workforce by applying a \$20 surcharge per paycheck for individuals not participating in the wellness program.

Former Broward County employee Bradley Seff filed a

class action complaint alleging that the county violated the ADA by requiring employees to undergo medical examinations and making medical inquiries about them, arguing that the wellness program was implemented not to manage risks but to further a wish to keep employees healthy, according to court documents.

"It is clear to this court that the wellness program is not a subterfuge; it was not designed to evade the purpose of the ADA," said Judge Moore. "Rather, it is a valid term of a benefits plan that falls within the ambit of the ADA's safe harbor provision."

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FSOC: Panel needs input

CONTINUED FROM PAGE 4

Mr. Goldstein on the issue, noting that “we worked very hard” to ensure that the insurance industry had adequate representation on the FSOC.

Mr. Huff also weighed in during his appearance before the panel, saying, “While FSOC engages in work that could impact insurers, two of our three insurance representatives are absent from the table.”

Insurance industry observers welcomed the panel’s questions.

Leigh Ann Pusey, president and CEO of the American Insurance Assn. in Washington, pointed out that lawmakers from both parties as well as industry figures have written the administration asking that the vacancy be filled as soon as possible.

‘We’ve expressed publicly our concerns that the FSOC is legislating on insurance companies without having the insurance expert in place.’

Ben McKay, Property Casualty Insurers Assn. of America

“In terms of a hearing being helpful, it was helpful to echo those concerns raised in the letters from the industry and the Hill,” she said.

“I think the members of the committee raised some very seri-

ous questions about the fact that FSOC is working on how they will consider companies to be systemically significant without having the insurance expert mandated by the Dodd-Frank Act taking part,” said a spokesman for the National Assn. of Mutual Insurance Cos. in Washington. “Labeling somebody systemically significant has enormous consequences, and it’s somewhat concerning that they’re doing this without having the insurance expert at the table.”

“We’ve expressed publicly our concerns that the FSOC is legislating on insurance companies without having the insurance expert in place,” Ben McKay, senior vp in the Property Casualty Insurers Assn. of America’s Washington office, said before the hearing.

“We can appreciate the pressures they’re under in the extraordinary mandate given them by the Dodd-Frank Act, but we are still concerned,” he said.

Plaques: Insurers defeated

CONTINUED FROM PAGE 3

The insurers contended that real or material damage needs to have been caused in order for a negligence claim to be brought.

They also argued that the law interfered with their rights under the European Convention on Human Rights because it went against previous judicial treatment of pleural plaques cases.

The insurers had argued that the cost of complying with the law would be £1.1 billion (\$1.8

billion) to £8.6 billion (\$14.07 billion) and would result in higher insurance premiums in Scotland.

The Scottish government, however, argued that the cost likely would be about £20 million (\$32.7 million) for existing cases and that annual costs would be between £5 million (\$8.2 million) and £6 million (\$9.8 million) and peak at a maximum £16.5 million (\$27 million) in 2015.

The insurers were concerned that the Act may lead to a “flood of claims from the ‘worried well,’”

said Peter Taylor, a consultant at law firm Hogan Lovells International L.L.P. in London.

In a statement, Frank Maguire, a partner at law firm Thompsons Solicitors in Glasgow, Scotland, said insurers “must now stop their obstructive and unjust delaying tactics and recognize that pleural plaque is a compensable condition in Scotland, and that is enshrined in law.”

Elaine Russell, a partner in the Glasgow office of law firm Irwin Mitchell Solicitors, said the decision would allow sufferers of pleural plaques in Scotland “to continue to seek justice against their former employers.”

Commentary

Profiling excellence from Biarritz to Texas

A few years ago, I was strolling along a boardwalk, the choppy waters of the Bay of Biscay stretching out to my left and the French town of Biarritz a short walk behind me.

I was on my way to sit down for a few hours with the risk manager of Groupe Danone S.A., the Paris-based food company. Thierry van Santen had arranged for us to meet at one of the French town’s seaside hotels where we would talk about his award as *Business Insurance Europe’s* Risk Manager of the Year.

A few hours after that interview, while walking along the same boardwalk, I thought about how these Risk Manager of the Year Awards can take us to some interesting places. They also provide an opportunity to spend some time with equally interesting people.

There’s always a keen sense of anticipation around the *Business Insurance* Risk Manager of the Year announcement.

Our readers are eager to learn whose accomplishments, in the eyes of the judges, are impressive enough to earn the award. It has to be a tough call for the judges to make the final decision, as anyone who reads the stories on the Honor Roll recipients will understand.

Nearly as interesting as who wins, at least for me, is the location that wins.

It’s an honor that can go to the risk manager at any type of business at any location. There are no restrictions in that regard, and the type of business or town where a nominee is based matters not the least to the BI judges.

I’ve done a few of these stories in the past, and can say that they all are interesting—no matter where the risk manager is located. It’s always a lot of fun, though, to find out just where risk management has found a place to thrive.

This year’s winner, Lisa L. Havens, is much closer to home than Biarritz. Her office at Scott & White Healthcare in Temple, Texas, is about 150 miles from where I park my car just outside Dallas.

There are few similarities between Biarritz and Temple, given the absence of water, mountains and people speaking French in the central Texas town, although I must admit to being pleasantly surprised by the well-prepared swordfish in a downtown restaurant.

I was as pleased to be driving



MICHAEL BRADFORD

Senior Editor Michael Bradford can be reached at: mbradford@businessinsurance.com

to Temple as I had been flying to Biarritz to sit down for some good conversation in a place I knew little about.

My colleagues have been on the road, too, interviewing our Honor Roll winners in Atlanta; Decatur, Ill.; Montreal and Paris. How’s that for a geographical spread of risk?

While the locations of our Risk Manager of the Year and Honor Roll recipients have

While the sense of anticipation as to who will win is past, you still get to look forward to reading our coverage next month.

been far-flung, the winners of the award are tied together, at least for our purposes, by what goes on in their risk management departments.

Their mission is the same: Protect the company’s assets.

There are only so many ways that can be done—through insurance, alternative risk financing and risk management. What makes the winners stand out is how creatively and effectively they do it.

In Temple, Ms. Havens has done a phenomenal job of turning a risk management department of fewer than four full-time staffers into a thriving operation that relies on nearly 50 people to protect the health care organization.

She has a lot of plates in the air, and somehow manages to keep them all spinning.

While the sense of anticipation as to who will win is past, you still get to look forward to reading our coverage next month.

We think you’ll find it interesting to learn what your peers are doing, no matter where they do it.

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Business Insurance OPINIONS

Clunker of a provision deserved to get junked

IN ANY LAW as complex as the health care reform law, there are bound to be a few clunkers.

One such problem provision—involving employer-paid health insurance vouchers—was rightly axed last week as part of a broader bill cutting federal spending (see story, page 3).

Under that provision, employers in some cases would have been required to give lower-income employees company-paid vouchers to purchase coverage in state health insurance exchanges. The value of the vouchers would have to be equal to what the employer would pay were the employee enrolled in whichever of its plans offers the largest employer premium contribution.

The logic of the provision escaped us and many others.

Such vouchers would have to be offered to employees with household incomes up to 400% of the federal poverty level and whose premium contributions for the plan in which they were enrolled was between 8% and 9.8% of their household income.

The potential for adverse selection was clear. Young employees enrolled in a company's lower-cost high-deductible plan could have gotten a voucher equal in value to what their company was paying for a more generous and costly plan whose enrollees were bigger users of health care services.

The young employees then could have taken those vouchers and used them to buy lower cost, high-deductible plans in exchanges and pocketed the difference in cash. The young employees certainly would come out ahead, but their employers would see their health care costs shooting up.

The logic of the provision escaped us and many others. We are relieved that top congressional leaders felt the same.

Vacant FSOC position needs attention now

WE'RE GLAD TO SEE that some members of Congress share our frustration with the Obama administration's inexplicable delay in proposing an insurance expert to serve as a voting member of the Financial Stability Oversight Council.

As we report on page 4, several lawmakers prodded a Treasury official last week to give them some indication of when the vacancy would be filled. They didn't get much of an answer beyond an acknowledgment that some people are "hard at work" on the matter.

That's not particularly comforting.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the president must appoint someone with insurance expertise as a voting member of the FSOC. But even though that has yet to happen, the FSOC is proceeding with the consideration of rules that could directly impact insurers, including whether certain insurers represent such systemic risks to the economy that they must be subject to heightened regulation.

The insurance industry has no voice in this matter and won't until that voting member takes a seat at the table. The industry and its customers could suffer as a result.

The Dodd-Frank Act took effect last July, and it's inexcusable that the insurance slot remains empty. We hope lawmakers continue to question the situation until they receive the only acceptable answer—the name of a nominee to fill the post.



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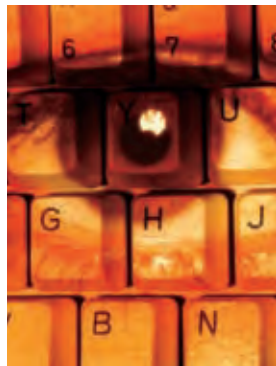
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YES 80%

NO 20%

NEXT WEEK'S QUESTION

Q: Should the United States expand its nuclear program in light of the crisis in Japan?

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Innovation in business needed for advancement

President Barack Obama's focus on innovative technologies and business models is necessary as the country emerges from the grips of the financial crisis, says Matthew F. Power, executive vp of Boston-based Lexington Insurance Co. As technology advances and fresh risks emerge, innovative insurers will stand out, while those that remain content with old business models ultimately may pay the heavy dividend of irrelevance, he says.



ONLINE

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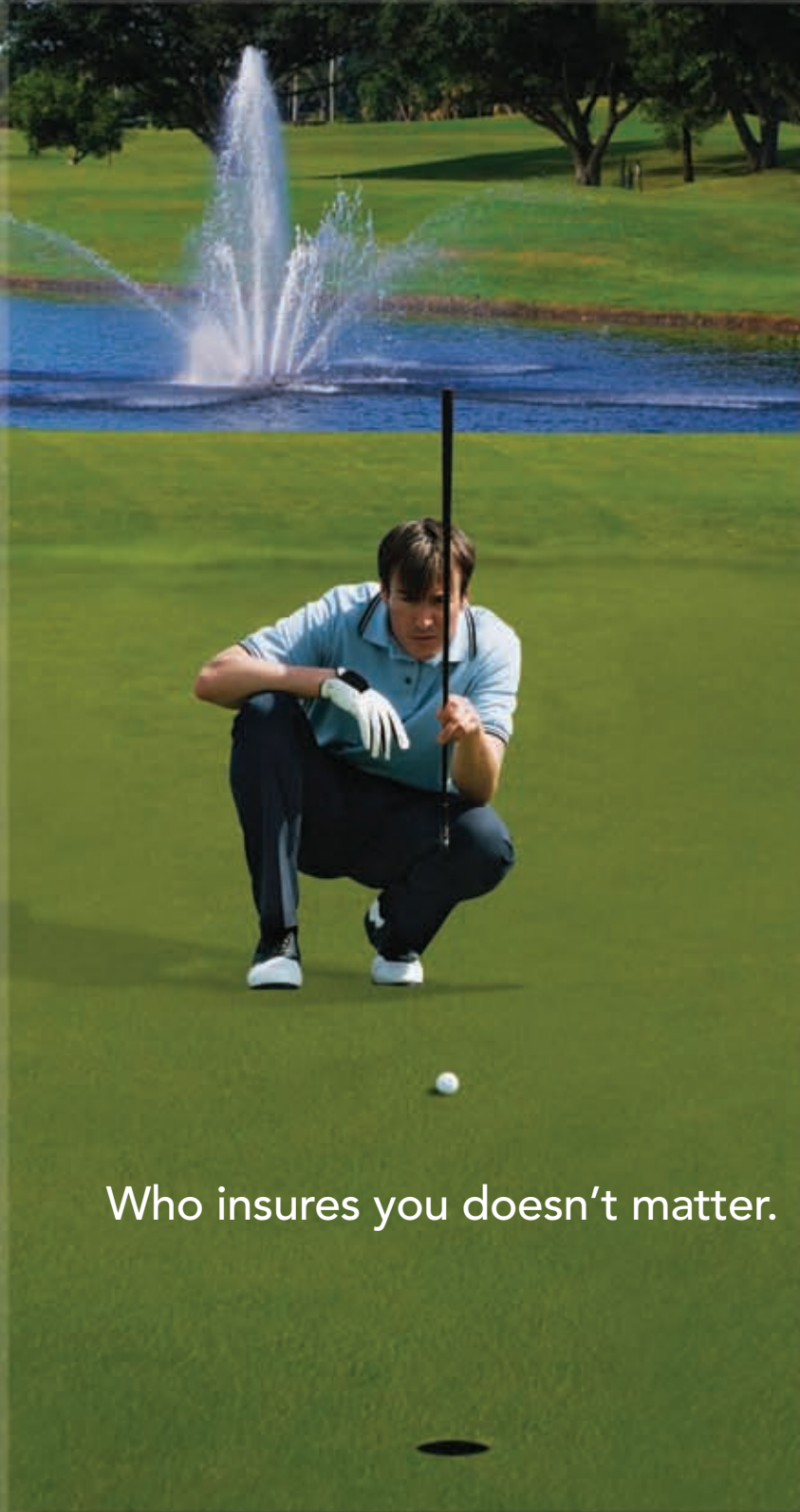
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Products & Services

National Alliance offers online classes

AUSTIN, Texas—The National Alliance for Insurance Education & Research has launched an online classroom for insurance and risk management professionals.

The Certified Risk Managers International Online Classroom course will offer Principles of

Risk Management from Aug. 22 through Oct. 2, the Austin, Texas-based organization said in a statement.

The online classroom is a five-week course featuring weekly webinars, readings, quizzes and "discussion postings," National Alliance said.

At the end of the course—which is approved in most states for continuing education credits—candidates for designation will take a proctored final exam, according to the statement.

National Alliance said Control of Risk will be offered from Nov. 7 through Dec. 11, and the three remaining CRM online classroom courses are scheduled for 2012.

For more information, contact

Priscilla Oehlert, vp of risk management programs for National Alliance, at 512-349-6119 or poehlert@scic.com.

Travelers offers cover for negative publicity costs

HARTFORD, Conn.—Travelers Cos. Inc. has introduced a crisis management endorsement for media expenses.

The new endorsement is for policyholders of commercial umbrella coverage to help mitigate negative publicity costs generated by a crisis event, the Hartford, Conn.-based insurer said in a statement.

The endorsement has an aggregate limit for all crises combined

that will pay up to \$50,000 for costs incurred while retaining a public relations or crisis management consulting firm, or launching a public relations campaign, according to the statement.

As part of the endorsement, policyholders can select the crisis communications firm of their choice and coverage of expenses is for the duration of the crisis, which Travelers said it will determine.

According to the statement, the endorsement limit is not a sublimit to any other policy but applies in addition to other limits.

For more information, contact Michelle Capuano, product manager, Travelers, at 860-277-8755 or mcapuano@travelers.com.

AIR Worldwide releases enhanced typhoon model

BOSTON—AIR Worldwide Corp. has released an enhanced typhoon model for the Northwest Asia-Pacific region.

The model, version 12.5, includes a catalog of simulated storms providing an assessment of typhoon risks affecting Japan, China, the Philippines, Hong Kong, Taiwan and South Korea, the Boston-based catastrophe modeler said in a statement.

"More than half of all typhoons in the Asia-Pacific region impact more than one country," said Jayanta Guin, senior vp of research and modeling at AIR Worldwide, in the statement. "The updated basin-wide catalog will allow insurers and reinsurers to more accurately model losses to policies and portfolios that span multiple countries, thereby capturing loss correlations in a physically realistic way."

The typhoon model includes precipitation-induced flood damage modeling, which can be a significant part of insured typhoon losses in the region, AIR Worldwide said.

Other enhancements include estimates for additional lines of business, such as marine cargo, high-resolution topographic data and improved storm transitioning.

For more information, contact Mr. Guin at 617-267-6645 or info@air-worldwide.com.

Chartis launches EPL risk management website

NEW YORK—Chartis Inc. has launched a risk management website for its employment practices liability policyholders.

The website is available exclusively to Chartis' EPL clients in its executive liability division and is an enhancement to EPL Pak Premier, the loss prevention and risk management resource for policyholders, the New York-based unit of American International Group Inc. said in a statement.

"Controlling employment exposure and keeping pace with up-to-date employment trends is a challenge for any employer," said Joni Mason, senior vp and EPL product manager of executive liability, in the statement.

The website, www.eplriskmanager.com, includes a sample employee handbook and policies, downloadable human resources forms that can be customized, employment law reference manuals, and an unlawful harassment prevention guide, among others.

For more information, contact Ms. Mason at 646-857-1452 or joni.mason@chartisinsurance.com.



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CONFERENCE PREVIEW



RIMS 2011

VANCOUVER

Conference locale underscores borderless nature of risk

By **KRISTIN GUNDERSON HUNT**

VANCOUVER, British Columbia—With a plan to spur greater international attendance and show that risk management transcends borders, the Risk & Insurance Management Society Inc. will host this year's annual conference in Vancouver, its first meeting outside the United States in 15 years.

"It demonstrates our commitment to the progressively global nature of risk management," said RIMS Executive Director Mary Roth.

The annual conference takes place May 1-5 at the Vancouver Convention Centre. Ms. Roth said preliminary numbers show an increase in international registrations from previous years, particularly from the United Kingdom, Brazil

and Australia. She said this year's numbers are mirroring last year and are on track to be strong.

The conference theme is "Advantage: RIMS," focusing on the advantages of being a RIMS member and attending the conference. Attendees will have opportunities to network, hear about innovations and become inspired.

"You can be a beginner or an expert risk manager and you will still find advantages for being a RIMS member and attending the RIMS conference," said Julie Pemberton, senior manager of enterprise risk management for Chiquita Brands International Inc. in Cincinnati and head of the conference programming committee.

See **CONFERENCE** next page

SPOTLIGHT

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VANCOUVER CONVENTION CENTRE

The Risk & Insurance Management Society Inc. will host this year's annual conference & exhibition in Vancouver, British Columbia, from May 1-5 at the Vancouver Convention Centre.

Conference: Borderless nature of risk

CONTINUED FROM PREVIOUS PAGE

Educational sessions generating the most interest include driving risk and reputation management into the boardroom, technology, and enterprise risk management, Ms. Roth said.

Drawing strong registrant interest is "Increasing the Impact of Risk Management in Your Organization," on Wednesday, May 4 at 3:15 p.m. It will cover how to offer executives and board members insight into their organizations' risk portfolios, as well as the risk profiles of similar or related organizations.

Other popular boardroom-focused sessions include "Strategic Risk Management: The New Core Competency" on Tuesday, May 3 at 2:15 p.m.; "Defining your Organization's Risk Profile" on Wednesday, May 4 at 10:45 a.m.; and "Metrics that Matter to C-Suite Management" on Thursday, May 5 at 9:45 a.m.

"I think the interest is there because the boardroom is either coming to risk managers, or risk managers are trying to increase their presence and show the value they can bring," Ms. Roth said.

Technology sessions focused on cyber security and social media

also are attracting registrants. "Cyber Security: Covering Your Assets," on Monday, May 2 at 1:45 p.m., will cover information technology security and privacy risks and how to mitigate their damage.

Attendees at the "New World of Social Media: Business and Legal Risks," on Tuesday, May 3, at 2:15 p.m., will learn about the legal risks of using social networking sites, such as Facebook, Twitter and LinkedIn, as the basis for hiring, discipline or termination decisions.

"Technology changes so fast that all the risks haven't even been exposed yet," Ms. Roth said. "Given the emerging technology, risk professionals want to know how these risks are being managed."

An ERM session drawing registrants is "Building an ERM



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'You can be a beginner or an expert risk manager and you will still find advantages for being a RIMS member and attending the RIMS conference.'

Julie Pemberton, Risk & Insurance Management Society Inc.

Roadmap," during which speakers will review how they implemented robust ERM programs. The session begins at 3:30 p.m. on Monday, May 2. Ms. Pemberton said ERM is gaining usage in the operational risk sector, which likely is driving more risk managers to seek knowledge in this area.

"ERM is unique to every company," Ms. Pemberton said. "There is no cookie-cutter approach. Professionals want to understand how different companies are implementing ERM—their successes, the value (of ERM) and best practices."

In addition, hot-topic sessions focused on the earthquake and tsunami in Japan, war zone insurance and risk management, and the impact of bedbugs are expected to have wide appeal.

"It's important that the immediate issues of the day are

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RIMS service day offers attendees chance to give back

By KRISTIN GUNDERSON HUNT

VANCOUVER, British Columbia—The Risk & Insurance Management Society Inc.'s 2011 Annual Conference & Exhibition allows attendees to better serve their careers through education and networking, as well as help others.

"Being a member of RIMS means being a part of a dynamic community of professionals that are dedicated to helping one another," said Julie Pemberton, senior manager of enterprise risk man-

agement for Chiquita Brands International Inc. in Cincinnati and the board liaison for the conference programming committee.

"Therefore, it is extremely important to give back—not only to one another but the communities that host our conference each year," Ms. Pemberton said.

RIMS 2011 Community Service Day, sponsored by Chicago-based Aon Corp., takes place Sunday, May 1 from 8:30 a.m. to 3 p.m. Volunteers will have the opportunity to support the Britannia

Community Services Center, on the east side of Vancouver. It provides education, child care and recreation services as well as social and cultural programs to families in the area, 40% of which live in poverty, according to RIMS Executive Director Mary Roth.

Volunteers will improve the Britannia Micro Footie league soccer field, where more than 790 local children between ages 4 and 15 play soccer each year. RIMS volunteers will help build player benches around the field, paint and

refurbish a mural on the wall running the length of the soccer field, and create and paint a mural on the exterior of an equipment storage container.

"It's an opportunity to give back to a community in need of some improvements," said Ms. Roth.

Volunteers should meet at the Vancouver Convention Center West, Room 211 for registration and breakfast, which runs from 7:30 a.m. to 8:30 a.m.

Transportation will be provided from the convention center to the soccer field.

Conference: Borderless risk issues

CONTINUED FROM PAGE 12

addressed at the conference," Ms. Roth said.

At "Insurance Implications of Japan's Devastation and its Global Impact," on Tuesday, May 3 at 10:45 a.m., RIMS President Scott B. Clark will speak about his experience visiting the RIMS chapter in Japan when the disaster struck in March.

RIMS' off-site education session will be a bus ride along the Sea-to-Sky Highway and then a tour of the Britannia Mine Water Treatment Plant to learn about the cleanup of one of the worst environmental contamination problems in the history of British Columbia.



Conference keynote speakers will include Olympic gold medalist Apolo Anton Ohno; "Freakonomics" and "Superfreakonomics" co-author Stephen Dubner; and Ron Holton, vp-risk management and assurance services for the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games.

Numerous networking events also will be offered, including the popular "Lunch & Learn" roundtable discussions, at which risk managers can discuss topics of interest to them or their organizations. It takes place Tuesday, May 3 at 12:30 p.m. at Vancouver Convention Center West, Level 1, Ballroom. All RIMS attendees are welcome, but they must indicate they will attend when they register.

"Those who attend the conference are sure to get the very latest in tools and information from our exceptional session lineup. But that's not the whole story," Ms. Roth said. "Each year, the conference is where lifelong connections are made that lead to an unparalleled level of knowledge sharing."

EVEN IN THE FACE OF ADVERSITY, OUR APPROACH ENSURES YOUR





The Doug Mitchell Thunderbird Sports Centre will host the Spencer Cup Hockey Tournament.

U.S.-Canada hockey rivalry lives on

By **JEFF CASALE**

VANCOUVER, British Columbia—The hockey rivalry between the United States and Canada is well-documented, but there's a new wrinkle for this year's Spencer Cup Hockey Tournament on Canadian soil.

Kicking off this year's Risk & Insurance Management Society Inc.'s Annual Conference & Exhibition in Vancouver, British Columbia, the hockey tournament co-sponsored by NAPCO L.L.C. will feature 50 insurance

professionals taking the ice at the Doug Mitchell Thunderbird Sports Centre as teams USA and Canada.

NAPCO has sponsored the tournament for the past 12 years.

The event, which raises money for the Spencer Foundation, begins at 6 p.m. on April 30 at the Centre.

The fundraising goal for this year is \$15,000.

The cost is \$200 for players to enter the event. However, other fundraising efforts—including a silent auction of hockey memorabilia, a 50/50 raffle and a shoot-

the-puck contest—will help the fundraising effort, said Adam Bergen, an associate broker with Iselin, N.J.-based NAPCO who helped organize the event.

"I think it's going to be a great atmosphere this year," Mr. Bergen said. "We moved the game to Saturday from Sunday because it's (traditionally) known as 'hockey night' in Canada, so we're hoping it will be a big night for us and the fans."

Allianz Global Corporate & Specialty America President and CEO Carsten Scheffel donated USA and Canada jerseys to be worn during the exhibitions.

A beer garden and dinner will be provided for the fans and players to enjoy after the games. All proceeds will go toward the Spencer Foundation.

Golf tourney marks 20th anniversary

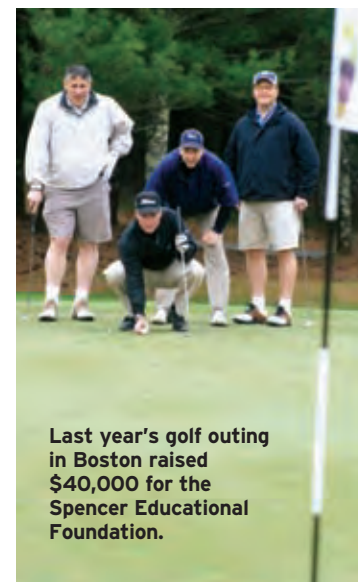
By **RODD ZOLKOS**

VANCOUVER, British Columbia—Players in the Spencer/Gallagher Golf Tournament at this year's RIMS conference will enjoy spectacular golf, scenic views and the knowledge that they're participating in a 20-year tradition of hitting the links to support risk management education.

As they step into Furry Creek Golf & Country Club's tee boxes at 8 a.m. on May 1, this year's golfers will be following in the footsteps of those who first teed off to benefit the Spencer Educational Foundation Inc. at the Tustin Ranch Golf Club in Tustin, Calif., during the 1992 Risk & Insurance Management Society Inc.'s conference in Anaheim, Calif.

Since that first outing, golfers at the annual event have raised approximately \$1.1 million for the

See **GOLF** next page



Last year's golf outing in Boston raised \$40,000 for the Spencer Educational Foundation.

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COURTESY OF GOLFBBC
The ninth hole at Furry Creek Golf & Country Club shows a scenic view of the area near Vancouver, British Columbia.

Golf: Tournament marks 20 years

CONTINUED FROM PREVIOUS PAGE

Spencer Foundation. And, of all the courses Spencer/Gallagher golfers have played throughout the years, the Furry Creek layout promises to be among the most memorable.

The Furry Creek course is “gorgeous,” according to Timothy J. Boston, marketing manager of Louisiana at Arthur J. Gallagher & Co. in Baton Rouge, La., and co-chairman of the Spencer/Gallagher tournament.

“When we were in Boston last year it was kind of funny, (Gallagher Chairman, President and CEO) Pat Gallagher came up to

me and said, ‘Okay, we’re in Vancouver next year, I expect a scenic, beautiful course,’” Mr. Boston said. “Okay, we got you one.”

“And the drive up there, it’s beautiful,” the tournament co-chairman said. The route from Vancouver follows the Sea-to-Sky Highway, and Mr. Boston said, “We’re encouraging people to ride the bus so they can enjoy the view.” The bus will leave from the Fairmont Hotel Vancouver at 6:45 a.m.

Designed by Robert Muir Graves and built in 1993, the course offers panoramic ocean views and the opportunity for wildlife encounters, playing to a

par of 72 from the gold tees and 71 from the white and red.

And the golf itself? “It’s tough. It’s narrow,” said Mr. Boston. “You wouldn’t want to play it every week,” he said, but for an event like the Spencer/Gallagher tournament, it promises to provide a special experience.

The Furry Creek course has been awarded four stars in Golf Digest’s Best Places to Play, and was chosen No. 1 for Best British Columbia Scenery in Pacific Golf Magazine’s Readers’ Choice Awards.

Owing perhaps to the distance to Vancouver from many locations and the economy, the number of golfers registered for this year’s event is down a bit, according to Mr. Boston, so there still are openings for players interested in signing up.

But, while golfer numbers are down, “they’re up from a sponsorship standpoint,” Mr. Boston said. “I actually have six brand new sponsors this year that brought in an extra \$7,500.”

Last year’s RIMS golf outing raised \$40,000 for the Spencer

See **GOLF** page 20



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OLD REPUBLIC RISK MANAGEMENT, INC.

'Freakonomics' writer explores hidden side

By MARK A. HOFMANN

VANCOUVER, British Columbia—An unlikely partnership led to publication of one of the best-selling economics books of recent times—"Freakonomics"—and its sequel.

People attending the Risk & Insurance Management Society Inc.'s Annual Conference & Exhibition in Vancouver, British Columbia, next month will be able to find out how some of the research that led to the second book—"Superfreakonomics"—applies to questions facing business today, as co-author Stephen J. Dubner delivers his address to RIMS on May 4 at the Risk Leadership Keynote Luncheon.

"Freakonomics" bears the subtitle "a rogue economist explores the hidden side of everything," but that rogue economist—Steven D. Levitt—didn't do it all by himself. He collaborated with Mr. Dubner and, in some ways, the collaboration began as an unusual one.

According to an explanatory note introducing "Freakonomics," Mr. Dubner had been assigned in 2003 to write a profile of Mr. Levitt, an up-and-coming economist at the University of Chicago. Mr. Dubner's previous encounters with economists had been less than impressive. He found they "often spoke English as if it were a fourth or fifth language."

For his part, Mr. Levitt often found that journalists' thinking

wasn't "very...robust, as an economist might say," according to the introduction.

But the two soon found that their preconceptions weren't justified, and their collaboration led to "Freakonomics," which was published in 2005. "Superfreakonomics" followed in 2009.

The notion of "Freakonomics" began with Mr. Levitt's underlying belief that the modern world, "despite a surfeit of obfuscation, complication and downright

deceit, is not impenetrable, is not unknowable and—if the right questions are asked—is even more intriguing than we think," according to the book. "All it takes is a new way of looking."

For example, the authors take a look at the role of money in politics. While election data show that

the candidate who spends the most money usually wins, "is money the cause of the victory?" they ask.

By examining consecutive elections in which the same two candidates ran against each other, the authors found that the amount of money spent matters very little. A winning candidate can halve his or her spending and lose only 1% of the vote, while the loser can double his or her spending and pick up only 1% more of the vote.

"What really matters for a political candidate is not how much you spend, what matters is who you are," they write.



Mr. Dubner

Golf: 20 years for tournament

CONTINUED FROM PAGE 16

Educational Foundation, Mr. Boston said, adding, "We hope to be close to that this year."

He noted that the event provides a relaxing way to begin the annual RIMS conference, and that the event's organizers look to have golfers heading back to their hotels by 2 p.m. "so they can get back to their dinners and everything."

"I still am proud of the fact and pleased with our community that (Spencer) is an industrywide effort and the golf outing represents that," Mr. Gallagher said. "In the end, it's all about bringing good kids into the business and that's what Spencer's all about."

"I don't think there's any note out there from any of my competitors' CEOs, 'Under no circum-

GOLFERS CAN STILL SIGN UP

VANCOUVER, British Columbia—Golfers interested in registering for the 20th Annual Spencer/Gallagher Golf Tournament can do so online through Wednesday at

www.ajgrms.com/spencergolf according to Timothy J. Boston, the event's co-chairman and marketing manager of Louisiana at Arthur J. Gallagher & Co. in Baton Rouge, La.

The entry fee is \$315 per person. Transportation to the course will leave the Fairmont Hotel Vancouver at 6:45 a.m.

For more information, contact Lauren Cavanaugh at lauren_cavanaugh@ajg.com.

—By Rodd Zolkos

stances participate in this event.' And there shouldn't be," Mr. Gallagher said.

Mr. Gallagher said he thinks the insurance industry often doesn't get the credit it deserves for its philanthropic activities, with the Spencer/Gallagher outing one more example of that giving.



The child is fine.

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Insurance costs rose tenfold—for the hospital. See how this medical drama resolves: [Milliman.com/hospital](https://www.milliman.com/hospital).





TOURISM VANCOUVER/JOHN SINAI

Vancouver's Stanley Park at dusk

LOCAL **VANCOUVER** AUTHORITIES

VANCOUVER, THE SCENIC HOST CITY for the 2011 Risk & Insurance Management Society Inc. Conference & Exhibition, offers a variety of interesting things to do and see—and eat. To give visitors the local perspective on the best sights, activities and dining spots in and around town, *Business Insurance* polled several risk and insurance professionals from the area. Each was asked about favorite restaurants, local attractions and quick getaways to nearby destinations. More information about the attractions, getaway destinations and restaurants mentioned below can be found on pages 26-28. [*Compiled by Mallory Gillikin*]

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Annette Bieberstein

Risk management program manager, Insurance Corp. of British Columbia; director, British Columbia RIMS Chapter

DINING: Burgoo Bistro. "Their gooey cheese grillers with the harvest salad are to die for!"

ATTRACTION: Stanley Park. "The sea wall is wonderful to walk around to see the natural beauty and sights. The Vancouver Art Gallery is also great to check out showcased exhibits."

GETAWAY: Fort Langley National Historic Site



Lynne Ciardullo

Executive assistant and HR liason, Marsh Canada Ltd.

DINING: "Glowbal Grill & Satay Bar, which is affiliated with Coast and Italian Kitchen, another two of my favorite restaurants."

ATTRACTION: Stanley Park

GETAWAY: Whistler, a nearby resort town

Continued on page 24



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Michael Luck, *Archer Daniels Midland Company*

Laurie Solomon, *The Coca-Cola Company*

Reserve your company table for \$2500 (tables of 10) or individual tickets today. Partnerships are also available.
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For information on attending or questions please contact Becky Briggs, Events Manager
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LOCAL AUTHORITIES

CONTINUED FROM PAGE 22



Gloria Gao

Risk analyst, Spectra Energy Corp.; program officer, British Columbia RIMS Chapter

DINING: Miko Sushi, Il Giardino, Les Faux Bourgeois Bistro

ATTRACTION: Robson Street shopping, the Stanley Park sea wall, Grouse Mountain

GETAWAY: Whistler and Victoria



Keith Gibson

Risk manager, Municipal Insurance Assn.; vp, British Columbia RIMS Chapter

DINING: Hurricane Grill

ATTRACTION: "Grouse Mountain in North Vancouver for the best view of the city."

GETAWAY: "Take a day trip on Harbour Air and visit our provincial capital, Victoria."



Vancouver locals say Whistler is a great place to visit.

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Beverly McIntosh

Relationship leader, Zurich Global Corporate in North America

DINING: Vij's Restaurant

ATTRACTION: Stanley Park

GETAWAY: Whistler



Darlene Stevenson

Vp, operations manager, Willis Canada

DINING: "Miku Restaurant is very close to the convention center. For fine dining in the mountains, try Salmon House on the Hill."

ATTRACTION: "My favorite shopping area is South Granville. Also, Capilano Suspension Bridge could be combined with dinner at the Salmon House, as they are both on the north shore of Vancouver."

GETAWAY: "Take a float plane or ferry ride to Victoria, the provincial capital of British Columbia, to see Parliament buildings, cobblestone buildings and Fan Tan Alley."



Robert ten Vaanholt

Regional manager, Zurich in

DINING: “Cardero’s Restaurant & Marine Pub is my favorite—relaxing and informal.”

ATTRACTION: Grouse Mountain and Lynn Canyon Suspension Bridge.

GETAWAY: “Whistler. Try zip lining, an exhilarating ride on a harness through the valleys. Also, go ATVing up the mountains and do the peak-to-peak gondola from Whistler to Blackcomb.”

Steve van Halst

Senior vp and regional director of British Columbia/Yukon, Aon Risk Solutions

DINING: Sand Bar on Granville Island. “The spicy wok squid has sufficient garlic to keep any colds or vampires away, and it’s a great perch under the Granville Bridge to enjoy the city and people watch.”

ATTRACTION: Grouse Mountain. “Great for hiking, light skiing or just looking out on the city.”

GETAWAY: Salt Spring Island. “An inspiring 30 minute float plane trip takes you a world away to uncrowded, pristine beaches,



amazing art studios, vineyards and some of the best kayaking in the world. Afterward, you can enjoy great live music in local pubs and seafood while overlooking the water.”

Gord Wainwright

Director of insurance and risk management, CHC Reinsurance S.A.; president, British Columbia RIMS Chapter

DINING: Sun Sui Wah Seafood Restaurant, Brix Restaurant, Gotham Steakhouse & Cocktail Bar, Il Giardino

ATTRACTION: “You can walk down the harbor on the seawall from Stanley Park to the Bayshore Inn, then walk along all the way to the Vancouver Convention Centre. Or take the Sea Bus to the North Shore of Vancouver and Lonsdale Quay.”

GETAWAY: “Visit Whistler



Blackcomb for the best skiing on the continent and even better après ski life.”



Jeff Tinker

Title: Business development manager, Zurich in Canada

DINING: “The best local restaurants are definitely Blue Water Café, a top seafood restaurant and sushi bar with a good atmosphere; Cioppino’s Mediterranean Grill, excellent Italian and used by the U.S. during the 2010 Winter Olympics; West Restaurant & Bar, for award-winning West Coast fare.”

ATTRACTION: “Those who like to exercise should definitely walk or jog the sea wall around Stanley Park. The main shopping areas are downtown on Robson Street and in the Pacific Centre, under the Four Seasons. Also worth visiting is Granville Island—take the little ferries across False Creek to get there.”

GETAWAY: “The best day trips are to Whistler and Victoria, although both are a few hours away. The scenery is what sells locally, so a trip to Grouse Mountain, including a stop at the Capilano Suspension Bridge, would be very good. Alternatively, a golf game at Furry Creek, which would require a trip up the Sea-to-Sky Highway, would also be breathtaking.”

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Blue Water Café & Raw Bar is recommended by local risk management and insurance professionals.



TOURISM VANCOUVER/BLUE WATER CAFE

VANCOUVER DINING

Representing an array of cuisines and price points, the following restaurants were selected as favorites by several members of the Vancouver risk management and insurance community.

Blue Water Café & Raw Bar
SEAFOOD
 1095 Hamilton St.; 604-688-8078
www.bluewatercafe.net

Brix Restaurant
WINE BAR
 1138 Homer St.; 604-915-9463
www.brixvancouver.com

Burgoo Bistro
AMERICAN/TRADITIONAL
 3096 Main St.; 604-873-1441
www.burgoo.ca

Cardero's Restaurant & Marine Pub
SEAFOOD
 1583 Coal Harbour Quay;
 604-669-7666

Cioppino's Mediterranean Grill
ITALIAN
 1133 Hamilton St.; 604-685-8462
www.cioppinosyaletown.com

Glowbal Grill Steaks & Satay
STEAKHOUSE
 1079 Mainland St.; 604-602-0835
www.glowbalgrill.com

Gotham Steakhouse & Cocktail Bar
STEAKHOUSE
 615 Seymour St.; 604-605-8282
www.gothamsteakhouse.com

Hurricane Grill
AMERICAN/TRADITIONAL
 1137 Marinaside Crescent;
 604-488-0555
www.thehurricanegrill.ca

Il Giardino
ITALIAN
 1382 Hornby St.; 604-669-2422
www.hotelvilladelia.com/restaurant_ilgiardino.cfm

Les Faux Bourgeois
FRENCH
 663 E. 15th Ave.; 604-873-9733
www.lesfauxbourgeois.com

Miko Sushi
JAPANESE
 1335 Robson St.; 604-681-0339

Miku Restaurant
JAPANESE
 1055 W. Hastings St.; 604-568-3900
www.mikurestaurant.com

Salmon House on the Hill
SEAFOOD
 2229 Folkestone Way; 604-926-3212
www.salmonhouse.com

Sun Sui Wah Seafood Restaurant
CHINESE
 3888 Main St.; 604-872-8822
www.sunsuiwah.com

The Sand Bar Seafood Restaurant
SEAFOOD
 1535 Johnston St.; 604-669-9030

Vij's Restaurant
INDIAN
 1480 W. 11th Ave.; 604-736-6664
www.vijs.ca

West Restaurant & Bar
NEW AMERICAN
 2881 Granville St.; 604-738-8938
www.westrestaurant.com



TOURISM VANCOUVER/
 SALMON HOUSE ON HILL RESTAURANT

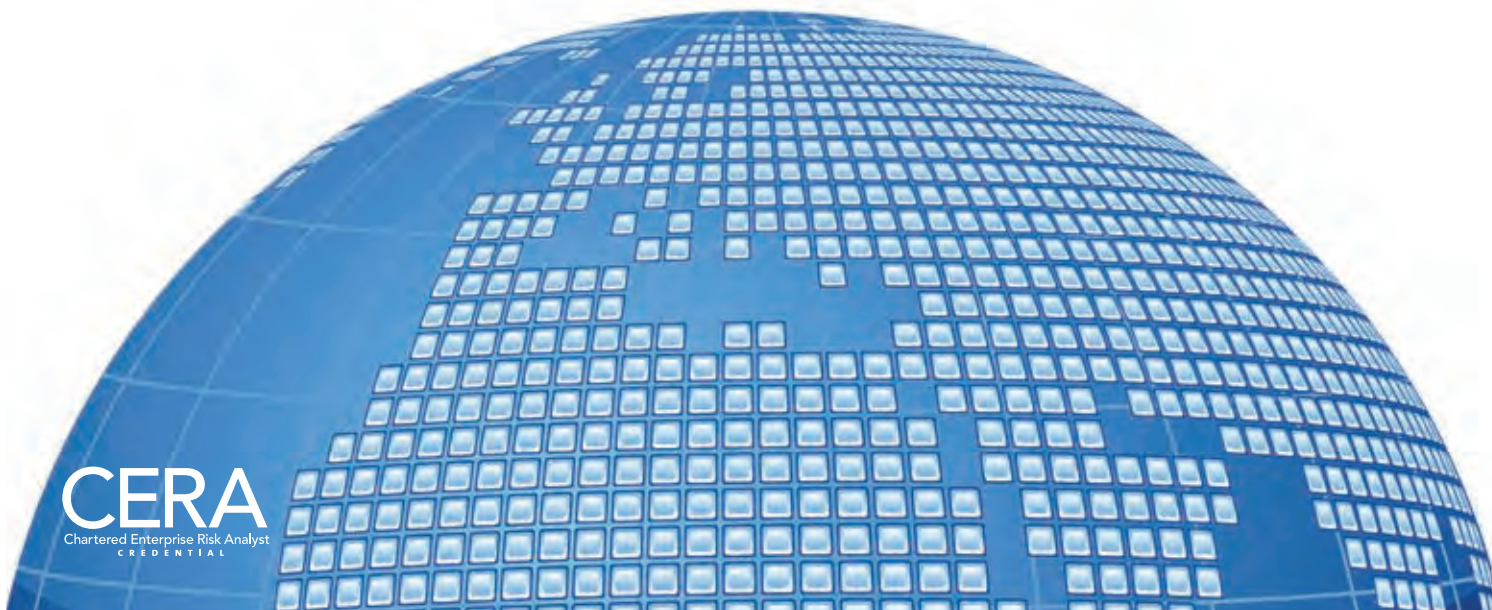
Salmon House on the Hill is one of many seafood options in Vancouver.

CERA.

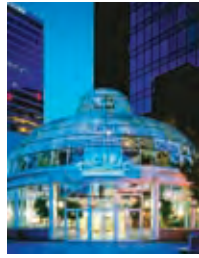
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VANCOUVER ATTRACTIONS



The following are attractions in and around Vancouver highlighted by local members of the risk management and insurance community. Fees are noted where appropriate in Canadian dollars.

Capilano Suspension Bridge & Park

LONGER AND HIGHER than the Lynn Canyon Suspension Bridge, the Capilano Suspension Bridge is located in a park whose other attractions include a totem pole park and treetops adventure, a tour that gives visitors a "squirrel's-eye view" of the forest. **\$29.95 ADULT ADMISSION.**
www.capbridge.com

Furry Creek Golf & Country Club

SHOOT 18 HOLES on this scenic golf course, perched on Pacific Ocean cliffs and located just off the Sea-to-Sky Highway. **\$79 GREENS FEE.**
www.golfbc.com/courses/furry_creek

Granville Island

IN THIS "ISLAND IN THE MIDDLE OF THE CITY," visitors can browse the public market for fresh seafood, produce and home-baked goods, visit quaint art galleries, and catch a matinee performance at a local theatre company.
www.granvilleisland.com



Granville Island from the water

Grouse Mountain

FOR LATE-SEASON SKIING, hiking or just to enjoy the view from 4,000 feet above Vancouver, Grouse Mountain also features a wildlife refuge and lumberjack show for children. **GENERAL ADMISSION ADULT \$39.95.**
www.grousemountain.com

Lynn Canyon Suspension Bridge

TEST YOUR COURAGE on this swaying, 99-year-old pedestrian

bridge. For visitors with a fear of heights, there are pristine swimming holes and hiking trails in this North Vancouver park.
www.lynncanyon.ca

North Shore

ACROSS THE BURRARD INLET FROM DOWNTOWN, Vancouver's North Shore is where urban dwellers can escape to the great outdoors. Top destinations such as Grouse Mountain, the Capilano Suspension Bridge and Lonsdale Quay bring visitors to the scenic area.
www.vancouversnorthshore.com

Pacific Centre

LOCATED AT THE CORNER of Georgia and Howe near the Four Seasons Hotel, Pacific Centre mall offers high-end shopping adjacent

to the Robson Street shopping district and the Vancouver Art Gallery.
www.pacificcentre.com

Robson Street

A WORLD-RENOWNED DOWNTOWN DISTRICT, Robson Street boasts three blocks of upscale boutiques and fine dining between Jervis and Burrard.
www.robsonstreet.ca

Sea-to-Sky Highway

FROM VANCOUVER, HEAD NORTH toward Whistler on this breathtaking stretch of Highway 99 that hugs the coastline and was named by Britain's Guardian newspaper as one of the world's best road trips.



TOURISM VANCOUVER/CAPILANO SUSPENSION BRIDGE

The Capilano Suspension Bridge allows visitors to see Vancouver over the treetops.

Continued on next page



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Jutta D., Engineer BARD Service GmbH

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www.agcs.allianz.com

With you from A-Z



Continued from previous page

South Granville
ALSO KNOWN AS "GALLERY ROW,"
 this fashionable shopping district along Granville Street between 5th Avenue and 16th Avenue boasts trendy restaurants and a bustling nightlife after dark.
www.southgranville.info

Stanley Park
MORE THAN 1,000 ACRES of forested area close to the downtown core, Stanley Park's main attraction

is the sea wall—a paved path that stretches 13.7 miles from the Vancouver Convention Centre, through Stanley Park and ends at Kitsilano Beach Park.
www.vancouver.ca/parks/parks/stanley/index.htm

Vancouver Art Gallery
WITH A PERMANENT COLLECTION boasting more than 10,000 works, the gallery also features several exhibitions at a time, ranging from historic masters to up-and-coming local artists.
www.vanartgallery.bc.ca

VANCOUVER GETAWAYS



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 Call for details on blind box and internet advertising

LEGAL NOTICE

IN THE MATTER OF THE REHABILITATION OF ATLANTIC MUTUAL INSURANCE COMPANY AND IN THE MATTER OF THE REHABILITATION OF CENTENNIAL INSURANCE COMPANY
 Supreme Court of the State of New York
 County of New York, Index No. 402424/10

NOTICE
 By orders of the Supreme Court of the State of New York, County of New York (the "Court"), entered September 16, 2010 (the "Rehabilitation Orders"), Atlantic Mutual Insurance Company ("AMIC") and Centennial Insurance Company ("Centennial") (collectively, the "Companies") were placed into rehabilitation and the Superintendent of Insurance of the State of New York (the "Superintendent") was appointed rehabilitator of AMIC and rehabilitator of Centennial (collectively, the "Rehabilitator"). The Rehabilitator hereby gives notice that he has applied to the Court by order to show cause for orders: (1) converting the Companies' rehabilitation proceeding to a liquidation proceeding; (2) appointing the Superintendent and his successors in office as liquidator of AMIC and liquidator of Centennial (collectively, the "Liquidator"); (3) vesting title to AMIC's and Centennial's respective property, contracts and rights of action with the Liquidator; (4) continuing and granting the injunctions provided for in New York Insurance Law ("Insurance Law") Section 7419, enjoining and restraining all persons from wasting AMIC's and Centennial's respective property, and enjoining and restraining all persons, except as authorized by the Liquidator, from transacting AMIC's or Centennial's respective businesses or disposing of AMIC's and Centennial's respective property, interfering with the Liquidator or this proceeding, obtaining any preferences, judgments, attachments or other liens, or making any levy against AMIC or Centennial, their respective assets or any part thereof; (5) continuing and granting injunctions enjoining and restraining: (i) all parties from commencing or prosecuting any actions or proceedings against AMIC, Centennial, the Liquidator, or the New York Liquidation Bureau, or their present or former employees, attorneys or agents, with respect to this proceeding or discharge of their duties under Insurance Law Article 74; (ii) all parties to actions, lawsuits and special or other proceedings in which AMIC or Centennial is obligated to defend a party pursuant to an insurance policy, bond, contract or otherwise, from proceeding with any discovery, court proceedings or other litigation tasks or procedures, including, but not limited to, conferences, trials, applications for judgment or proceedings on settlement or judgment and the making of all liens, levies or other efforts to execute or collect on debts or judgments, for a period of 180 days from entry of the respective orders of liquidation; and (iii) all persons who have first party or New York Comprehensive Automobile Insurance Reparations Act (No Fault) policyholder loss claims against AMIC and Centennial, from presenting and filing claims with the Liquidator for a period of 90 days; (6) authorizing, permitting and allowing the Liquidator to sell, assign, transfer any and all stocks, bonds, or securities and any real or other property of AMIC or Centennial at market price or at the best price obtainable at private sale; (7) vesting all rights in AMIC's and Centennial's contracts and agreements with the Liquidator, unless the Liquidator expressly terminates such contracts or agreements, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of termination; (8) terminating all existing AMIC and Centennial insurance policies 45 days from the date of entry of the orders of liquidation or upon the expiration dates of such policies, whichever is sooner; (9) requiring that all persons or entities having property and/or information, including, but not limited to, insurance policies, claims files (electronic or paper), software programs and/or bank records owned by, belonging to or relating to AMIC or Centennial shall preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over and deliver such property and/or information to the Liquidator; (10) extending immunity to the Superintendent in his capacity as Liquidator of each of AMIC and Centennial and his successors in office and their agents and employees for any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in accordance with the orders of this Court, or in the performance of their duties pursuant to Article 74 of the Insurance Law; and (11) granting such other and further relief as the Court may deem just and proper.

The amended order to show cause provides that the injunctions provided for in the Rehabilitation Orders shall remain in effect pending a hearing on the Rehabilitator's application.

A hearing is scheduled on the amended order to show cause on the 26th day of April, 2011 (the "Return Date") at 9:30 a.m., at the Courthouse, 80 Centre Street, New York, New York, at IAS Part 15.

If you wish to object to the petition, you must serve your objections and all supporting documentation ("Answering Papers") upon the Superintendent so as to be received by the Superintendent at least seven business days prior to the Return Date, and by submitting copies of the Answering Papers, with affidavits of service on the Superintendent, to the Court at IAS Part 15, at the Courthouse located at 80 Centre Street, New York, New York, on or before the Return Date. Service of Answering Papers on the Superintendent shall be made by first class mail at the following address: Superintendent of Insurance of the State of New York as Rehabilitator of Atlantic Mutual Insurance Company and Centennial Insurance Company, 110 William Street, New York, New York 10038, Attention: John Pearson Kelly, Esq., General Counsel.

The amended order to show cause and supporting papers are available for inspection at the New York Liquidation Bureau at 110 William Street, New York, New York. Requests for further information should be directed to the office of the General Counsel at (212) 341-6560.

Dated: New York, New York
 March 22, 2011
 JAMES J. WRYNN
 Superintendent of Insurance of the State of New York
 as Liquidator of Atlantic Mutual Insurance Company
 and Centennial Insurance Company

Mark your Calendar...

Case Study:
EPL Best Practices
Dental, Vision and
Voluntary Benefits

Publishing: April 25
Classified Ad Close: April 19
Ranking:
Dental Plan Providers

Risk Manager
Of The Year

Publishing: May 2
Classified Ad Close: April 26
Extra Distribution:
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RIMS Conference News
Workers Compensation
Package

Publishing: May 9
Classified Ad Close: May 3
Ranking:
Risk Management Consultants

RIMS Conference
Report

Publishing: May 16
Classified Ad Close: May 10

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For Details

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Following are various "getaway" destinations for those seeking a change of pace from the conference and its host city of Vancouver.

Fort Langley National Historic Site
KNOWN AS THE "BIRTHPLACE OF BRITISH COLUMBIA," Fort Langley has been preserved as a historic village that replicates the area's days as a British Crown Colony. Take the 60-minute drive from Vancouver and experience 19th century life at a trading post, pan for gold, and taste wine at nearby vineyards.
www.fortlangley.com

Horseshoe Bay
A 35-MINUTE DRIVE northwest of Vancouver, this inlet of the Pacific Ocean offers the perfect setting for whale watching, sea kayaking, scuba diving and chartered fishing excursions. Nearby attractions include Grouse Mountain, the Lynn Canyon Suspension Bridge and the Capilano Suspension Bridge & Park.
www.horseshoebaybc.ca

Salt Spring Island
HOME TO A SMALL CREATIVE COMMUNITY, Salt Spring Island is off the coast of Vancouver Island, just north of Victoria. Accessible by ferry, the island is known for its natural beauty and quaint farm stands, wineries and galleries.
www.saltspringtourism.com

Horseshoe Bay is a 35-minute drive northwest of Vancouver. It offers various outdoor activities.



TOURISM VANCOUVER/TOURISM WHISTLER



TOURISM VANCOUVER/TOURISM VICTORIA

Visitors to the Vancouver area also can check out Victoria (left) and Whistler (above).

plane trip with multiple trips daily.
www.tourismvictoria.com

Whistler
SITE OF SEVERAL EVENTS at the 2010 Winter Olympic Games, this picturesque ski village sits at the base of two world-class mountains, Whistler and Blackcomb, that lend their name to the Whistler Blackcomb Ski Resort. Nonskiers can take the peak-to-peak gondola between the mountains or enjoy the glacial lakes and rivers, hiking and horseback riding. Located north of Vancouver, Whistler is accessible by a three-hour drive on the Sea-to-Sky Highway.
www.whistlerblackcomb.com



TOURISM VANCOUVER/JOHN SINAI

ACO: Setup may boost employer costs

CONTINUED FROM PAGE 4

cost-shifting to the private sector.”

“The downside risk is that there can be a lot of cost-shifting,” said Andrew Webber, president of the National Business Coalition on Health in Washington. “If we do a shared-savings arrangement in Medicare, will they make it up by increasing prices for private payers?”

“I think that employers are rightfully concerned about cost-shifting,” said Harlan Levine, North American practice leader for health management at Towers Watson & Co. in Los Angeles. “There need to be investments to create the infrastructure to create ACOs. Those investment costs will be passed on to the private sector.”

Although the proposed regulations contain a provision requiring ACOs with a certain market concentration to undergo an expedited, mandated review by the Federal Trade Commission and the Department of Justice to ensure they don't become monopolies, some health care experts question whether that provision is strong enough.

“We, like a lot of employers, are concerned that ACOs could become geographic monopolies,” said David Lansky, president and CEO of the Pacific Business Group on Health in San Francisco. “To mitigate against that, there has to be meaningful accountability. We would like a commitment to transparency. We want to see how the hospitals, providers and clinical programs perform. I'm not sure the current draft regulations go far enough.”

To prevent potential cost-shifting to the private sector, employers should “negotiate the same kind of incentive payment structure with ACOs that Medicare is going to be getting,” said Francois de Brantes, executive director of the Newtown, Conn.-based Health Care Incentives Improvement Institute Inc., the umbrella organization for Bridges to Excellence and Prometheus Payment Inc.

“If the doctors and hospitals align and assume risk for quality and cost, it could be a contracting vehicle for employers” as well as for Medicare, said Paul Keckley, executive director of the Deloitte Center for Health Solutions based in Washington. “The rules do not preclude commercial health plans or employers from contracting with the ACOs.”

“Those health systems that are posed to be ACOs aren't doing this with the thought that this will be Medicare-only,” said Mark Higdon, a partner at KPMG Healthcare based in Baltimore.

In fact, “most have had preliminary discussions with commercial insurers,” he said.

“As long as you mirror what CMS is doing, and the commercial payers can start to do that, it will be difficult for ACOs to use their market power to extract more than market rates for their services,” said Richard Weil, a Chicago-based partner in Oliver Wyman's health and life sciences

Experiments with ACOs successful in private sector

While the use of accountable care organizations to improve health care quality while holding down costs may be new to Medicare, the private sector has been successfully experimenting with similar initiatives since 2007.

Long before the passage of the Patient Protection and Affordable Care Act, which authorized Medicare's use of ACOs, Minnetonka, Minn.-based UnitedHealth Group Inc. was working with the Tucson Medical Center and area physicians to help reorganize the delivery system in southern Arizona.

And in June 2008, CIGNA Corp. launched its first accountable care program with the Dartmouth-Hitchcock health care system in Lebanon, N.H., building on the success of a medical home experiment involving a Phoenix-based multispecialty medical group practice started in October 2007.

In both instances, the objective has been to transform health care delivery by changing the payment system to reward for quality and outcomes rather than pay for volume.

“When you have too many different providers trying to coordinate care, that's when we see quality and cost get challenged,” said Benton Davis, Phoenix-based CEO of

UnitedHealthcare Western States. “Our interest was to partner with them and help them transform from a disorganized collection of assets that provide care—including hospitals, physicians, etc.—into an organized health care delivery system.”

Among other things, UnitedHealthcare is providing technical support to help the health care system improve care coordination and to assess and manage risk, as well as financial incentives.

For CIGNA, the goal is to achieve the “triple aim” of improved quality, lower medical costs and improved patient satisfaction by creating a care model anchored in the principles of the “patient-centered medical home” that also builds in accountability by rewarding physicians for results, according to Wendy Sherry, vp of product development in the insurer's Bloomfield, Conn., headquarters.

CIGNA helps providers do this by sharing “gaps in care” data with a care coordinator at each physician's practice who contacts individual patients to ensure that follow-up appointments are scheduled; prescriptions are filled; or necessary, but not redundant, medical tests are conducted.

—By Joanne Wojcik

‘There need to be investments to create the infrastructure to create ACOs. Those investment costs will be passed on to the private sector.’

Harlan Levine, Towers Watson & Co.

consulting practice.

Regardless of their concerns about ACOs, many health care experts remain hopeful their creation, in conjunction with other value-based purchasing provisions in health care reform law, will refocus how government and private payers compensate providers.

“We're all singing from the same song book right now in terms of identifying the problem and solution,” said Mr. Lansky.

“For a long time, employers have said incentives have to be based on results, not volume. Redundancy has to be eliminated, and we're tired of paying the bill for everyone else,” said Mr. Keckley. “What I like

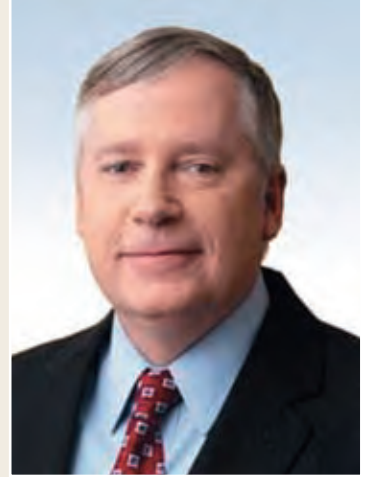
about the rule is the balance of quality and savings.”

“This does have the promise of a transformed delivery system, more focus on prevention, chronic care management, lowering costs as an explicit goal,” said Mr. Webber. “Wouldn't that be unique for a provider organization?”

“We've done the insurance reform, and now we're moving forward with what employers have been struggling with: cost and outcomes,” said Shawn Nowicki, director of health policy at the Northeast Business Group on Health in New York. “We're hoping that it achieves better value in the system” and that “the model will spill over to private payers and be beneficial to employers.”

“Private employers are going to be very eager to move to a shared risk scenario as long as there are meaningful quality incentives attached to that, and that there are no unintended consequences like withholding care,” said Suzanne Delbanco, executive director of Catalyst for Payment Reform in San Francisco. “But employers will only view that as sustainable if there is also a sharing of the downside.”

UP Comings & Goings CLOSE



CHRISTOPHER C. BOOTH

NEW JOB TITLE: Rochester, N.Y.-based president and chief operating officer, Excellus Health Plan Inc.

PREVIOUS POSITION: Rochester, N.Y.-based chief operating officer, Excellus Health Plan Inc.

GOALS FOR NEW POSITION: Position the company for success under health care reform through partnerships with community stakeholders such as providers, brokers and (members). Controlling costs and providing excellent service to all stakeholders are of key importance.

CHALLENGES FACING INDUSTRY: Escalating costs (and) health care reform implementation.

INDUSTRY OUTLOOK: Unclear. Health care reform imposes significant changes but many of its details are still unclear. Exchanges are a huge change in how health insurers will do business, but many details are still to be developed.

FIRST EXPERIENCE IN JOB MARKET: (I started) as an attorney in Albany, N.Y.,

representing health insurers with regulatory issues.

ADVICE: Everyone needs to find an appropriate work/life balance. I don't believe you can be effective in your job in the long run without it. It is something you need to work on and keep in mind.

OUTSIDE THE INDUSTRY, A DREAM JOB: Investment manager. I've always enjoyed the combination of stock analysis and the risk/reward of investing. Many years ago, I ran an investment club and it was a lot of fun.

HOBBIES: Golf, travel, reading.

MOST PASSIONATE ABOUT: Family, jazz music and reading

FAVORITE BOOK: “Benjamin Franklin: An American Life,” by Walter Isaacson. It is an amazing story of an incredible individual. It is inconceivable to me how one person could be effective in so many disparate areas of knowledge and skill.

ON A SATURDAY AFTERNOON: Saturday afternoon is family time. We like to be outside... walking, golf, pool... if the weather is nice.

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■ Towers Watson & Co.

OTHER PROVIDERS

■ Wilson Elser Moskowitz Edelman & Dicker L.L.P.
■ Engle Martin & Associates Inc.



EPA/LANDOV

A twin reactor run by Southern California Edison is located 80 miles south of Los Angeles on the Pacific coast near tectonic fault lines.

Nuclear: U.S. plant safety under review

CONTINUED FROM PAGE 1

Level 7 incident on the International Nuclear and Radiological Event Scale—the same rating that applied to the 1986 Chernobyl disaster in Ukraine. Officials and industry experts, however, have downplayed the comparison between the two events for their differences in radiation distribution and early action on the part of authorities.

The Rockville, Md.-based federal Nuclear Regulatory Commission has initiated short- and long-term reviews of all 104 nuclear power plants in the United States, as well as the litany of rules and requirements that govern their design, operation and emergency response plans. The commission conducted similar reviews after the 1979 meltdown at the Three Mile Island reactor in Pennsylvania and the Sept. 11, 2001, terrorist attacks in New York and Washington. The agency will spend the next six to 12 months looking for weaknesses in the nuclear industry's protections against internal and external dangers.

"We take major events globally and in the United States and look for lessons to learn," an NRC spokesman said, adding that the agency has resident inspectors at every U.S. nuclear facility, and conducts quarterly assessments of each plant's performance.

"Right now, we're looking at what pieces of this situation might apply to our regulation of nuclear plants," he said. "It's not that the plants are unsafe now, it's that we think that in light of what happened (in Japan), we can make them safer."

Today, most countries have their own independent regulatory

agencies. Additionally, nearly all member countries of the United Nations with a substantial stake in the nuclear power industry belong to the International Atomic Energy Agency, which reports to the U.N. General Assembly and Security Council. As a result, operations and safety standards, even across international borders, tend to reflect one another.

"You can't really compare the regulatory systems of different countries and find important differences, at least not for industrialized countries," said Michael Golay, professor of nuclear science and engineering at the Mas-

sachusetts Institute of Technology, guarding of nuclear power production that ought to receive significant attention in the agency's studies, but none that present a clear or immediate danger to any existing facility.

"If you look at the statistics, nuclear plants are very safe in terms of worker safety, radiological safety and industrial safety," said a spokesman for the Atlanta-based Institute of Nuclear Power Operations, which was created in the wake of the Three Mile Island incident and advises the NRC on best practices for technical plant operations and employee safety. "We look at all sorts of things

'You can't really compare the regulatory systems of different countries and find important differences, at least not for industrialized countries.'

Michael Golay, Massachusetts Institute of Technology

sachusetts Institute of Technology. "The aspect in which the Japanese plants are different is in their preparedness for earthquakes, in that they have used more severe criteria than we use, reflecting the fact that their situation is different."

An NRC task force will deliver its first report on preliminary findings next month and recommend solutions for short-term issues in July. But rule changes and new regulations may take years to materialize, the spokesman said, and exactly which federal requirements will warrant the most scrutiny remains to be seen. Experts in the nuclear energy field and the NRC agree there is a host of issues in the safe-

related to plant operations and how they might be improved, but I wouldn't say there's anything that stands out right now that we feel is in compelling need of a change."

Complicating the task of applying lessons from the Fukushima incident, the INPO spokesman said, is the slow pace at which information regarding the exact circumstances of the crisis is being made available.

"There's certainly a lot to be learned from Fukushima, but it's just too early right now because we don't yet have all the facts of what happened and how it's

Disaster raises questions on claims extent, funding

By JOANNE WOJCIK

As U.S. insurance brokers prepare liability claims for their clients for losses suffered as a result of the Japanese nuclear crisis, the Japanese government is setting up an insurance fund to compensate victims.

The process is similar to that which came after a September 1999 radiation leak at Japan's Tokaimura nuclear fuel fabrication plant when the Japanese government established a Dispute Reconciliation Committee for Nuclear Damage Compensation to resolve claims disputes.

The government compensation fund will cap the liability of Tokyo Electric Power Co. Inc., the utility that owns the stricken Fukushima Daiichi Nuclear Power Plant.

Under a plan announced last week by Masataka Shimizu, president of TEPCO, the utility will make an initial payment of 50 million yen (\$590,000) into a fund that will pay "temporary compensation" of 1 million yen (\$11,800) to families and 750,000 yen (\$8,850) to individuals. TEPCO estimates 50,000 households are eligible for the initial payments.

The fund will be further financed with loans from private banks, surcharges on other utilities that operate nuclear plants in Japan, and new shares of TEPCO preferred stock.

TEPCO has yet to determine the extent of the damage to its Fukushima Daiichi nuclear reactors, but analysts at JPMorgan Chase & Co. estimate it could cost at least 554 billion yen (\$6.54 billion) to scrap the plant and switch power generation to thermal power plants that have been offline. In addition, JPMorgan predicts TEPCO could face more than 2 trillion yen (\$23.6 billion) in liability claims, while Bank of America Merrill Lynch analysts project the bill could reach \$130 billion if the crisis continues.

However, the Japanese government is expected to cap TEPCO's liability exposure from the accident to between 2 trillion yen and 3.8 trillion yen (\$44.84 billion).

The Japan Act on Compensation for Nuclear Damage holds plant operators strictly liable for any nuclear accidents and requires plant operators to carry 120 billion yen (\$1.42 billion) in liability insurance per facility.

But the insurance, provided by the Japanese Atomic Energy Insurance Pool, excludes

coverage for a "grave natural disaster," such as earthquakes or tsunamis. As a result, the Japanese government is expected to step in to pay the majority of liability claims filed against TEPCO.

Because it is effectively uninsured for its losses, TEPCO has secured a \$24 billion bank loan and is selling off real estate to cover repairs at the damaged power stations and cover compensation and liability costs.

The nuclear catastrophe comes on the heels of two consecutive losing years for TEPCO, according to analysts at JPMorgan Chase. In addition, before the crisis, TEPCO reportedly had \$91 billion of debt on its books. The company, Japan's largest utility supplying roughly one-third of the nation's electricity, is valued at \$35 billion.

Daniel McGarvey, chairman of Marsh Inc.'s U.S. Power and Utility Practice based in Greenville, S.C., said he expects the claims resolution process will be similar to that which came after the 1999 Tokaimura accident, which settled 6,885 claims with a total compensation amount of 12.68 billion yen (\$149.6 million).

After that incident, individuals, businesses, farmers, fishermen and industrial organizations all filed claims against JCO, a wholly owned subsidiary of Sumitomo Metal Mining Co. of Tokyo, seeking payment for bodily injury, business interruption and lost income, loss of real estate value, evacuation expenses and mental suffering, according to a 2000 report by Japan's Science and Technology Agency.

In addition, three injured workers received 120 million yen (\$1.4 million) in compensation under Japan's Workers Compensation Accident Compensation Insurance System.

"We are going to be making claims on behalf of Marsh clients," Mr. McGarvey said.

While not divulging the names of clients or the extent of losses, Mr. McGarvey provided some potential scenarios that could give rise to liability claims.

An example is "if you're a U.S. automobile transmission manufacturer and you're scrambling to find new parts suppliers," because of a supply chain interruption caused by the earthquake and tsunami, he said. Or "if the loss was caused by evacuation, contamination, or the inability to transit through the area, you may have a claim," he added.

Continued on next page

CONTINUED FROM PREVIOUS PAGE

being dealt with," he said. "As we learn that, we'll try to apply it and figure out if there are things that we can do to make the plants better prepared to withstand any contingency."

While the Fukushima Daiichi plant was relatively unharmed by the March 11 earthquake, flood waters from the resulting 25-foot-high tsunami wave are likely what disabled four of the backup generators designed to keep cooling water flowing into the plant's reactor cores in the event of a loss of off-site power, according to NRC documents. Without primary power and the generators—a condition known as a station blackout—the pumps were left to rely on a short supply of battery power and eventually stopped working. As a result of the lack of cooling water, the fuel rods in the reactor cores overheated.

In the United States, the prospect of a tsunami striking a U.S. nuclear power plant figures to be a priority consideration in the NRC's review, said Mr. Golay of MIT. While the probability of a matching incident at an American nuclear facility is low, Mr. Golay said, the situation at Fukushima Daiichi should give regulators and plant operators cause to at least account for the unpredictable nature of tsunami waves.

NRC documents note that the only nuclear site within 300 miles of the same sort of geological conditions that caused the March 11 Tohoku earthquake is the Columbia Generating Station in Richland, Wash., and the 225 miles of mountainous terrain between it and the Pacific Ocean would preclude the possibility of a tsunami striking the plant.

"It's an area that's somewhat difficult to model," Mr. Golay said. "They can arise from causes other than earthquakes, and they can do so from events which take place far away from a particular plant site. So I imagine (the NRC and other international regulatory bodies) will look at it, but I don't expect it to have a big effect. None of our plants come to mind that could be thought of

as sitting ducks."

There is also the issue of the station blackout itself. Similar to the Fukushima plant, all U.S. nuclear facilities rely on redundant diesel generators to power emergency operations and, most importantly, cooling pumps for reactors in case of a loss of off-site power. Should both of those supplies become disabled, plants likely would have only 4-8 hours of battery power to keep their reactors from overheating, according to Alex Marion, vp of nuclear operations at the Nuclear Energy Institute in Washington.

"That has to be reconfigured based on what we've learned overseas," Mr. Marion said. "It's hard to imagine a condition here in the

U.S. where you lost all of your capability for alternative power concurrently with a loss of off-site power, and were left to rely only on battery power. But they need to revisit the blackout rule from the standpoint of demonstrating a longer duration that you can be isolated from the external grid and from your alternate diesel power sources."

Apart from a plant's ability to prevent emergencies, how it responds to one is likely to be subject to the NRC's examination. Generally, industry observers have praised Japanese authorities for their efforts to evacuate areas near the plant, distribute supplements to counteract radioactive exposure, and stem the transport of

potentially contaminated food products.

However, the Tokyo Electric Power Co. Inc., which owns the Fukushima Daiichi plant, has sustained criticism for its emergency preparations after a March 31 Wall Street Journal report, which cites obtained copies of the company's disaster response plan. The plan, according to the Journal's report, calls for a single stretcher and satellite phone to be kept on the plant premises, and only 50 hazardous-material suits.

"I don't know that we have a take on those reports as of yet," Mr. McIntyre said. "That would be something we'd look at in the task force review."

On March 16, when Fukushima plant workers began venting radioactive steam from two of the affected reactors, the NRC recommended an evacuation radius of 50 miles from the Fukushima plant, while the Japanese government has not changed its ordered evacuations up to 13 miles from the plant. That recommendation, the NRC spokesman said, may force the agency to reconsider its own standard emergency protection zone of 10 miles in cases where exposure to airborne radiation is possible.

"That's raised some eyebrows" in the United States, he said. "I'm not predicting any changes here, just some of the issues that the task force will be looking at."

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Quake: Quantifying still difficult

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contingent business interruption, but does not include any impact from damage to the Fukushima Daiichi Nuclear Power Plant, as nuclear risks are excluded from all coverages, RMS said in a statement.

RMS estimates that losses to household coverage purchased through a commercial or cooperative insurer will be between 50% and 60% of the total property loss, with commercial and industrial payouts estimated to be between 30% and 35% of the total.

The biggest uncertainty for companies are business interruption losses and the degree of success corporations will have in claiming losses under contingent business interruption coverage, RMS said in a statement. The modeler added that the disruption in the global supply chain of critical parts for products such as batteries, flash memory, microchips and automotive production already has occurred in Japan, the United States and Europe.

Insurer and reinsurer loss esti-



KYODO/LANDOV

A man in Minamisanriku, Japan, walks through the wreckage left behind from last month's earthquake and tsunami.

mates released last week include:

- Allied World Assurance Co. Holdings A.G., approximately \$75 million in pretax losses, net of reinsurance.
- Alterra Capital Holdings Ltd., \$60 million to \$100 million before taxes and net of reinsurance and reinstatement premiums, based

on an estimated industrywide loss total of between \$20 billion and \$35 billion.

- Aspen Insurance Holdings Ltd., \$160 million aftertax and net of reinstatement premiums, based on a \$30 billion industrywide loss projection.
- Endurance Specialty Holdings

Ltd., \$125 million before tax, net of reinsurance and reinstatement premiums.

- Everest Re Group Ltd., \$320 million, net of reinstatement premiums and taxes, based on a \$25 billion industrywide loss.
- Omega Insurance Holdings Ltd., \$23.6 million, net of reinsur-

ance and reinstatement premiums and based on an estimated market loss of about \$25 billion.

- PartnerRe Ltd., \$500 million, net of retrocession and reinstatement premiums.
- Platinum Underwriters Holdings Ltd., \$87 million net of taxes and reinstatement premiums.

EEOC: Disabilities issue challenges firms

CONTINUED FROM PAGE 1

number of workers potentially covered under the law and is expected to result in more disability discrimination claims. In addition, the Equal Employment Opportunity Commission is expected to take a more aggressive approach to such claims involving intellectual and psychiatric disabilities (see related story).

Peter J. Petesch, a shareholder with law firm Littler Mendelson P.C. in Washington, said, "Under the amendments to the ADA, you will see more cases of individuals with various mental disabilities and psychiatric disabilities."

There were 25,165 charges filed under the ADA in fiscal year 2010, a 17.3% increase from 2009. This includes physical, as well as mental disabilities such as depression, anxiety disorders and manic depressive disorder.

Richard D. Tuschman, a partner with law firm Duane Morris L.L.P. in Miami, said employers should understand that the definitions for mental disabilities have been expanded so that "in fact now there are some conditions, including some mental conditions, that are virtually per se disabilities, where that used not to be the case."

The question then becomes not whether someone is disabled, but whether the employer reasonably accommodated or discriminated against the worker because of the disability, he said.

The key issue is "how to deal

EEOC shows more interest in psychiatric disabilities

WASHINGTON—A recent Equal Employment Opportunity Commission hearing on intellectual and psychiatric disabilities signals the agency's increased interest in this area, with a more aggressive enforcement stance expected to follow, attorneys say.

At last month's hearing, EEOC commissioners heard testimony about the low employment rate among people with intellectual and psychiatric disabilities, as well as concerns about discrimination against them, among related issues.

The hearing's timing dovetails with the release last month of final regulations for the Americans with Disabilities Act Amendments Act, which significantly expands

what qualifies as a disability. The regulations, which revise the 1990 ADA, take effect May 24.

Ashley Kasarjian, an associate with law firm Snell & Wilmer L.L.P. in Phoenix, said the hearing "shows that the EEOC is making the employment of individuals with mental or intellectual disabilities a priority, so it should signal to employers that this is one of the areas the EEOC is paying particular attention to."

If allegations of barriers for people with mental disabilities come up, "you can bet the EEOC is going to be taking a close look" at it to see if this is a charge it wants to pursue, she said.

—By Judy Greenwald

with (such) issues effectively—and without inviting litigation—when they do arise," Mr. Tuschman said.

Employers should not make assumptions about an individual's condition, said Laura Sack, a shareholder with law firm Vedder

Price P.C. in New York.

"I don't think it's a good idea for employers to conclude that anybody who suffers from 'Condition X,' whether it's Tourette's or dyslexia or schizophrenia, is...in every instance, incapable of performing a certain job. I believe that

the correct approach for employers is to follow what I'd describe as that individualized inquiry."

She said that inquiry should answer "what limitations, if any, does that person's disability place on their ability to perform the job at issue, and what reasonable accommodations, if any, could we make that would enable them to succeed on the job and to perform the essential functions of the job satisfactorily?"

Sharon S. Moyer, an attorney with Sacks Tierney P.A. in Scottsdale, Ariz., said part of the accommodation process is "making sure you engage the employee and hear what they are saying. And part of the challenge of people with psychiatric disabilities" is these disabilities are not readily apparent, "so you have to listen more carefully."

The accommodation need not be complex, said Ms. Moyer. For instance, when workers are taking certain medications to treat schizophrenia, which cannot be administered on an empty stomach, and they are not permitted to eat or drink at their desks, they should be allowed to take a break to do so elsewhere.

There also are times, she said, when it is appropriate to deviate from company policies that forbid employees working from home. "Obviously, you still have to have the right performance monitors in place," she said.

Ms. Moyer said she also recommends use of the Family and Medical Leave Act in cases when employees first are diagnosed with a depression disorder. "All of a

sudden you've got meds," and it frequently "takes two or three times before they get it right," during which time people can be "absolutely unstable." FMLA leave gives them the opportunity to get their medications "straightened out," Ms. Moyer said.

Mr. Goldberg suggested a greater focus on education. Employers need to become better educated on the types of psychological impairments, and should seek advice from attorneys and medical practitioners or agencies on how to accommodate workers dealing with such issues, he said.

James S. Urban, a partner with law firm Jones Day in Pittsburgh, said if a discrimination claim is filed, "you need to be very thoughtful about how you're presenting your case to the EEOC," which is usually in the form of a position statement, because certain topics "are going to raise red flags."

He cited as such a red flag a supervisor's comment in the case of *EEOC vs. Land Air Express of New England*, which resulted in a \$360,000 settlement in 2003 to a terminated employee who suffered from depression, among other problems. The supervisor had been reported as stating he felt the plaintiff was a danger even though she had no history of violence. The case was highlighted at last month's EEOC meeting on intellectual and psychiatric disabilities.

Employers, he stressed, must be careful about whether they are "accurately presenting what's happened to the EEOC."

News In Brief

CONTINUED FROM PAGE 1

in a statement. At the beginning of the year, catastrophe bond prices experienced “downward pressure” as investors put more money into the market, Willis Capital Markets & Advisory found. While noting that the full impact of Japan’s March 11 earthquake on the market remains unclear, Willis said it expects some “upwards pressure” on the price of Japanese earthquake risk exposure going forward.

Obama signs repeal of 1099 reporting rule

President Obama last week signed legislation that repeals a much-criticized health care reform law provision requiring employers doing more than \$600 in business with a corporate vendor to furnish Form 1099 statements. Small employers, in particular, complained that the burden imposed by the reporting provision, which had been scheduled to go into effect in 2012, was too great. Final congressional approval of the 1099 rule repeal measure came last week.

D&O insurance could become unprofitable

Directors and officers liability insurance might become unprofitable within the next few years, ratings agency Standard & Poor’s Corp. said. The D&O industry is exposed to volatility from factors that range from erratic financial markets to increasing competition. As the financial markets and litigation practices continue to evolve quickly, D&O carriers and other market participants may not be able to anticipate emerging risks.

U.K. insurers not confident about Solvency II

Less than half of U.K. insurers are confident that the insurance industry will be ready for the Jan. 1, 2013, deadline for compliance with Solvency II, according to a Deloitte L.L.P. study. Only 46% of U.K. insurers studied by Deloitte this year said they were “confident” or “very confident” that the industry would be ready for Solvency II, the

risk-based capital regulatory regime for insurers and reinsurers in the European Union.

Towers Watson president, COO to retire in 2011

Towers Watson & Co. President and Chief Operating Officer Mark Mactas will retire by the end of the year, the consulting firm announced. Mr. Mactas, 58, joined Towers Perrin’s New York office in 1980 as an international consultant. He was named CEO in 2001 and held that position when Towers Perrin and Watson Wyatt Worldwide merged in 2010 to form Towers Watson. A successor has not been named.

Michigan regulator steps down

Ken Ross, commissioner of Michigan’s Office of Financial and Insurance Regulation, said he is leaving his position effective April 15. Mr. Ross was appointed OFIR commissioner in February 2008 by Gov. Jennifer Granholm and has continued under Gov. Rick Snyder’s administration. No details on his future plans were given.

Mass. work comp rates to hold steady until 2012

The Massachusetts Workers Compensation Rating & Inspection Bureau reached an agreement with state regulators that holds rates at current levels until at least September 2012.

Noted

Willis Group Holdings P.L.C. has named David Margrett CEO of Willis International. Mr. Margrett joined Willis in 2004 and most recently served as president and chief operating officer of Willis Global....**ACE Group** has promoted Ashley Mullins to global compliance officer. He joined ACE in 2002 as legal counsel to its Asia-Pacific division, and was appointed in 2006 as company secretary and general counsel to ACE Australia and New Zealand....**American International Group Inc.** has hired a former Morgan Stanley executive as head of strategic planning. Prior to joining AIG, Peter Juhas was a managing director in the investment banking division of Morgan Stanley, specializing in insurance and diversified financial companies. During the past three years, Mr. Juhas served as lead adviser to the Federal Reserve Bank of New York and the U.S. Department of the Treasury on AIG-related issues.

Vouchers: Provision nixed from health care reform

CONTINUED FROM PAGE 1

Instead, the voucher’s value would be equal to what the employer would pay if the employee were enrolled in its plan that offered the “largest” premium contribution by the employer. Then, the employee could use the voucher to purchase health insurance coverage from a state health insurance exchange. The exchanges are authorized under the reform law and are slated to be set up by 2014.

If the cost of a policy purchased by an employee through the exchange was less than the value of the voucher, the employee could have pocketed the difference in taxable cash.

The provision, to have gone into effect in 2014, would have been costly for employers with large numbers of low-paid workers—such as retailers—who are required to pay a high percentage of the premium.

And, depending on how the legislative language was interpreted in subsequent regulations, it also could have been costly to employers that offer employees a choice of health care plans ranging from relatively low-cost to very expensive plans.

Experts say the provision almost certainly would have resulted in adverse selection,

inflating employer costs.

For example, a young, low-paid employee working for a company with a high concentration of older, less healthy and expensive-to-insure employees could have received a voucher with a value much higher than the cost of buying coverage in an exchange, espe-

The provision never had broad support and was included in the reform measure to retain Sen. Wyden’s support at a time when ‘every vote mattered.’

Chantel Sheaks,
Buck Consultants L.L.C.

cially if the employee purchased a lower-cost high-deductible plan. Under the reform law, exchanges can base premiums on the age of policyholders.

As a result, employees remaining in the employer’s plan would be the most costly to insure, pushing up employers’ health insurance premium costs.

Many parts of the provision were not clear. For example, the legislative language said the employer

voucher contribution would be equal to the amount the employer would have paid if the employee had been “covered under the plan with respect to which the employer pays the largest portion of the cost of the plan.”

Experts have said it wasn’t clear if “largest portion of the premium” referred to the percentage of the premium paid by employers or actual dollar amount paid by employers.

In addition, the law was unclear on whether the voucher provision applied to full- and part-time employees or how “household income” would be calculated.

“There were so many unknowns,” Ms. Young said.

While benefit experts had no inkling that the voucher provision would be included in the budget bill, they were not surprised that congressional negotiators and the Obama administration accepted its inclusion.

The provision never had broad support and was included in the reform measure to retain Sen. Wyden’s support at a time when “every vote mattered,” said Chantel Sheaks, a principal with Buck Consultants L.L.C. in Washington.

Repeal of the voucher provision could foreshadow other Republican-led efforts to modify or repeal other provisions of the health care reform law as part of other “must-pass” bills this year and next.

“This could be a curtain-raiser,” said Frank McArdle, a consultant with Aon Hewitt Inc. in Washington.

Sidecars: Not a trend, yet

CONTINUED FROM PAGE 3

and net of reinsurance and reinsurance premiums. The company said it could be exposed to an additional loss of \$25 million on a catastrophe bond.

New Point IV has less competition in the sidecar market than it would have had several years ago.

After the huge 2005 hurricane losses, the next year saw the formation of 20 sidecars representing \$4.5 billion in capacity, according to Oldwick, N.J.-based ratings agency A.M. Best Co. Inc. Those sidecars quickly raised money and enabled investors to get in on reinsurance business when profits were abundant. By 2007, though, with a mild catastrophe season and a weakening market, eight sidecars were formed, representing

\$1.87 billion in capital, according to Best.

In 2011 there are still a few sidecars around that have the capacity to do around \$1.70 billion of business, according to a tally of the deals that were announced by the reinsurers who made them. One sidecar alone—Pembroke, Bermuda-based RenaissanceRe Holdings’s 2001-formed DaVinci Reinsurance Ltd.—makes up more than \$1 billion of the sidecar capacity in the market.

The market in recent years has been “dormant,” said Asha Attoh-Okin, managing senior financial analyst in insurance-linked securities at Best. “Hopefully there might be a surge in those sidecars, but we haven’t seen anything happen yet,” he added.

In many cases, the investors

who poured money into sidecars years ago have moved on to other kinds of investments.

“They saw other, more immediate opportunities, such as in distressed credits,” said James M. Doona, managing director in the capital markets risk trading unit at the German reinsurer Munich Reinsurance Co.

The extent of this year’s losses will be critical.

“Of course we’re constantly thinking, especially after losses like now,” said Axel Wichmann, senior underwriter at the Germany-based reinsurer Hannover Re Group.

“You’re always discussing with existing investors about ideas for next year, but you can’t really predict what everyone will do.” In mid-September the industry will know what the hurricane season has brought. “Most investors will wait for the hurricane season to decide what to do,” he said.

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SPIKE DIGITAL ENTERTAINMENT



Mining show gets company in real trouble

The first episode of a Spike TV reality program about coal mining in West Virginia generated real citations from Mine Safety and Health Administration inspectors.

It's the first time MSHA has issued citations based on TV footage, according to an Associated Press story.

About 6 million people—including the MSHA inspectors, evidently—watched the first episode of "Coal," a new reality TV program that takes viewers underground into the rough, dark and dirty world of West Virginia mining.

"Coal" was created by the same people responsible for other reality shows focusing on tough, dangerous jobs such as "Ax Men," "Ice Road Truckers" and "Deadliest Catch," according to Spike.

AP reports the MSHA wrote the violations on April 5, the first anniversary of the explosion that killed 29 miners at Massey Energy Co.'s Upper Big Branch mine in West Virginia.

One citation handed to the coal company featured in the reality program resulted from a miner using too small of a tool for the job. That led to a dramatic roof collapse.

Cobalt Coal Corp.'s CEO reportedly said he doesn't regret teaming up with Spike to make the reality program. He said it can be used to teach other miners about safety.

Business Insurance END PAGE

Contributing: Roberto Ceniceris, Judy Greenwald, Mark A. Hofmann, Mike Tsikoudakis



Giorgio Damiani (from left), Paris Hilton and Silvia Damiani attend a Beverly Hills red-carpet event in 2008.

Paris Hilton sued over hot jewels

Insurer Allianz S.E. is suing socialite Paris Hilton over \$60,000 worth of burglarized bling.

In a suit filed in New York county court, Allianz alleged that Ms. Hilton never returned \$60,000 worth of jewelry on loan from Damiani USA Corp. after it was stolen from her Los Angeles home and later recovered by police.

Damiani, which was insured by Allianz, loaned the gems to Ms. Hilton in 2007 on the basis that she would keep them in a safe or vault when she was not wearing them, according to court documents.

In 2008, while the socialite was at a Hollywood nightclub, her home was burglarized of more than \$2.8 million worth of jewelry, including the Damiani gems, which were in plain sight on a closet shelf, according to court documents.

Allianz, which paid the claim to Damiani for the lost jewelry, alleged that Ms. Hilton made it easy for the burglar to commit the crime.

"Unbeknownst to Damiani, Ms. Hilton developed a habit of leaving the front door to the home unlocked and the alarm system unarmed," Allianz said in the suit.

The burglars were arrested and Ms. Hilton's jewelry was returned to her, according to the complaint.

"Allianz attempted to follow up with defendants...however, defendants failed to return the jewelry or return any telephone calls or email messages," the insurer said in the complaint.

A spokesperson for Ms. Hilton said the suit was "not based on fact" and that "only costume jewelry was recovered," according to published reports.

Lawsuit lacks right formula for victory

The thought of ground-up beetles in infant formula might make you feel sick. But to claim they actually made your child sick, you'll need proof.

The litigation in *O'Neil vs. Abbott Laboratories Inc.* stems from the voluntary September 2010 recall by Abbott Park, Ill.-based Abbott of certain Similac powdered infant formula after beetles were identified in the finished product in the company's Sturgis, Mich., plant.

John O'Neil Jr. and Jennifer O'Neil filed suit, claiming their infant suffered diaper rash and diarrhea from drinking the formula and that Abbott was negligent.

In its defense, Abbott said the O'Neils' daughter developed her alleged injury two weeks after first consuming the infant formula, according to last month's opinion by the federal district court in New Orleans.

The opinion says "common sense indicates that infants often suffer from diarrhea and diaper rash for a number of nonetomological reasons."

The O'Neils do not offer other facts that would make their charges more plausible, such as observation of insect pieces in the formula, lab tests that confirmed the beetles' presence, "or a medical diagnosis that suggested consumption of insects," says the opinion.

The court dismissed the case, stating it failed to meet the elements needed under the Louisiana Products Liability Act, but gave the plaintiffs leave to file an amended complaint.



Blogger in a huff over unpaid contributions to site

It doesn't look like fame is its own reward in the Internet age.

Consider a suit filed last week by Jonathan Tasini, a blogger whom the Washington Post says had contributed more than 250 posts to TheHuffingtonPost.com since 2005. Mr. Tasini, like other contributors to the liberal website, wasn't paid for his efforts.

But now that Huffington Post founder Arianna Huffington has sold the site to AOL Inc. for \$315 million, Mr. Tasini is questioning his own generosity. Mr. Tasini



Mr. Tasini

filed a suit in the U.S. District Court for the Southern District of New York, seeking what he

told the Washington Post amounted to \$105 million in damages for himself and other members of a putative class who'd posted their work for free on the site.

Among other things, the complaint said the Huffington Post "has been unjustly enriched by engaging in and continuing to engage in the practice of generating enormous profits by luring carefully vetted contributors, with the prospect of 'exposure' (which TheHuffingtonPost.com

deceptively fails to verify), to provide valuable content at no cost."

In his interview with the Washington Post, Mr. Tasini said he believed the Huffington Post was engaging in a breach of contract with the writers because of an "implied promise" of compensation. He called his approach a "novel argument."

Novel or not, it looks like Mr. Tasini will have to settle for exposure, verified or otherwise.

Ms. Huffington



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