

## WORKPLACE FATALITIES

- Fatal U.S. workplace injuries over the past 20 years peaked at 6,632 in 1994, when the civilian noninstitutional labor force was 123 million.
- Since 1947 the number of people in the labor force peaked at 146 million in 2007, when 5,657 fatal injuries occurred.
- There were 4,405 fatal workplace injuries in 2013, the most recent data available, when the number of people employed was 143.9 million.
- Transportation accidents have been the No. 1 cause of workplace deaths for at least 10 years, accounting for two in five cases in 2013.

Source: U.S. Bureau of Labor Statistics

## SAFETY

### OSHA toughens injury reporting requirements

Firms bemoan compliance costs

BY STEPHANIE GOLDBERG

Employers are not convinced stricter federal requirements on reporting workplace fatalities, injuries and illnesses will greatly improve workplace safety, but they say they will spend more time and money on compliance.

Effective Jan. 1, 2015, companies will be required to report all work-related in-patient hospitalizations, amputations and eye losses within 24 hours, according to a revised safety rule the Occupational Safety and Health Administration announced earlier this month.

OSHA's intention was to broaden the safety reporting requirement. The agency began that effort

See OSHA page 43

## RISK MANAGEMENT

# INSURERS BOOSTING RETAILERS CYBER COVERAGE PRICE TAG

Hacks cause underwriting hesitancy, capacity cuts



BY JUDY GREENWALD

Major retailers should expect higher rates and retentions and lower coverage limits for their cyber insurance following several major data breaches since spring 2013, but much depends on persuading underwriters about the effectiveness of retailers' cyber defenses.

At the same time, data breaches affecting The Home Depot Inc. and Target Corp. have increased demand for the coverage,

See CYBER page 44

## BIG DATA BREACHES

Millions of credit card users' data were exposed in recent attacks affecting major retailers. They include:

### The Home Depot Inc.

April-September 2014

Estimated credit cards

**56 million**

### Target Corp.

November-December 2013

Estimated credit cards

**40 million**

### Michaels Stores Inc.

May 2013-January 2014

Estimated credit cards

**3 million**

### Nieman Marcus Group

July-October 2013

Estimated credit cards

**50,000**

### Sally Beauty Holdings Inc.

March 2014\*

Estimated credit cards

**25,000**

\*Date of announcement  
Source: Company filings

More coverage from meeting in Monte Carlo Page 6

## REINSURANCE

### Reinsurance buyers have upper hand

Capital tidal wave softens all cover lines

BY SARAH VEYSEY AND GAVIN SOUTER

MONTE CARLO, Monaco — The ongoing surge of alternative capital and intense competition for cedents' business are contributing to a buyers' market for reinsurance and enabling policyholders to obtain terms and conditions for their programs not seen in the past three decades.

Reinsurers say rates likely will remain stable or decline slightly

for most lines of business at the Jan. 1, 2015, renewals. Brokers say buyers can

expect to negotiate favorable terms and conditions when their business renews.

"In 30 years, I have never seen such a buyers' market," said Hugo Crawley, a partner at TigerRisk Partners (U.K.) Ltd. in London.

Low interest rates and a mostly benign period for claims, coupled with plentiful capacity from traditional and nontraditional sources, means that the sector remains challenging for reinsurers, said Torsten Jeworrek, CEO of reinsurance at Munich Reinsurance Co.

A prolonged, soft reinsurance market is likely, said David Priebe, vice chair of Guy Carpenter & Co. L.L.C. in New York.

"I'm not convinced that there will

See RVS page 43



## Q&A: BEN BEESON

Cyber expert at Lockton discusses how companies can protect against cyber risks

PAGE 12

## RESEARCH & DATA

Ranking undergraduate and graduate university risk management programs

PAGE 36

## OPINIONS

If not reauthorized, the TRIA program expires on Dec. 31, with repercussions

PAGE 14



## ATTRACTING & DEVELOPING TALENT

Recruiting fresh faces to the insurance industry; baby boomer retirements strain staffing; brokers turn to risk management; careers helped by professional designations.

PAGE 31

## BEST PLACES TO WORK 2014

PAGE 16

A STRONG TEAM,  
OPERATIONALIZING  
A STRONG BALANCE SHEET.

\$117.8 billion in combined policyholders' surplus\*



Berkshire Hathaway  
Specialty Insurance

Strength.

\*Balance sheets as of 03/31/2014 for the Berkshire Hathaway National Indemnity group of insurance companies.

9/29/14

CONTENTS

FEATURES

INTERNATIONAL



Profile: Hong Kong

Hong Kong property/casualty insurance market is soft. Insurers will incur costs from pending financial services overhaul. 10

PERSPECTIVES

Leading disaster resiliency



The business community has an opportunity to be a linchpin in resilience against the challenges of severe weather

threats, says Julie Rochman of the Insurance Institute for Business & Home Safety. 15

OFF BEAT



Beware the badger

A trapped badger that smashed through a shed wall in England is but one on a list of unconventional insurance claim causes. 46

SECTIONS

INTERNATIONAL 10

PEOPLE 12

OPINIONS 14

PERSPECTIVES 15

MARKET PULSE 38

OFF BEAT 46

NEWS

BENEFITS MANAGEMENT

EMPLOYERS EASE STRESS WITH CARRY-OVER FSA OPTION

Others keep flexible spending accounts unchanged

BY JERRY GEISEL

Adding an automatic carry-over feature to employees' flexible spending accounts has taken the pressure off Unity Health Care Inc. employees who contribute to FSAs.

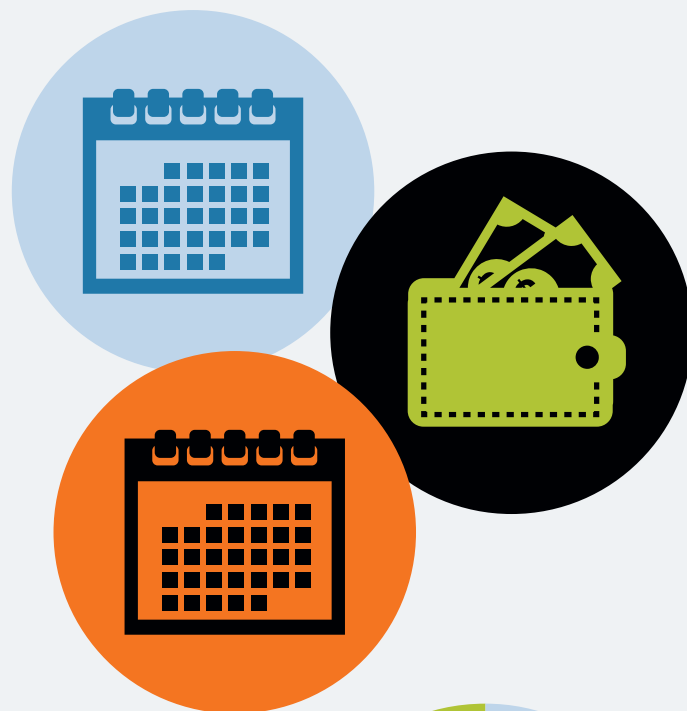
The feature the IRS authorized nearly a year ago eliminated employees' worries about losing unused money in their FSAs, said Michele Ottley, human resources lead benefits specialist at Unity Health, a Washington-based health service provider to the lower-income uninsured and underinsured.

The IRS rule allows employees to automatically carry over up to \$500 in their FSA accounts to the next year to pay medical expenses.

That approach is an alternative to one the IRS authorized in 2005. Under that so-called "grace period" approach, FSA participants can roll over their full unused balance remaining at the end of a plan year. However, the balance must be used by the end of the first 2 1/2 months of the following plan year or be forfeited.

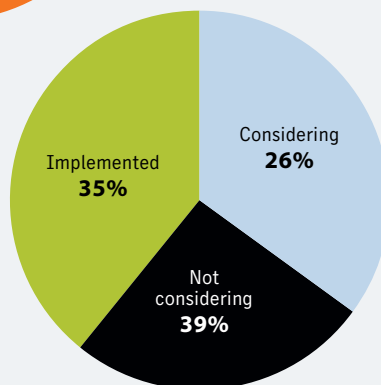
With the \$500 carryover rule, "the panic of having to spend the account balance before the dead-

See FSA page 42



FSA CHANGE

A majority of employers have changed or are considering changing the flexible spending account design to allow participants to carry over up to \$500 from their FSA accounts from one year to the next.



Source: National Business Group on Health survey

LEGISLATION

Congress taking TRIA to the wire with uncertainty

BY MARK A. HOFMANN

The fate of the federal terrorism insurance backstop and an initiative to streamline licensing of interstate agents and brokers won't be known until November at the earliest.

That's because both houses of Congress have recessed except for pro forma sessions, until after this year's midterm elections.

While the Senate passed a measure that would extend the terrorism insurance program for seven years, the full House has yet to act on a bill that would extend the program for five years, a bill that won approval of the House Financial Services Committee.

While both bills would require insurers to bear a heavier financial burden in the case of future catastrophic terrorist attacks, the House bill would treat

See LAME DUCK page 42

Without reauthorization, the terrorism insurance backstop will lapse on Dec. 31.



BI expands news coverage

This edition of *Business Insurance* debuts the expansion of our news coverage and page adjustments to enhance our comprehensive reporting of the risk management, benefits management and commercial insurance sectors.

Based on our analysis of a readership needs survey conducted earlier this year and other feedback from readers, we have made adjustments to the magazine to make it easier for readers to access the information they most value from *Business Insurance*.

While we received positive feedback from the readership survey regarding our breaking news and in-depth news analysis, readers expressed an interest in more news coverage, particularly of claims disputes, litigation and compliance, regulatory and workplace safety issues.

In addition, readers expressed particular interest in our interviews with industry executives and personality profiles.

As a direct result of our readers' feedback, our format changes include an additional news page on page 6 and a second opinions page, which is a regular Perspectives page following the editorial page to allow industry experts to share their knowledge and viewpoints.

The additional news and opinions pages replace our Benefits Management and Mid-Market feature pages. We will continue to provide timely news analysis of benefits management topics on the news and feature pages of *Business Insurance*, along with in-depth reports in our quarterly supplement, *Crain's Benefits Outlook*. Our quarterly publication focuses on health, retirement, voluntary and international benefits trends.

Executives and managers responsible for risk management and benefits management at mid-market companies nationwide will continue to find content relevant to their needs throughout *Business Insurance* and on our *BusinessInsurance.com* website.

By Gavin Souter

ONLINE FEATURES

TOP 10 STORIES

Read the top 10 news stories and features of the week

Find out what the most popular news articles and features are on *BusinessInsurance.com*.

[www.BusinessInsurance.com/ BITop10](http://www.BusinessInsurance.com/BITop10)

VIDEO: IN FOCUS



Heart of hurricane season

How to cope with hurricanes and other costly natural disasters.

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

VIDEO: BROKER BEAT

AHT Insurance exec

David Schaefer of AHT Insurance discusses cyber risk and other issues facing insurance brokers.

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

DIRECTORY

Excess & Surplus Lines



*Business Insurance's* 2014 Excess & Surplus lines directory also comes bundled with an insurer wholesalers

premium edition featuring 41 pages of editorial content, lists and more.

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

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NEWS

WELLNESS

# WELLNESS GAINS FAVOR AS MORE FIRMS OFFER REWARDS

Companies gain intelligence on workers' health habits

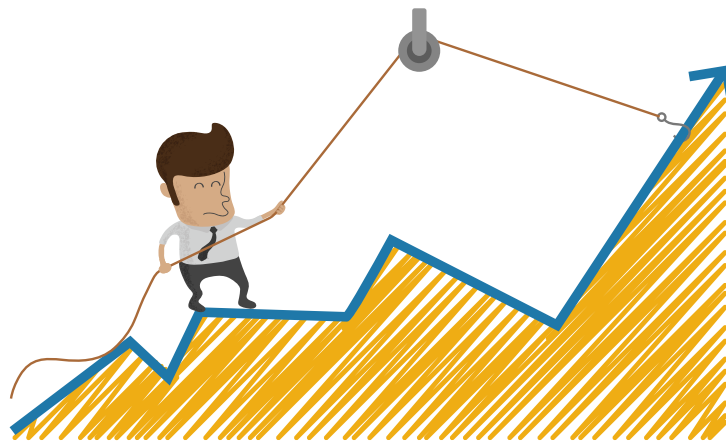
BY MATT DUNNING

NATIONAL HARBOR, Maryland — Employers are gradually embracing the concept of providing financial rewards to their employees based on specific health outcomes from their participation in workplace wellness programs.

Recent surveys show a steady, significant increase in the percentage of employers that offer financial incentives tied to measurable improvements in their employees' health, such as losing weight, reducing cholesterol levels and quitting smoking.

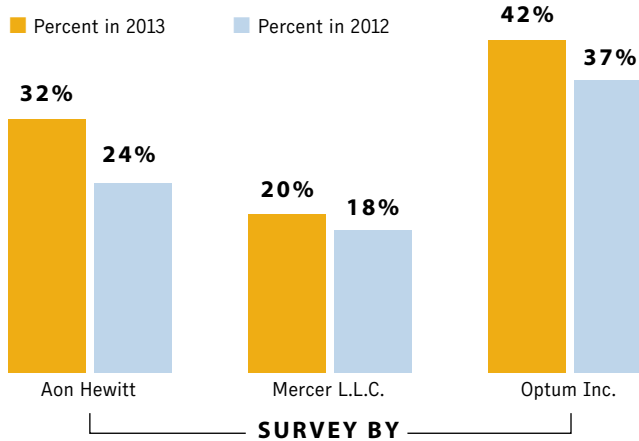
Experts say the growing popularity of results-based wellness incentives is being driven by a deeper understanding of the underlying motives that inform employees' health habits and choices, as well as regulatory changes that permit employers to increase the dollar value of rewards and penalties to boost employees' engagement in health management programs.

"There's a lot that goes into incentives," Colleen Reilly, president and founder of Total Well-Being Inc. in Aurora, Colorado, said last week during the 2014 Employer Healthcare & Benefits Congress in National Harbor,



HEALTHY INCENTIVES

A growing percentage of employers is using financial incentives to drive measurable improvements in employees' health, according to recent surveys by benefits brokers and consultants:



See **WELLNESS** page 41

SURPLUS LINES

# E&S capacity drives prices down up to 10%

Increased competition prompts insurers to scope specialty risks

BY BILL KENEALY

ATLANTA — Overcapacity in the excess and surplus lines market is pushing rates down and prompting insurers and brokers to diversify their product and service offerings.

And while the effect varies according to geography and industry, the pressure on rates is greatest in the large commercial property sector.

"The big news this year is rate reductions," said Stephen Scialdone, New York-based vice president and national underwriting leader of commercial property at Hiscox USA. "Now that rates have come down 5% to 10%, there's a lot less margin in the business."

Alan Jay Kaufman, chairman, president and CEO of insurance brokerage and underwriting manager Burns & Wilcox Ltd., agreed.

"There are just too many carriers chasing the same business," Mr. Kaufman said. In addition to E&S insurers, standard insurers have become more active in the commercial property market, he said.

"The standard carriers are stretching into the gray areas that are normally part of the E&S market," Mr. Kaufman said.

See **NAPSLO** page 41

# Nominate an outstanding risk manager

**W**e're looking for the best and brightest risk managers. If you know someone who deserves recognition as an outstanding risk management practitioner, you can nominate him or her for the 2015 *Business Insurance* Risk Manager of the Year® Award.

The Risk Manager of the Year® and Risk Management Honor Roll® awards are presented by Crain Communications Inc.'s *Business Insurance* magazine. Next year's awards will be presented in April during the Risk & Insurance Management Society Inc.'s annual conference and exhibition in New Orleans.

The Risk Manager of the Year® Award, established in 1977 to increase recognition of the risk

management profession and to recognize outstanding performance in the risk management field, was first presented in 1978.

Nominations are open to anyone involved in risk management



for a corporation, financial institution, nonprofit institution or governmental entity. The individual need not be a full-time risk management practitioner, but the candidate must be a full-time employee of the organization for which he or she practices risk management.

Administrators and executive

directors of self-insurance funds or self-insurance pools also are eligible.

The candidate may be nominated by anyone familiar with his or her work, such as a superior, a member of the risk management staff, a colleague with another company or a broker, insurer or other service provider.

Past Risk Management Honor Roll® honorees are eligible to be nominated for consideration for the Risk Manager of the Year® Award five years after being named to the honor roll.

To make a nomination, please use the Risk Manager of the Year® nomination form online at [www.BusinessInsurance.com/RMOYNominate](http://www.BusinessInsurance.com/RMOYNominate).



"There are just too many carriers chasing the same business."

Alan Jay Kaufman, Burns & Wilcox Ltd.

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# SOFT PRICES, CORPORATE CHANGE SQUEEZE REINSURERS

Cyber, environmental liability coverages pose potential

BY SARAH VEYSEY AND GAVIN SOUTER

MONTE CARLO, Monaco — In response to predictions of a prolonged period of soft rates and a growing trend of cedents retaining more risk, reinsurers are seeking new areas of coverage in which they can grow.

Despite the soft market, many clients are adopting a long-term approach to buying reinsurance, and often are centralizing buying and using fewer reinsurers rather than opportunistically buying cheaper coverage, said Nick Frankland, Chicago-based CEO of Guy Carpenter & Co. L.L.C.'s Europe, Middle East and Africa operations.

This means brokers need to “find ways to use capital creatively,” Mr. Frankland said.

“Ultimately, the goal has to be to grow the pie” of reinsurance business, said Eric Anderson, Chicago-based CEO of Aon Benfield Group Ltd., the reinsurance brokerage arm of Aon P.L.C.

“We have the opportunity to help reinsurers to help our primary clients” by devising new products, he said during the Rendez-vous de Septembre gathering earlier this month in Monte Carlo.

Many risks such as flood have almost evaporated from the commercial marketplace and been assumed by governments over the past 20 years, Mr. Andersen said.

Brokers are working with the market to narrow the gap between uninsured and insured losses, said Patrick Hartigan, team leader for treaty reinsurance at Beazley

P.L.C. in London.

The industry is, and should be, attempting to close the gap between economic and uninsured losses, said Jamie H. Veghte, CEO of reinsurance operations at XL Group P.L.C.

“Eight years ago, the largest insurance companies retained about 85% of their risks and ceded the remainder” to the reinsurance market, said David Flandro, global head of strategic advisory at JLT Re, the reinsurance arm of Jardine Lloyd Thompson Group P.L.C., in New York. “Now, that retention level is in the 90s.”

Increased cedent retentions mean “the cake is a bit smaller,” said Torsten Jeworrek, CEO of reinsurance at Munich Reinsurance Co.

“Are we desperate reinsurers — like ‘Desperate Housewives’ — the talk of the town? We are not desperate.”

Denis Kessler,  
Scor S.E.

SERENAROSSI/SHUTTERSTOCK.COM

But there are areas into which Munich Re is seeking to grow, including U.S. primary specialty risk business and coverage for cyber, energy, supply chain, non-physical damage business interruption, weather and reputational risks, he said.

Axis Capital Holdings Ltd. also will likely expand its primary book, said Albert A. Benchimol, CEO and president of the Bermuda-based insurer and reinsurer.

Net of reinsurance, about 52% of Axis's premiums are derived from primary business and that is like-

ly to grow as reinsurance prices weaken, Mr. Benchimol said.

“The reinsurance market was very attractive from 2008 to 2013, so we were able to grow that book. Today, we are likely to see the insurance book grow more,” he said.

“Are we desperate reinsurers — like ‘Desperate Housewives’ — the talk of the town? We are not desperate,” said Denis Kessler, CEO of Paris-based Scor S.E.

Victor Peignet, CEO of Scor's global property/casualty unit, said there are areas of risk that barely are covered now by the reinsurance market, such as cyber liability and environmental liability outside the United States.

While reinsurers are interested in covering such risks, close collaboration is needed with primary markets to develop appropriate products, he said.

Cyber coverage also is an area of opportunity for reinsurers, said Ulrich Wallin, CEO of Hannover Re S.E.

He said Hannover Re likely will set up a dedicated unit for cyber risk.

Initially, Mr. Wallin said, the opportunity is in the United States, because that is where the majority of stand-alone cyber insurance is bought.

There still are areas where reinsurers can find profitable business opportunities, said Brian Duperreault, CEO of Hamilton Insurance Group Ltd. in Bermuda.

He said the company, which is in discussions about a possible entry into the Lloyd's of London market by linking with managing agency Sportscover Underwriting Ltd., among other expansion goals, will pursue business where technological resources offer an advantage.

“There's a lot of business where technology can make a difference,” Mr. Duperreault said. “It would probably be more on the frequency side than the severity side, so in the beginning, we'll probably be looking more at frequency risks. But we won't rule out severity.”

## INVESTORS PUSHING TO EXPAND ALTERNATIVE RISK TRANSFER BEYOND U.S. CATASTROPHE PERILS TO DIFFERENT RISKS OVERSEAS

BY SARAH VEYSEY

MONTE CARLO, Monaco — Investor appetite for insurance-linked securities and other alternative risk transfer options remains high despite lower prices for U.S. property catastrophe business.

Brokers and capital market investors are exploring ways to transfer new forms of risk, such as contingent business interruption, through capital markets, experts say.

According to research published by Guy Carpenter & Co. L.L.C. during the recent Rendez-vous de Septembre reinsurance gathering in Monte Carlo, Monaco, about \$20 billion of fresh capital has entered the market via investments in insurance-linked securities, sidecars, hedge fund-backed reinsurers and collateralized reinsurance vehicles in the past 24 months.

While U.S. property catastrophe risk still dominates the perils underwritten by such vehicles, a desire to diversify means that investors and cedents are exploring the viability of using insurance-linked securities for different risks and territories, experts say.

“Newer capital is becoming more flexible,” said Nick Frankland, London-based CEO of Guy Carpenter's Europe, Middle East and Africa operations, and likely will find ways to underwrite in territories and lines other than U.S. property catastrophe.

The fact that an indemnity-based catastrophe bond was placed in Europe this year likely will accelerate the trend of using such instruments outside of the United States, said Paul Schultz, Chicago-based CEO of Aon Benfield Securities, a unit of Aon Benfield Group Ltd.

That bond, Windmill I Re Ltd., provided Dutch reinsurer Achmea Reinsurance Co. N.V. with 40 million (\$51.3 million) of reinsurance

protection against European windstorm risk.

While capital market investors are likely to still prefer catastrophe business, the volume of available capacity likely will exceed demand and prompt moves into other areas, Mr. Schultz said.

More midsize sponsors have begun to explore the use of ILS, and the investor based is growing, said Shaun Geils, manager of insurance for Kane (Cayman) Ltd. in Grand Cayman, Cayman Islands.

Experts say capital market investors are looking for risks that, like property catastrophe, can be modeled or respond to triggers to transfer them via ILS instruments.

Next likely will be corporates or public entities using ILS mechanisms to directly transfer risks, said Rick Miller, managing director and co-head of insurance-linked securities at Jardine Lloyd Thompson Capital Markets Inc., a unit of London-based Jardine Lloyd Thompson Group P.L.C., in New York.

A company that needs speedy access to funds after a catastrophe could use a cat bond with a parametric trigger as a hedging tool in addition to insurance, he said.

Such bonds, which could be private placements or 144A structures, would need “clean” triggers, such as an earthquake of a certain magnitude or a flood of a predetermined depth, he said. But cat bonds could offer cedents swifter access to funds vs. insurance requiring evidence of physical loss and audit rights.

If brokers are creative, risks such as business interruption can be covered by ILS with a parametric trigger, said Eric Paire, head of global partners and strategic advisory for the Europe, Middle East and Africa region at Guy Carpenter in London.

Many investors want diversification by underwriting new risks or geographies, Mr. Paire said.



“Newer capital is becoming more flexible.”

Nick Frankland,  
Guy Carpenter & Co. L.L.C.

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## U.S. insurers resilient in wake of financial crisis

■ The U.S. insurance industry has shown “resilience” in the wake of the financial crisis, according to the Federal Insurance Office’s second annual report. FIO said that both the life and health insurance sector and the property/casualty sector have enjoyed growth in recent years. “U.S. insurers continued to show resilience in the aftermath of the financial crisis,” the report said. “Property and casualty insurance sector premiums have grown consistently since 2010 and reached a record high of \$471 billion on a net earned basis in 2013.” Additionally, “The P/C sector’s combined ratio for 2013 dropped below 100% for the first time since 2007, which was largely attributable to a reduction in catastrophe losses.” The FIO report said, however, that as with life and health insurers, property/casualty insurers’ investment yields continued to decline and that, unlike the life and health sector, its investment income declined as well. “Nonetheless, net income of \$72 billion in 2013 was the highest level for the P/C sector since 2007, which drove surplus to a record level of \$665 billion,” the report said.

## Modeler RMS giving cities free access to technology

■ Catastrophe modeling firm Risk Management Solutions Inc. has formed a partnership to help cities address natural hazard risk. RMS will grant access to its RMS(one) exposure and risk management platform and catastrophe models to 100 Resilient Cities-Pioneered by the Rockefeller Foundation, a nonprofit group dedicated to helping cities around the world become more resilient to catastrophes. RMS said earthquake-prone San Francisco will be the first city in the 100 Resilient Cities program to get free access to its models and technology.

## SEC announces \$30 million payout in largest whistleblower award

■ An anonymous tipster living abroad will receive \$30 million in the largest whistleblower award ever doled out by U.S. securities regulators as part of a program that aims to encourage insiders to report wrongdoing. The Securities and Exchange Commission said the whistleblower provided crucial information that helped investigators uncover a “difficult to detect” ongoing fraud. “The SEC can award a whistleblower anywhere between 10% and 30% of the money the agency collects.

Reuters

## Agency proposes disclosure of lump-sum pension offers

■ The Pension Benefit Guaranty Corp. has disclosed that it intends to require employers to report to the agency offers they make to pension plan participants to convert their monthly annuity to a cash lump sum benefit. In a filing published in the Federal Register, the agency said it intends to revise 2015 PBGC premium filing procedures to require reporting of such offers, which typically are made to pension plan participants who have terminated employment but are not yet receiving benefits. For the PBGC, the approach means its exposure to future losses is reduced since the pension plans it insures will have fewer participants. Yet with fewer participants, employers will pay less in

premiums to the PBGC, which the agency uses to help pay promised benefits to participants in failed plans the agency takes over.

## Motorola Solutions enters into third-largest U.S. pension buyout

■ Motorola Solutions Inc., Schaumburg, Illinois, entered into a pension buyout agreement with Prudential Insurance Co. of America and will offer lump-sum payouts to terminated vested employees to reduce \$4.2 billion in pension obligations, the company said in a filing with the U.S. Securities and Exchange Commission. The buyout will total approximately \$3 billion and cover approximately 30,000 Motorola Solutions retirees. According to Prudential, this is the third-largest U.S. pension buyout to date, after General Motors Co. and Verizon Communications Inc. Motorola also said it intends to contribute \$1.1 billion to improve the funded status of its pension plans. Separately, the firm said it is offering lump-sum distributions to 32,000 former employees that left the company before June 30 and have vested in the plan but haven’t yet received benefits. The lump-sum program will be capped at \$1 billion.

Pensions & Investments

## Stuart Henderson assumes chairmanship of NAMIC

■ Stuart Henderson, president and CEO of Western National Insurance Group in Edina, Minnesota, assumed the chairmanship of the National Association of Mutual Insurance Companies at its annual meeting at National Harbor, Maryland. He succeeds John Bishop, who recently retired as president and CEO of Columbus, Ohio-based Motorists Insurance Group.

## P/C policyholder surplus reaches record \$683.1 billion

■ U.S. property/casualty insurers’ policyholder surplus reached a record \$683.1 billion during the first half of this year, according to an A.M. Best Co. Inc. report. But the report found that the industry’s first-half net income dropped 22.1% from that of the same period in 2013 to \$27.0 billion, reflecting in part continued erosion of investment income and a 31.4% drop in realized capital gains as well as increased catastrophe and noncatastrophe losses, according to Best. Best said that while market conditions have become “increasingly competitive for larger and more profitable accounts,” underwriters have been able to get rate increases on smaller commercial accounts “where rates remain below levels to support current exposures, such as commercial auto liability.”

## Firms form data breach plans, but effectiveness questioned

■ While more companies have data breach response plans and teams in place, only 30% of executives rate their firms as effective in developing and executing them, according to a Ponemon Institute L.L.C. study. The study of 567 executives found that 73% of companies have data breach response plans in place, compared with the 61% in 2013. The percentage of firms that had data breach response teams increased to 72% from 67% in 2013. However, only 9% of executives rated the development and execution of their companies’ plan as very

effective, while 21% said it was effective, 23% said it was somewhat effective, 30% said it was not effective and 17% were unsure. The survey also found cyber insurance policies are becoming a more important part of companies’ preparedness plans, with 26% reporting they have such a policy, compared with the 10% who reported having one in 2013. Data breaches have increased in frequency, with 43% of executives saying their company had a data breach in 2014, compared with 33% who reported breaches in 2013.

## Washington Post freezes pensions, switches to cash balance option

■ The Washington Post’s parent company is freezing its defined benefit plan and transferring remaining participants to an existing cash balance plan, effective Jan. 1, 2015. The company is also offering a lump-sum option for all defined benefit participants. Employees hired Sept. 1, 2009, or later already participate in the cash balance plan. The changes for unionized employees, who are represented by The Newspaper Guild, will have to be negotiated during bargaining talks. Nonunion employees hired after Sept. 30, 2014, will not participate in the cash balance plan. The company’s 401(k) plan will continue, but employer contributions will be cut to 1% from the current 5% for unionized employees. That reduction is already in effect for nonunion employees. According to the company’s 2012 annual report, the pension fund was 141% funded, with \$2.07 billion in assets and \$1.47 billion in liabilities.

Pensions & Investments

## U.S. hospitals unprepared to dispose infectious Ebola waste

■ U.S. hospitals may be unprepared to safely dispose of the infectious waste generated by any Ebola virus disease patient to arrive unannounced in the country, potentially putting the wider community at risk, biosafety experts said. Waste management companies are refusing to haul away the soiled sheets and virus-spattered protective gear associated with treating the disease, citing federal guidelines that require Ebola-related waste to be handled in special packaging by people with hazardous materials training, infectious disease and biosafety experts told Reuters. The issue created problems for Emory University Hospital in Atlanta, the first institution to care for Ebola patients here. As Emory was treating two U.S. missionaries who were evacuated from West Africa in August, their waste hauler, Stericycle, initially refused to handle it.

Reuters

## Willis places \$250 million quake cat bond for California comp fund

■ Willis Capital Markets & Advisory has completed a \$250 million earthquake catastrophe bond for California’s State Compensation Insurance Fund, the Willis Group Holdings P.L.C., unit said Friday. Golden State Re II, which closed Sept. 16, provides California’s largest workers compensation insurance provider with \$250 million of fully collateralized coverage for workers compensation against California earthquake risks for a term of just over four years. The bond was increased to \$250 million from an initial \$150 million, settling at the low end of initial pricing guidance of 2.20% to 2.70%. Golden State Re II is Willis Capital Markets & Advisory’s seventh cat bond placement of 2014.

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## Lloyd's posts \$2.72 billion first-half profit for 2014

■ Lloyd's of London posted pretax profit of £1.67 billion (\$2.72 billion) for the first half of 2014, up 21.0% from £1.38 billion (\$2.25 billion) for the first six months of 2013. Gross written premium for the first half of 2014 was £14.90 billion (\$24.27 billion), down 3.9% from £15.5 billion (\$25.25 billion) in the first half of 2013, while investment income for the first six months totaled £642 million (\$1.05 billion), up from £247 million (\$402.3 million) for the comparable period last year. The market posted a combined ratio of 88.2% for the first half of 2014 compared with 86.9% for the first half of 2013. John Parry, Lloyd's acting finance director, said the results had been boosted by a benign period for large catastrophe losses, among other factors.

## TigerRisk opens Bermuda office

■ TigerRisk Partners L.L.C. has opened an office in Hamilton, Bermuda to provide retrocessional coverages as well as traditional reinsurance brokerage services. Alex Bridges, a partner in TigerRisk's London office, has moved to Bermuda to head up the new office, the company said in a statement. It is important to have "somebody on the ground, 24/7," said Hugo Crawley, a partner in TigerRisk's U.K. operations based in London. The office will help provide innovative products to buyers of retrocessional coverages in Bermuda, he added. TigerRisk also has retrocessional brokerage teams in Stamford, Connecticut, and London.

## Canada may spread oil-by-rail burden

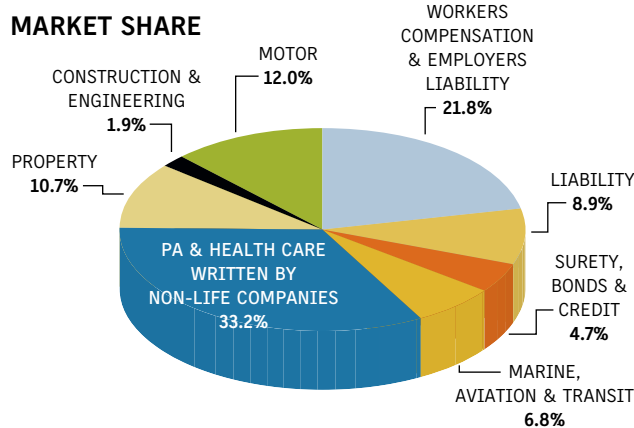
■ The Canadian government is looking at extending the insurance burden for crude-by-rail disasters beyond railways and is weighing the idea of a special fund similar to one once set up for maritime oil spills, a government official said. The potential policy move comes over a year after a runaway oil train exploded in Lac-Mégantic, Quebec, leveling the heart of the town and killing 47 people. Montreal Maine & Atlantic Railway — the carrier responsible for the Lac-Mégantic crash — exhausted the CA\$25 million (\$22.8 million) insurance that the government had required it to carry and swiftly went bankrupt. The cleanup and reconstruction bill, now being covered by governments, is expected to be at least 400 million Canadian

## PROFILE: HONG KONG

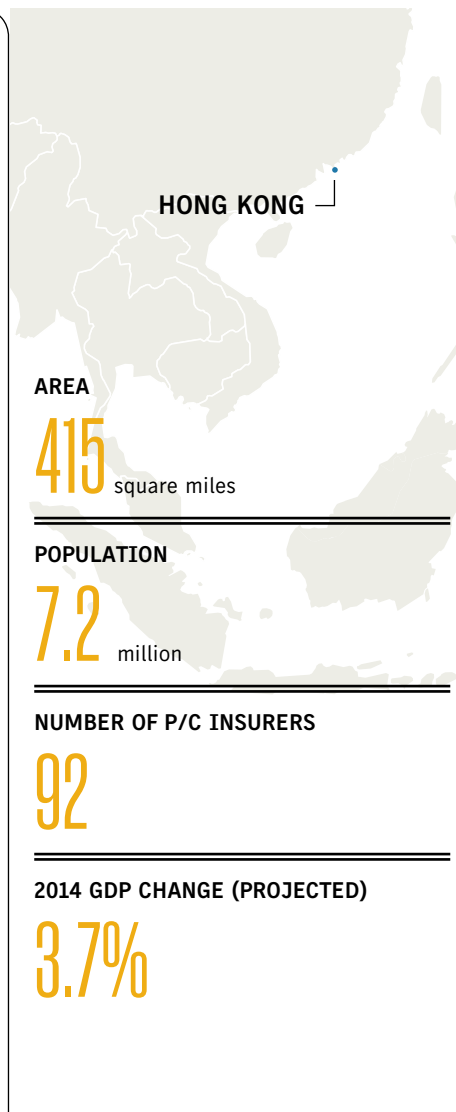
**\$2.67 BILLION**

Hong Kong continues to experience a soft property/casualty insurance market, though premiums began to stabilize in 2011 after many years of rate cutting. Over the next couple of years, the insurance market is expected to go through its biggest shake-up since the regulator, the Insurance Authority, was established in 1990. That's because officials are rewriting operating rules, establishing a policyholders' protection fund and introducing a risk-based capital system for financial services firms.

◀ 2013 P/C gross premiums



Source: Axco Global Statistics/Industry Associations and Regulatory Bodies



## MARKET DEVELOPMENTS

UPDATED  
SEPTEMBER 2014

- In March 2014, a new ordinance codifying directors and officers coverage went into effect.
- In January 2014, Hong Kong financial regulators, including the Insurance Authority, introduced a resolution to move ahead with developing a regulatory structure for dealing with large risky financial institutions that are deemed too big to fail.
- In January 2014, proposals were introduced after public input was reviewed involving the creation of the Independent Insurance Authority, separate from the Insurance Authority.
- In January 2014, the government proposed reducing the rate of corporate tax payable by captive insurers.
- In April 2013, guidelines were issued by regulators requiring insurance brokers to include with policy paperwork a statement that they are being paid a commission by insurers. If asked by a client, the brokers must disclose the dollar amount of the commissions.

### COMPULSORY INSURANCE

- Workers compensation
- Professional indemnity for insurance brokers
- Auto third-party liability
- Civil aviation third-party liability
- D&O liability for publicly held companies

### NONADMITTED

Unlicensed insurers are not permitted to do business in Hong Kong. However, there is nothing in the law stating that insurance must be purchased from locally authorized insurers, except for some of the compulsory coverages. If approached by a buyer or broker, insurers can sell certain policies from abroad.

### INTERMEDIARIES

Agents and brokers can place insurance with nonadmitted insurers, if requested by clients or if the coverage is not available in Hong Kong. Broking may be conducted by companies authorized by regulators or members of a professional association recognized by regulators.

### MARKET PRACTICE

Most policies for local firms are either placed or fronted in Hong Kong. A small number of the largest property risks are placed in London, as well as some high-limit and excess liability policies.

Information provided by Axco Insurance Information Services.  
[www.axcoinfo.com](http://www.axcoinfo.com)

dollars (\$360 million). The country's Conservative government is coming around to the idea that it is unrealistic for the rail industry to bear the entire cost, said the official, speaking on condition of anonymity. A representative for Transport Minister Lisa Raitt declined to comment on whether there would be a maritime-type fund set up but confirmed that she was looking to shippers in addition to railways for extra coverage.

Reuters

## Multinational programs to increase in Europe

■ A majority of European risk managers expect their use of multinational insurance programs to increase over the next three years, according to a survey by

Ace European Group Ltd. According to the research, 30% of respondents said they "strongly agreed" that their companies' use of multinational insurance programs is likely to grow over the next three years, while 53% said they slightly agreed with that statement. Only 3% of respondents said they strongly disagreed that their company would increase its use of multinational programs, while 14% said they slightly disagreed. When asked which types of risk they would consider integrating into a multinational policy over the next 12 months, 42% said they would consider integrating casualty risks, 38% professional indemnity, 38% environmental liability, 38% property, 36% cyber, 33% directors and officers liability, 28% global travel, 28% fidelity/crime, 25% political and trade credit risk, 24% marine, 22% group personal and

accident, 22% power generation/machinery breakdown, 13% construction risk, and 12% terrorism. The use of captives for multinational programs also is expected to grow, with 44% of respondents saying they slightly agreed that their company's use of captives to manage multinational risk is likely to increase over the next three years and 31% saying they strongly agreed. Ace surveyed 280 risk managers from the Benelux countries, France, Germany, Italy, the Nordic countries, Spain, Switzerland and the United Kingdom.

## Swiss Re exec says may cut cat coverage

■ Swiss Re Ltd. apparently plans to cut its catastrophe coverage and compensate by looking to new

lines of business as pricing declines hit the reinsurance sector, a senior executive said, speaking to Bloomberg at the industry's annual Rendez-vous de Septembre in Monte Carlo, Monaco. Christian Mumenthaler, head of Swiss Re's reinsurance business, said, "The super profits from (natural catastrophe) are probably over for now." After reinsurance prices saw declines during January, April and July renewals, the reinsurer is taking a hard look at where to write business, he said. "My feeling is that this is the first year we hit technical limits in some of the business, and therefore a few of the bigger players will cut business," offering less coverage as they earn too little for the risks, Mr. Mumenthaler said, adding that "it would take time to build up other lines of business to compensate for the falling prices."

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# LOCKTON CYBER SECURITY BOSS SAYS BREACH RESILIENCY KEY

**Q** How have recent events altered people's perceptions about cyber risk?

**A** I think we've moved from thinking that this was about prevention to thinking this was about being resilient to cyber risk. The message of the last few months is that anybody can be hit. I should stress that this does not mean that you should not do anything, because there are a lot of things you can do to help make it harder for bad guys to get in and search for easier targets. Nonetheless, companies should now expect hackers to be in networks, so the question now becomes what you are going to do about it.

**Q** How well do the cyber policies available on the market match the actual risks companies are facing?

**A** The insurance market has actually done a good job in dealing with cyber security. When you

## Q&A

look at the events Target went through and Home Depot is now going through, the market can address those risks and the associated financial effects, such as data breach response costs and liability for class actions. We now know that Target had \$100 million worth of insurance and has likely blown right through that. There are certainly other areas of cyber risk that have either yet to be addressed or there some solutions

starting to emerge.

**Q** Given this, should companies prioritize risk transfer over risk mitigation?

**A** No. Risk mitigation comes first, and insurance comes second. However, insurance is playing a much larger role because no matter how much you mitigate this risk, you can't make it go away.

**Q** What are best practices when it comes to mitigation?

**A** The most sophisticated companies are employing a defense in depth strategy in their information technology departments. It involves multiple layers of defense including firewalls, intrusion detection systems, antivirus software and encryption.

Unfortunately, now even this is not enough, so security has to change. You now have to understand who is trying to attack you and what do they want. So you



**BEN BEESON**

**LOCKTON COS. L.L.C.**

companies can best gird themselves against cyber risks. Edited excerpts follow.

The highly-publicized theft of consumer data from retail giants Target Corp. and The Home Depot Inc., as well as the leak of personal photos stored on Apple Inc.'s iCloud service, has brought new attention to the issue of cyber risk. In a recent conversation with *Business Insurance* Associate Editor Bill Kenealy, Ben Beeson, Washington-based vice president of cyber security and privacy at Lockton Cos. L.L.C., discusses how

have to strategically base your security decisions and align them with what your business wants to do.

You need the most resources around your critical assets. Security has to become dynamic. Likewise, insurers will need to adopt a more dynamic underwriting approach, and they will want to see these dynamic measures in place before assuming the risk.

**Q** Would it be safe to say that this is an inflection point in the cyber insurance market?

**A** Absolutely. In the wake of Home Depot, we may see an entrenchment in the market in terms of capacity and coverage. Going forward, if you have a point-of-sale system that isn't properly locked down, I could foresee many insurers not wanting to cover that.

## COMINGS & GOINGS

### UP CLOSE: ROBLEY MOOR

**NEW YORK-BASED HEAD OF CASUALTY FOR NORTH AMERICA**  
Swiss Re Corporate Solutions

**PREVIOUS POSITION:** Chicago-based head of casualty for the central region with Swiss Re Corporate Solutions

**LOOKING FORWARD TO:** I moved to Chicago from New York in 2007, and I look forward to being back in New York City to catch up with old friends, brokers and customers in my new role. This will take me across the U.S. and Canada, with an opportunity to build new relationships in the industry and expand awareness of Corporate Solutions' capabilities, for example, in energy hubs in North America. There's plenty to keep me busy.

**GOALS FOR NEW POSITION:** Build upon the great team of underwriters at Swiss Re Corporate Solutions and strengthen our customer relationships that make up our casualty business today.

**INDUSTRY OUTLOOK:** Casualty underwriting is long-tail business, so we have to be positive to do it.

**CHALLENGES FACING INDUSTRY:** Overcapacity in excess liability markets gets a lot of press, but there is nothing like stronger underlying economic growth to boost opportunity. The slow economic recovery has meant low inflation with little effect on reserves. I believe this will change, some of that capacity may become scarcer.



**FIRST INDUSTRY JOB:** I began my career as a banker, where I was responsible for determining coverage for large energy and transportation construction projects, including contractor-controlled insurance programs, efficacy and other exotic contingency covers to facilitate bank financing. Some of this was in Asia and Latin America, and it was a huge learning experience for me.

**WHAT SURPRISED ME:** I watched my old boss do an excellent job for years, and he made it look easy. Then you immerse yourself in it and realize it's not as easy as it looks.

**HOBBIES:** As much squash as I can find time to play, and active involvement with a couple charities, as well as three kids and a dog.

**WHEN I RETIRE:** It's hard to imagine retirement at this point. That's so far down the road. My wife dreams of owning a jasmine farm in the south of France. If I'm lucky, she'll let me work there.

**BEST CITY:** Hong Kong on a Friday night, Saturday afternoon at Wrigley Field in Chicago, then brunch on Sunday in New York.

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EVENTS

EDITORIAL

## TRIA DELAY PREDICTABLE, UNNECESSARY

**W**e've seen this movie before. For the third time since 2005, reauthorization of the federal terrorism insurance backstop program created by the Terrorism Risk Insurance Act of 2002 is coming down to the wire. If it's not reauthorized, the program expires on Dec. 31, with grave repercussions for a still-shaky economy as terrorism coverage vanishes for many commercial property policyholders.

Congress failed to come to an agreement on reauthorization before it recessed for the November elections. In fact, the House failed to vote on the scaled-back extension bill approved by the House of Representatives Financial Services Committee. That bill would extend the program by five years; a Senate bill would do so for seven years.

There are other differences in the bills as well, differences that should have been dealt with weeks, if not months, ago.

So now it's up to a lame-duck Congress summoned after the elections to tie up odds and ends. The script's pretty predictable. After a certain amount of grandstanding, which could be particularly pronounced if control of the Senate passes to the Republicans and thus opens the possibility that the program could be scaled back in the future, an extension bill of some sort will pass.

It doesn't have to be this way. It's not like no one realized the program would expire — risk managers, insurers, producers and many industries have been pushing for reauthorization. But after a promising start, Congress fell into its usual inertia.

This time around, reauthorization doesn't merely affect terrorism insurance, either. Both bills contain provisions that would create a National Association of Registered Agents and Brokers, which would streamline interstate producer licensing and lower costs for agents, brokers and clients.

There's a way to end this drama. Rather than go through this process repeatedly, make the program permanent, even if it means scaling it back beyond what insurers might like.

NARAB should be made permanent, too. If Congress adopts the House rather than the Senate language, that can be achieved in the lame duck session.

Making the backstop permanent won't happen in the lame duck, however. Given the lateness of the legislative hour, supporters will have to settle for what they can get and hope for a more satisfying ending the next time around.

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SCHILLERSTROM



COMMENTARY

## BUSINESSES NEED PERMISSION TO RETALIATE AGAINST HACKERS

**A**s I opened yet another email last week warning me that my credit card information may have been compromised since recently shopping at some big-name retailer, I have come to the conclusion that it's virtually impossible for any business to guard against Internet intruders.

Sure, they can put up a perimeter security in the form of firewalls and data encryption, require multiple layers of user authentication, and inoculate their operating systems against viruses and malware.

But sooner or later, they will get hacked.

When a bank is robbed, police and security guards can chase after the perpetrators and, if necessary, gun them down. And in situations where the robbers do get away, banks can place booby-traps in the money bags that taint the cash and make it unusable.

By contrast, there is very little a business can do offensively to protect its data after it has been stolen. Even if a retailer is compliant with the most up-to-date PCI Data Security Standards, those standards only address perimeter security and do nothing to render the data useless after it is outside of the data owner's control. For example, businesses cannot embed a code that causes the data to self-destruct or that infiltrates the hacker's system to disable it.

"I have heard of programs that monitor network traffic for anything peculiar, watch data being extracted and follow where it goes, almost like locating the bad guys' hideout," said Eric Cernak, vice president for strategic products with Hartford Steam Boiler Inspection & Insurance Co., which recently held a "Hacker Lab" event in New York that demonstrated



**JOANNE  
WOJCIK**

SENIOR EDITOR

how cyber criminals select their targets, how they enter the systems and what they do post-infiltration.

But businesses cannot legally launch counter attacks against hackers, he said.

"That would be like breaking into the house of the thief who stole my TV to steal it back," Mr. Cernak said.

In fact, such retaliatory actions could potentially be

considered a declaration of war, if the hackers turn out to be state-sponsored terrorists, he said.

But if the U.S. Supreme Court held in *Burwell vs. Hobby Lobby* that a closely held corporation has the same right to religious freedom as a person, shouldn't a business whose information technology system has been hacked have the same right to defend itself as a person?

In certain states such as Arizona, citizens have the same power as police to investigate a crime and detain suspects. In other states, such as Colorado, if a thief crosses the threshold of your home and threatens you, you have the right to shoot him or her.

There should be similar "Make My Day" laws to address cyber crime.

In football, I've heard it said that the best offense is a good defense. I'm not so sure that philosophy succeeds when battling cyber crime.

# Businesses should lead disaster resiliency nationwide

Predicting the weather is a job best left to the professionals, but being prepared for the next storm, wildfire or extreme temperatures can be part of everyone's responsibility. The business community has a unique opportunity to be a linchpin in the nation's resilience against the uncertain challenges accompanying severe weather threats, says Julie Rochman, president and CEO of the Insurance Institute for Business & Home Safety.

**A**cross the country and around the world, severe and unpredictable weather has made "resilience" a more urgent topic for insurers, governments, businesses and residents. While many seek explanations for unusual and extreme weather events, the best course of action for those of us not in the climate science field is to identify and advocate effective adaptation solutions to better protect our communities against Mother Nature's fury, both now and in the future.

While there are always fluctuations in severe weather and its consequences, aggregated losses during the past two decades have been immense. From 1993 to 2012, insured catastrophe losses in the United States totaled \$391.7 billion, an average of almost \$20 billion per year. Last year was actually one of the least extreme weather years in memory, although a number of significant events occurred that caused substantial property damage and business disruption across all regions of the country.

The first half of 2014 produced severe winter weather that froze pipes, as well as parts of the U.S. economy; destructive tornadoes that killed dozens of people, and damaged homes and businesses in the South Central and Southeast states; and more than twice the average number of wildfires in California and elsewhere. Now, we are in the heart of the Atlantic hurricane season; even though predictions are for a relatively calm season, it only takes one storm making landfall to do substantial damage along the Atlantic and Gulf coasts. And then there is Hawaii, where two historically uncommon tropical storms recently reminded residents that they, too, are vulnerable to hurricanes.

Insurers know too well that disaster losses also have risen due to population shifts and increased density and value of property in vulnerable areas — particularly those at risk from coastal threats and wildfires. For example, coastal counties along the Gulf of Mexico and the Atlantic seaboard make up only 3% of U.S. landmass, yet they account for about 15% of the population. Meanwhile, Wildland-Urban Interface areas accounted for nearly 60% of new construction during the most recent period studied by the U.S. Department of Agriculture's

U.S. Forest Service.

The Federal Reserve Bank of New York conducted a study last year to understand the issues facing communities and businesses in the Superstorm Sandy-affected region. One year after Sandy, nine in 10 businesses surveyed reported persistent financial problems covering operating expenses or repositioning their business.

This study illustrates long-term effects of severe weather on businesses that are not prepared for disasters. As corporate citizens, businesses from Main Street to Wall Street have an important role to play in community resilience. The level of preparedness of the business sector is inextricably linked to a community's economy and vitality as

*While there are always fluctuations in severe weather and its consequences, aggregated losses during the past two decades have been immense.*

it recovers from an extreme event.

Part of this responsibility includes business continuity planning. Both property loss mitigation efforts to prevent structural damage and operational measures to restore critical business operations are critical elements in the process. There are numerous tools available to help businesses identify the hazards they face, protect their assets and investments, income and revenue, systems and technologies, and reputation and competitiveness.

An important corporate responsibility is to continue providing goods, services and jobs following a disaster. However, to achieve the larger goal of true community resilience, businesses must reach beyond their walls and take a holistic approach to disaster planning.

Damage from natural disasters is likely to affect homes of employees and community infrastructure, in addition to businesses. Ideally, workers should not have to make impossible choices

between fulfilling their employment responsibilities and taking care of personal obligations related to recovery in days or weeks following an extreme event.

One way for businesses to avoid downtime is to help assure their employees are living in homes that can survive hazards posing the greatest threats to their communities. This can reduce the likelihood employees will be distracted from performing job functions because they must focus on their own recovery, or relocate if their homes are destroyed. Employers also should encourage employees to create and maintain a disaster supply kit in their homes and develop a family emergency communications plan.

In addition to concerns about employees' homes, if local schools are closed, roads are impassable or power is out for a long time, employees and customers may be stranded or preoccupied with non-work-related recovery concerns. So it makes sense for businesses to participate in planning and zoning activities to help assure disaster resistance is considered in the construction and maintenance of community infrastructure such as roads, schools, electrical systems and hospitals.

While much of the responsibility for community infrastructure lies with government, experience from a wide range of events makes it clear that participation by the private sector can help in the planning process, since businesses can add management expertise, financial aptitude and logistical know-how.

Following a natural disaster, businesses can play an important role in disaster relief, particularly if they have been fortunate enough to escape major damage. Such demonstrations of community support are an effective way for businesses to show leadership and underscore their reputation for service excellence. This can be accomplished by involving employees in a community-based disaster assistance volunteer force, or providing economic aid or services. Following a disaster, the need for essential products and services will be high, providing an important role for businesses that are prepared.

The business community also has an opportunity following a disaster to participate in local long-term recovery and rebuilding discussions, and ensure that communitywide resilience is given high priority.

Although recovery and rebuilding can be overlooked given the pressing need to repair damage and restore basic services, the best time to change perceptions and politics about disaster planning is when memories of the damage and dislocation are fresh. This collective recognition can turn the crisis into an opportunity that will result in a more resilient and disaster-resistant community.

By taking necessary actions to become better prepared, communities and businesses can become more resilient and better able to protect residents and maintain critical business infrastructure when disasters strike.



Julie Rochman is president and CEO of the Insurance Institute for Business & Home Safety in Tampa, Florida. She can be reached at 813-675-1044 and [jrochman@ibhs.org](mailto:jrochman@ibhs.org).



# BUSINESS 2014 INSURANCE®

# BEST PLACES TO WORK

The insurance industry is always on the hunt for talent, and providing a great place to work is a key factor in attracting and retaining the brightest prospects. In this special report, *Business Insurance* honors a record 75 employers that have created an environment in which people thrive and enjoy their work, making the companies the 2014 Best Places to Work in Insurance.

Companies recognized this year fall into three categories — large employer, medium employer and small employer — in the industry segments of benefits brokers and consultants, claims managers, group life/health insurers, property/casualty insurers, retail agents/brokers, reinsurance brokers, reinsurers and wholesale brokers/managing general agents.

The winners were chosen based on a two-part survey conducted by Harrisburg, Pennsylvania-based Best Companies Group that relied heavily on employees' engagement and satisfaction with the fringe benefits, workplace experience and company culture.

Insurance-related organizations with at least 25 employees as of June 30 were eligible for the recognition.

For companies that already are a great place to work and those that want to find ways to boost employee morale and productivity, profiles of this year's winners of the Best Places to Work in Insurance will offer strategies that have made them desirable workplaces.



## WINNERS' PROFILES

ABD Insurance & Financial Services Inc.	28
Accident Fund Holdings Inc.	23
AdvoCare Group	29
AH&T Insurance	32
Alltrust Insurance Inc.	27
ALPS Corp.	30
Alternative Service Concepts L.L.C.	29
American Integrity Insurance Group	29
Amerisure Mutual Insurance Co.	23
ARAG Insurance Co.	28
Associated Agencies Inc.	29
Assurance Agency Ltd.	21
Atlas General Insurance Services Inc.	28
Avalon Risk Management Insurance Agency L.L.C.	28
Baldwin Krystyn Sherman Partners L.L.C.	28
Benefit Controls Cos.	29
Benefits Resource L.L.C.	29
Berkley Mid-Atlantic Group L.L.C.	30
Berkley North Pacific Group L.L.C.	29
BMS Intermediaries Inc.	29
Burnham Benefits Insurance Services Inc.	26
Cambridge Consulting Group	28
Cavignac & Associates	28
Fred C. Church Inc.	30
Discovery Benefits Inc.	22
Dubaski & Associates Insurance Services L.L.C.	28
Edgewood Partners Insurance Center Inc., dba EPIC	23
Energi Insurance Services Inc.	28
Falvey Insurance Group Ltd.	29
FirstPerson Inc.	28
GFI Insurance Brokerage Inc.	29
Gilsbar Inc.	23
Great American Insurance Group	20
Gunn-Mowery L.L.C.	30
The Hanover Insurance Group Inc.	19
Hiscox USA	23
HNI Risk Services Inc.	30
Hoffman Brown Co.	30
Holmes Murphy & Associates Inc.	23
Hylant Group Inc.	22
The IMA Financial Group Inc.	23
Insurance Program Managers Group Inc.	29
The Insurance Exchange Inc.	29
Kapnick Insurance Group	29
J. Smith Lanier & Co.	23
Liazon Corp.	29
Lockton Cos. L.L.C.	17
MarketScout	30
Matrixx Healthcare Services Inc., dba myMatrixx	30
McGraw Wentworth Inc.	28
The MGIS Cos. Inc.	30
MJ Insurance Inc.	29
The Navigators Group Inc.	23
Networked Insurance Agents Inc.	30
NFP Maschino, Hudelson & Associates	29
The Odell Studner Group L.L.C.	29
The Partners Group Ltd.	30
Pennsylvania National Mutual Casualty Insurance Co.	23
Philadelphia Insurance Cos.	20
The Plexus Groupe L.L.C.	29
Precept Insurance Solutions L.L.C.	30
Pritchard & Jerden Inc.	30
RLI Corp.	23
Safeware, The Insurance Agency Inc.	29
Sahouri Insurance & Financial	27
Scirocco Group	30
Seubert & Associates Inc.	30
Silberstein Insurance Group	26
SilverStone Group	29
The Simkiss Cos.	28
Sterling Health Services Administration	30
Unum Group	18
West Bend Mutual Insurance Co.	18
Wine Sergi & Co. L.L.C.	30
Woodruff-Sawyer & Co.	21

### TOP 5 LARGE EMPLOYER

1. Lockton Cos. L.L.C.
2. West Bend Mutual Insurance Co.
3. Unum Group
4. The Hanover Insurance Group Inc.
5. Philadelphia Insurance Cos.

### TOP 5 MEDIUM EMPLOYER

1. Assurance Agency Ltd.
2. Woodruff-Sawyer & Co.
3. Discovery Benefits Inc.
4. Hylant Group Inc.
5. Edgewood Partners Insurance Center Inc., dba EPIC

### TOP 5 SMALL EMPLOYER

1. Burnham Benefits Insurance Services Inc.
2. Silberstein Insurance Group
3. Alltrust Insurance Inc.
4. Sahouri Insurance & Financial
5. Cavignac & Associates

# Large Employers

RANK  
1

**Lockton Cos. L.L.C.**  
Kansas City, Missouri  
**Retail Agents/Brokers**

**B**ehind Lockton Cos. L.L.C.'s exponential growth are empowered employees and good communication.

Ed Schloesslin, senior vice president of human resources in Kansas City, Missouri, who joined Lockton 10 months ago, said he was initially drawn to the company because it's a "growth organization."

But in addition to being part of a team that's "winning big in the marketplace," Mr. Schloesslin said finding the right organizational culture was important to him.

"Being in human resources, we have a customer too," he said. "That's our associates — our internal customers. I've always wanted to be part of organizations where customer service and satisfaction is paramount, because in human resources we need to provide that same level of service internally ... The tone has to be set at the top, and it has to be an organizational imperative, and that is very much something that Lockton stands for."



Mr. Schloesslin Mr. Spencer

In speaking with associates, Chief Operating Officer Glenn A. Spencer said he has learned that "the No. 1 thing that makes Lockton different and better is that we trust and empower our associates to do what they know is right for our clients."

Mr. Spencer said that employees, especially recent hires, say they're glad to be part of an organization that doesn't "get in the way of client service."

"We try to give (new employees) a robust on-boarding experience surrounded by other great associates, but once they're in the role we really turn them loose," Mr. Schloesslin said. "We empower them to do their job and encourage them along the way to continue to stretch themselves and grow and obviously tap into the resources the company provides," such as training and development courses.

Communication is also vital, especially in an organization with a decentralized structure, Mr. Schloesslin said.

"Communication at the local level from the management in our various offices is obviously very critical to their location and the clients they're serving," he said. "But, at the same time, they're part

of ... a rapidly growing global company, so appropriate communication coming from the center of the company is equally important."

Mr. Spencer called attracting and developing the best talent the "the single greatest challenge."

With 5,300 associates globally, Mr. Spencer said Lockton will need to hire 10,000 more people in the next 10 years "if we continue on our same trajectory."

"That's a huge challenge and a tremendous opportunity," he said.

By Stephanie Goldberg



"We try to give (new employees) a robust on-boarding experience surrounded by other great associates, but once they're in the role we really turn them loose," said Ed Schloesslin, senior vice president of human resources.

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SHOW DAILY

# Large Employers

RANK  
1

**Lockton Cos. L.L.C.**

Kansas City, Missouri

**Retail Agents/Brokers**

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**COZEN  
O'CONNOR**

RANK  
**2**

**West Bend Mutual Insurance Co.**  
 West Bend, Wisconsin  
**Property/Casualty Insurers**

Despite being a large employer, West Bend Mutual Insurance Co. based in West Bend, Wisconsin, maintains a family atmosphere.

Chief Financial Officer Dale Kent says the company's heritage as a mutual insurer and simple geography help shape the unique familial vibe that appeals to its employees. The mutual organizational structure encourages a long-term company outlook and more relaxed corporate structure, while its home base in West Bend, which has a population of about 31,000, is conducive to a family-like atmosphere, Mr. Kent said.

"We're the largest employer in West Bend, and people in the community utilize our facilities all the time for banquets and charity events," he said. "We are part of the community, and that adds to the atmosphere here."

The company's leaders use the same lunch room and parking spaces as the rest of the staff and pride themselves on being approachable.

"The tone set from the top is very



A morning spin class is just one of many fitness classes associates can participate in at West Bend Mutual Insurance Co.

important," Mr. Kent said. "The West Bend way is to say hi to everybody as you are walking around this place."

Brian N. Kiley, a market research analyst, credited senior management with keeping channels of communication open with all employees irrespective of level.

"I'll see our CEO in the gym here three times a week," he said. "They

are totally accessible."

This inclusive ethos is evident in the company's events. Summer picnics include associates, as West Bend employees are known, and their family members.

West Bend employees can avail themselves of the company's on-site fitness center, which includes state-of-the-art equipment, classes and person-

al training. This year, the property/casualty insurer added a perk for employees: an on-site health medical center that serves employees and their family members.

"Our approach here is to have above-average benefits," Mr. Kent said. "With an on-site clinic, we want to avoid people having to spend a half a day of (paid time off) just to drive their kid to get a flu shot."

The company's unique corporate culture affords a positive work/life balance, said Mr. Kiley, who cited discounted rates for food in the company cafeteria and an on-site fitness center as ways to keep employees happy.

West Bend also has generous bonus programs that reward employees for the company's financial performance.

Taken as whole, the benefits help the company retain employees, Mr. Kent said.

"Happy employees give good customer service; and if you give service over an extended period of time, you will start to outperform your competition," he said. "Where it really reaps dividends for us ... is in a far lower turnover rate. It's tough to find good people today, and we have a much easier time than most because we don't have to replace as many people as our competitors."

By Bill Kenealy



"We are part of the community, and that adds to the atmosphere here."

Dale Kent,  
 West Bend Mutual Insurance Co.

RANK  
**3**

**Unum Group**  
 Chattanooga, Tennessee  
**Group Life/Health Insurers**

Leading a large company that focuses on bringing the best in employee benefits to the table, it's no surprise to Mike Simonds, president and CEO of Unum US, Unum Group's largest business unit, that the firm was named one of *Business Insurance's* 2014 Best Places to Work in Insurance. It's the firm's fifth appearance on the annual list in six years.

"First and foremost, the business that we are in is employee benefits, and for us employees are a huge priority not just because they show up every day, but because that's our business and that's what we do every day," Mr. Simonds said.

Chattanooga, Tennessee-based Unum is a leading employee benefits provider, providing injury and illness insurances for more than 25 million individuals at 170,000 companies. Its footprint represents 37% of today's Fortune 500 companies — bringing what it says

are the best solutions to attract and retain employees.

Unum offers its own 9,553 employees a mixed bag of benefits, including paid time off, flexible work hours, telecommuting options, paid community volunteer opportunities, free financial education workshops and wellness programs that include on-site fitness centers, as well as extras such as fitness classes, walking paths, volleyball courts, and a rooftop track in some locations. Top service providers attend the annual Aspire Conference, an all-expenses-paid customer service recognition conference at Disney World in Orlando, Florida.

Unum regularly asks employees what they like and don't like, what could be better and what doesn't work, Mr. Simonds said. From there, Unum is constantly improving its work environment.

Brigitte Emmons-Touchette, director of staffing, said one of the best aspects about working at Unum is the opportunity for employees to seek out what works for them — and what they want to work on.

She should know: In her 27 years with the company, she's had several different titles, working in several different departments — everything from underwriting to human resources.



Unum offers its employees a mixed bag of benefits, including paid community volunteer opportunities.

"I've had three different leadership positions," Ms. Emmons-Touchette said. "One of the big components that we talk about is career growth... employees have really great opportunities to grow. You can basically create your own career path, and Unum is really big on supporting you in that."

Wendy Gibson, senior vice president for Unum's service center, said that within that support is the encouragement to take risks and try new things.

"You see people taking risks and building experiences, developing themselves as leaders," Ms. Gibson said. "The company is supportive of people moving to different functions

to gain different experience."

Among the list of perks that help with career development are tuition assistance, formal mentoring, diversity career programs, and veterans programs — an accelerated leadership program for those separated from active duty with the military.

Another big element that makes Unum a great place to work is flexibility, both women said.

"Alternative work arrangements are important," Ms. Gibson said. "It's common for people to take off for their kids. We are very flexible and generous in time off, too."

By Louise Esola



Mr. Simonds



Ms. Emmons-Touchette



Ms. Gibson

RANK  
4

## The Hanover Insurance Group Inc.

Worcester, Massachusetts  
Property/Casualty Insurer

The Hanover Insurance Group Inc. is a proud 162 years old, and employees say the company's adherence to its cultural values while empowering staff to develop their careers and granting them autonomy is one of the reasons they think it is a great place to work.

The company, which offers a wide range of property/casualty insurance products via a select number of agents and brokers, has been expanding its geographic presence since 2003 to become a "world-class property and casualty company," while retaining a local focus, said Dick Lavey, Hanover's president of field operations and chief marketing officer.

"We preserve the cultural element as a sacred asset," he said.

"We have a proud history and a dynamic future," said Mary Bernadette Corrigan, personal lines zone vice president. "And that draws talented people — which makes (The Hanover) a great place to work."

Being granted freedom and autonomy while knowing one is being supported by colleagues and "all pulling in the same direction" enables employees to grow their careers and feel rewarded, she said.

The company "truly is a meritocracy," Ms. Corrigan said. "If you do a good job, it is going to be recognized."

Professional development — via internal and external education programs as well as formal and informal mentoring — is something the company actively encourages, she said.

Wendy Booth, regional sales director for small commercial business in the Pacific region, joined the company 4½ years ago to head



Mr. Lavey

Ms. Corrigan



Ms. Booth

Mr. Campbell

its expansion into the Pacific states — something she describes as "a once-in-a-lifetime career opportunity."

The ability to be able to take a company with such a long history and "essentially do a startup" reflects what she cites as the company's entrepreneurial spirit.

"Everybody has the same drive of execution," she says, which makes it a "really good place to work."

Additionally, Ms. Booth is working with other colleagues to build up a women's network within the company.

While the company's management provides guidance, "development planning is really determined by us" — the employees — said Christopher Campbell, director of claims process improvement.

"I am very impressed with how our goals are set out and our development plans are executed," he said.

Among the benefits offered to employees are a 401(k) matching program, flexible spending accounts, a wellness center and onsite gym that are available seven days a week, and an employee share purchase program that was launched this year.

The company also has large community involvement and is a significant supporter of the United



As part of the company's 160th anniversary, Hanover employees planted 160 trees around Worcester to help the city recover from the infestation of Asian longhorned beetles.

Way as well as local charities.

Employees also are encouraged to undertake volunteer work. After the devastation caused by Super-

storm Sandy on the East Coast, for example, colleagues helped on projects to rebuild houses.

By Sarah Veysey

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RANK  
5

**Philadelphia Insurance Cos.**  
Bala Cynwyd, Pennsylvania  
Property/Casualty Insurer

It's as simple as walking the walk, says Philadelphia Insurance Cos. President and CEO Robert L. O'Leary on why his company was selected as one of *Business Insurance's* Best Places to Work in Insurance for 2014.

"We don't just talk the talk," he said. "We try to do what's right for everybody, and they respond in a positive manner. It's that simple."

Philadelphia Insurance Cos., known in the industry as PHLI, provides insurance coverage to more than 100 niche business markets out of 48 offices nationwide. Headquartered in Bala Cynwyd,



Mr. O'Leary

Pennsylvania, it has 1,590 employees split up between the main office and satellite locations.

In recent years, catering to employees' needs and desires has meant more flexible work schedules that include part-time and semi-retired opportunities, building an on-site fitness club at the headquarters location, where about 50% of the staff works, health club reimbursements for off-site employees and a robust menu of community-involvement opportunities.

For Bill Procopio, a corporate communications manager based in Bala Cynwyd, that translates into a company that promotes wellness in body and spirit. "One of things that attracted me to PHLI is the culture, the community involvement and social responsibility, community outreach, and volunteering," he said. "We are the insurer for a lot of nonprofits, so for us it's natural to be a part of giving back."

Philadelphia Insurance partners with the Challenged Athletes Foundation to sponsor a variety of athletic events, where in many cases employees partner with challenged athletes to compete as a team.

Employees also volunteer for community nonprofits such as Special Olympics and Ronald McDonald House; a team of 20 employees participated in the 2014 Philadelphia Ronald McDonald House Plane Pull and raised \$3,382 for the charity.

In celebration of Earth Day, employees joined The Nature Con-



A team of 20 Philadelphia Insurance employees participated in the 2014 Philadelphia Ronald McDonald House Plane Pull and raised \$3,382 for the charity.

servancy for a full day of volunteering at the Chrome Barrens Preserve in Oxford, Pennsylvania. Also in 2014, a group of 22 employees volunteered at Cradles to Crayons, an organization that helps underprivileged children, by helping package a week's worth of clothing for 75 children.

To keep the momentum, the insurer provides its employees paid time off to volunteer.

Another plus is the company's focus on wellness, Mr. Procopio

said. The firm subsidizes gym memberships and provides times for lunchtime workouts. Team-building events include softball games, 5K races, triathlons and golf outings, and Weight Watchers and smoking cessation programs are available to all employees.

Flexible work options are also a major benefit. Jason Copus, underwriting supervisor in the Leawood, Kansas, office, said most of the nine people on his team work from home most of the time, and many

of them work a compressed work week of four longer work days and three days off a week. "It makes working here more attractive," he said.

Laura Boylan, associate vice president for human resources, said the company will continue to find better ways to improve workplace culture. "Our employees have a really strong voice and influence on the work environment here," she said.

By Louise Esola

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An afternoon of shooting targets was an opportunity to support agency partners and raise money for a kid-worthy cause, the Boy Scouts of America.

RANK  
6

**Great American Insurance Group**  
Cincinnati  
Property/Casualty Insurer

Great American Insurance Group is a Cincinnati-based provider of innovative insurance solutions focused on two primary markets. The property/casualty group is made up of more than 30 companies and divisions that offer targeted commercial coverage for specialized industries including: agricultural related, captive insurance models, commercial automobile, construction, environmental, excess and surplus, executive and professional liability, general liability, human and social services, inland marine, long-haul trucking, ocean marine, property, supplemental unemployment, workers compensation, fidelity and crime, lease and loan services, surety bonds, trade credit and political risk. Its annuity group markets traditional fixed, indexed and variable annuities. With more than 100 offices throughout North America, its 5,075 employees are offered:

- Access to on-site fitness and wellness center. Gym discounts for those in offices without access to the fitness center.
- Discretionary retirement contributions and profit-sharing bonuses.
- Transition-to-retirement program.
- Annual bonuses to officers and nonofficers based on job level, profitability and individual performance.
- Health spending account matching contributions, from \$500 to \$1,300, for those who participate in biometric screening and wellness programs.

By Louise Esola

## Medium Employers

RANK  
1

**Assurance Agency Ltd.**  
 Schaumburg, Illinois  
 Retail agents/brokers

Employees at Assurance Agency Ltd. have learned to expect the unexpected at work — like when they were treated to a free lunch from a food truck specializing in grilled cheese sandwiches.

The treat was part of a week-long recognition event tied to a system conversion the brokerage went through in 2013, said Lisa Pinion, senior vice president of human resources. She said Schaumburg, Illinois-based Assurance set up an employee committee who came up with ideas to make sure “people didn’t lose their minds,” she said. An employee suggested the grilled cheese truck, and all of Assurance’s 332 employees got a voucher for a free lunch.

“From the beginning, Assurance’s culture has been employee-centric,” she said. “If you hire great people and allow them to be great, you will have great results.”

“We’re good about thinking about the fun little things to keep things fresh,” Assurance CEO Tony Chimino said.



The Assurance Olympics is an event in which employees compete in teams representing different countries.

The type of work environment Assurance provides helped it win first place in the medium-sized employer category of *Business Insurance’s* 2014 Best Places to Work in Insurance program.

Mr. Chimino said that promoting wellness is at the company’s core, which is hardly surprising given that its business is risk management for both property/casualty and employee

benefits.

Assurance has an employee committee that is responsible for organizing wellness and fitness oriented events that encourage employee participation, Ms. Pinion said. The company’s two biggest events are Assurance Olympics, where employees compete in teams representing different countries, and the Assurance 5K run, which is usually in held in September.

Recognizing employee achievement is key as well, Mr. Chimino said. For example, the company holds its Assurance Casino four times a year to recognize employees who have taken courses or other steps to improve themselves in each quarter.

Volunteerism is also a core Assurance value, he said. About 90% of Assurance’s employees take a day off per year to serve the community through the Assurance Caring Together program. This employee-driven effort chooses the charity partners with which Assurance works.

“It’s our way that we give back to the community,” he said. “People want to be part of it. It’s at our core.”

Ms. Pinion said that the charity program has led people to seek employment at the brokerage. “It has allowed us to attract and retain talent,” she said.

“We want to find ways for people to start and keep moving up through the organization,” Mr. Chimino said.

Doing so helps “create an atmosphere where people want to come to work every day,” Ms. Pinion said.

By Mark A. Hofmann



Ms. Pinion



Mr. Chimino



Woodruff-Sawyer hosts a work outing at a San Francisco Giants baseball game.

RANK  
2

**Woodruff-Sawyer & Co.**  
 San Francisco  
 Retail Agents/Brokers

Woodruff-Sawyer & Co. is a company that cares not only about its employees but its community as well.

For its workers, the San Francisco-based broker has a mentoring program, an annual outing at a San Francisco Giants baseball game and flexible work/life scheduling.

And for its community, it has an active social action program that permits its employees to participate on company time.

Perhaps most importantly, its 341 employees simply enjoy working there. Melody Silberstein, senior vice president of human resources in San

Francisco, who has been at the broker for 13 years, says, “I’m here because I love this company. It is a nice company, where you just feel good about going to work.”

“What I like most about it is the leadership, where every person regardless of title and position rolls up their sleeves and works alongside you,” said Michelle Droz, vice president in employee benefits and president of the firm’s social action C.A.R.E. — Community, Action, Responsibility, Enhancement — program, in San Francisco.

“We don’t tend to go out and hire big egos,” Ms. Silberstein said. “There’s nothing I would ask my team to do that I wouldn’t do myself.”

“From our top leadership down to the folks on the floor doing the job day in and day out, everyone’s voice is equally important. Everyone is heard,” said Laura Kearney, property/casualty practice manager in Woodruff-Sawyer’s Irvine, California, office.

Ms. Droz said she is particularly passionate about the broker’s C.A.R.E. program, which was created about seven years ago. It is about “a lot of people who want to do hands-on community service” and then motivate others to do the same, she said.

Programs in which C.A.R.E. has been active include San Francisco’s food bank, a home for families that

may have been victims of abuse, and the local leukemia and lymphoma society. “We try to stay much focused on San Francisco” as a firm that has been in the city almost 95 years, Ms. Droz said.

In addition to employees looking forward to the annual Giants outing, Halloween is a big event at the company, Ms. Droz said. It’s “quite crazy,” she said. “Each department competes on a Halloween theme, and everyone goes in and votes on which department wins.” Some of the entries, she said, have been “pretty over the top.”

Woodruff-Sawyer also prides itself on its work/life balance, which includes the ability for many to work extra hours and then take every other Friday off.

“Nobody’s asking to see the whites of their eyes for hours on end,” Ms. Silberstein said. Employees “feel they have the flexibility to be where they need to be when they need to be there,” whether it is to go to a school play or to care for a sick parent, so long as they meet job expectations, Ms. Silberstein said.

Beyond all of this, though, is the way its employees enjoy working together. “I’ve never worked in an organization that is as team-focused as this one, and where you can watch teams that just really love working together,” Ms. Silberstein said.

By Judy Greenwald

“We don’t tend to go out and hire big egos. There’s nothing I would ask my team to do that I wouldn’t do myself.”

Melody Silberstein  
 Woodruff-Sawyer & Co.

RANK  
**3**

**Discovery Benefits Inc.**  
 Fargo, North Dakota  
**Claims Services**

Things are about to go high-velocity at the employee lounge at Discovery Benefits Inc.'s often snow-covered headquarters in Fargo, North Dakota.

Soon, a fireplace and pool table will join the scenery in the two-story break room that's already home to retro-yet-comfortable beanbag chairs, a lineup of ping pong tables, an aromatic popcorn machine, a foosball table, and free coffee with a taster's choice of up to 15 different flavors of creamers.

In addition, workers are now getting ready to saw into a railing on the second-story balcony of this elaborate break room to install a winding, covered tube-like slide. Like at a playground.

"The employee lounge idea has really snowballed ... It's North Dakota and it's cold outside," said John Biwer, president of the benefits administration and claims management firm. "We are always talking about what's that next thing we can do to make people more comfortable. For those three months of the year when you don't want to go outside, we say there's



A fireplace and pool table will join the scenery in the two-story break room that's already home to retro-yet-comfortable beanbag chairs and ping pong tables.

this."

Discovery Benefits aims to transform the complexity of employee benefits administration with innovative solutions and extraordinary customer service, delivered by empowered and knowledgeable employees, according to its mission statement.

Yet it's the word "empowered" that Mr. Biwer finds has made it easier to meet performance goals, a characteristic of Discovery's 347-person workforce that has earned the company's

place among *Business Insurance's* Best Places to Work in Insurance for a fifth consecutive year.

Sandy Kjelvik, vice president of human resources, said the notoriety isn't surprising. "John is someone who listens," she said.

Mr. Biwer said consistent input from employees has led to what almost every company seeks: performance and solid growth. "This is where we separate ourselves from the competition: take care of your people," he said.

"It's a simple thing: if you have happy employees, you'll have happy customers. We run with it."

This open-door policy has not only led to an elaborate break room, but more telecommuting opportunities, wellness challenges, a relaxing lounge for nursing mothers, employee appreciation events, family-friendly Halloween and other holiday parties, anniversary lunches, birthday presents and more.

"Working from home has taken off," he said, adding that at least 50 employees work primarily from home. "Productivity has gone up, and we haven't lost one individual in that. In this day and age, you have to be more flexible."

The attractive array of fringe benefits will help Discovery Benefits grow, he said, from just 150 employees in 2010 to an anticipated 450 by the end of 2015 — adding more than 100 new positions in 18 months. In 2016, the company hopes to hire another 100 employees, Mr. Biwer said.

Kate Bjorklund, partner and integration executive, said it isn't tough to lure people to Discovery Benefits.

"It's an amazing place to work," she said. "There's a work-life balance that's important. We are all about having fun in the office and getting your work done, but ... we say it's OK to go to your children's games, just come in early that day."

By Louise Esola



"It's a simple thing: if you have happy employees, you'll have happy customers. We run with it."

John Biwer,  
 Discovery  
 Benefits Inc.

RANK  
**4**

**Hylant Group Inc.**  
 Toledo, Ohio  
**Retail Agents/Brokers**

For the Toledo, Ohio-based Hylant Group Inc., recognition that the broker's employees are critical to the company's success has been part of the culture since the business was founded in 1935.

"Our employees are our customer experience, which is our product," said Richard Hylant, executive vice president at Hylant. "If we aren't selected as a Best Place to Work, I think we've failed ourselves tremendously. It's nice validation, but it's what we need to do to have our customer experience be what it has to be."

Mr. Hylant credits the company's privately held status as an element that contributes to the high-quality workplace. "That's a big part of our story right there — the family's deep roots in the business and a strong desire to stay privately held," he said.

"The things that I see and have seen that make Hylant unique and different and a desirable place to be are rooted in some of that tradition, the family values," said Matthew Dills, executive vice president of talent management at Hylant.

A full-service insurance brokerage with 14 offices in Ohio, Michigan, Illinois, Indiana, Tennessee and Florida, Hylant has a staff of more than 650.

"The family focus and the values are core values that carry through," Mr. Dills said. "It's also allowed us to put down some very deep roots in the communities that we're in from an employment standpoint," he said, adding that it's not uncommon for friends and family of Hylant employees to seek employment at the company.

Hylant offers various programs to support employees' education and training as well as various wellness and health-oriented activities. The company puts great emphasis on communications. Regular meetings between top executives and employees in the various offices and other activities help employees understand their roles in Hylant's success.

"The other thing I think we do a really nice job of within our culture is providing recognition," Mr. Dills said. Hylant's employee recognition programs include Best at What We Do, a peer-to-peer program that allows



Mr. Hylant



Mr. Dills



Hylant's Columbus, Ohio, employees volunteer to cook at the Ronald McDonald House on a monthly basis.

employees to nominate peers for outstanding performance. Quarterly honorees selected by upper management receive \$100 and an engraved plaque.

The company also regularly recognizes long-time employees with Senior Service Awards that include a dinner for the employee and a guest, a gift card and plaque. Various other awards are presented to employees during the company's annual meetings.

Hylant employees also are very active in the communities in which the company is located.

"It's important to give back. It's part

of our culture," Mr. Hylant said. Senior leaders are involved in various community activities, and other employees are encouraged to do the same. "I don't tell them what to do — just find something you're passionate about and give back," Mr. Hylant said.

"At the end of the day, everybody has a choice of where they want to work, and we realize that," Mr. Dills said. "You want to be proud of the organization you work for. And my experience is there's just a boatload of pride in the organization. People want to work for Hylant."

By Rodd Zolkos

RANK  
5

**Edgewood Partners Insurance Center Inc., dba EPIC**  
San Francisco  
Retail Agents/Brokers

San Francisco-based Edgewood Partners Insurance Center Inc., which does business as EPIC, is a retail property/casualty insurance and employee benefits brokerage and consulting firm with more than 430 employees that aims to support work/life balance for its workers, including parents striving to spend time with their kids.

EPIC offers flexible scheduling to employees, provides lactation space at its offices for breastfeeding mothers and strives to prevent employees from working overtime. Fathers at EPIC also are eligible for paternity leave for the birth or adoption of a child as part of Family and Medical Leave Act rules.

Mary M. Smith, San Francisco-based executive vice president of human resources for EPIC, said



Mr. Hahn

the company's philosophy has stemmed from that of EPIC's co-founders, CEO John Hahn and Executive Chairman Dan Francis. They, as well as other

top executives within EPIC, know and are sympathetic to employees' needs to be available for their children, she said.

"If you're taking care of employees — not just their work environment... it makes all the difference in the world," Ms. Smith said. "You see happier employees, you see healthier employees. People love to come to work."

In addition to scheduling flexibility and parental support, EPIC offers a wellness program to help keep employees healthy while lowering their health care premiums. Seminars on personal development, stress management, financial education and other topics also are offered on site to provide additional support to workers.

EPIC recognizes employees for their hard work through an annual Employee of the Year award, "On the Spot" awards given immediately to employees who are performing well, and discretionary bonuses paid to all employees.

"We work hard, and we understand the importance of having fun and celebrating not only work objectives but also personal milestones," Ms. Smith said.

Cody Keller, an information technology support professional at EPIC in San Francisco, said that in addition to work/life balance and health initiatives, EPIC has provid-

ed him with a friendly work environment in which he feels respected and happy.

"I frequently communicate with my manager and often work directly with the executive managers," Mr. Keller said. "Each and every one has greeted me with a smile and a welcome approach. I've never felt disrespected by a member of senior management, and I feel that reflects and shows in the attitudes of every co-worker I come across in every department within every office."

By Sheena Harrison



Irvine, California, office employees at EPIC participate in the Walk to End Alzheimer's.

## Medium Employers 6-15

### 6. THE IMA FINANCIAL GROUP INC.

The IMA Financial Group Inc. is a Denver-based agent/broker that is employee-owned and offers diverse financial services. It provides services to mid-market and small business clients in the areas of insurance and risk management services, including property/casualty, employee benefits, surety, alternative risk, global risk, executive and professional liability, risk control and claims management. IMA focuses on construction, energy, hospitality, public entities, real estate and technology. Additionally, the firm offers personal lines, personal wealth and 401(k) management, and wholesale brokerage services. It offers its 556 employees benefits such as:

- Complimentary Starbucks beverages for associates and guests.
- Paid-time off to volunteer.
- Opportunities for employee ownership in the company.
- Stock bonuses for all vested employees in the form of an annual gift of IMA stock.
- Monthly desserts for employee birthdays.
- Flexible work schedules that provide work-life balance.
- On-site gym facility for Denver-based employees.

### 7. AMERISURE MUTUAL INSURANCE CO.

Amerisure Mutual Insurance Co. is a Farmington Hills, Michigan-based property/casualty insurer providing coverages designed to protect businesses as well as protecting the health and safety of every employee. Amerisure is licensed in all 50 states and maintains strategically located "core service centers" in select geographic regions to enhance service options. It offers its 721 employees benefits such as:

- Flexibility in regard to working hours, including telecommuting options and a compressed workweek.
- Workplace celebrations including a summer picnic and holiday parties.
- Paid time off to support local outreach events and charity work.
- Development of a Professional Education Plan that shows commitment to education/development for all employees.
- Blue jean Fridays.

### 8. J. SMITH LANIER & CO.

J. Smith Lanier & Co. is a West Point, Georgia-based employee-owned agent/broker touted as the largest privately owned insurance brokerage firm in the Southeast. It specializes in the management of business, alternative risk, employee benefits and personal insurance. The company, founded in 1968, now employs 558 people in 5 states and 19 offices. Among the benefits highlights for its employees are:

- Annual Christmas bonus.
- Annual company conference.
- An employee stock ownership program
- Generous holiday schedules.
- Employee lunches provided.

- Summer picnic.

### 9. ACCIDENT FUND HOLDINGS INC.

Accident Fund Holdings Inc. is a Lansing-Michigan-based insurer/provider specializing in monoline workers compensation whose subsidiaries together represent one of the largest workers compensation insurers and the largest nongovernmental specialty writer of workers compensation insurance in the United States. Accident Fund Holdings conducts business through four brands: Accident Fund, United Heartland, CompWest and Third Coast Underwriters. Accident Fund provides expertise in the field of workers compensation insurance and specializes in the health care, nursing homes, nonprofits, social services, manufacturing, transportation, schools and wholesale/retail segments. Its 982 employees enjoy incentives such as:

- Fitness Fridays, when employees are encouraged to wear fitness clothes on the last Friday of each month and walk or work out during breaks and lunches.
- On-site reflexology and yoga sessions at each location two times a week.
- Caring culture with accessibility to company leadership.
- Baby blankets for employees or their spouses when a child is born, and memory boxes for employees when a death occurs in the immediate family.
- Company contributes up to \$2,250 toward employee health savings accounts. Short-term disability program is 100% company-paid.

### 10. HOLMES MURPHY & ASSOCIATES INC.

Holmes Murphy & Associates Inc. is a West Des Moines, Iowa-based agent/broker that partners with business and industry leaders nationwide in the areas of property/casualty, employee benefits, captive insurance, risk management and loss control. Its 562 employees enjoy benefits such as:

- Market-competitive total rewards programs including an annual bonus for all associates.
- Trip incentive when OK goals are reached.
- Flexibility to balance work/personal life including generous paid time off policy and allowing employees to leave at 3 p.m. before a holiday.
- Reimbursements of \$125 once a year for weight management programs/gym memberships.
- Peer-to-peer recognition program, among other rewards.
- Health insurance premium reduction if they get an annual physical and age-appropriate screenings each year.
- Mentoring and job-shadowing opportunities.

### 11. RLI CORP.

RLI Corp. is a Peoria, Illinois-based specialty insurer that has been successful for more than 45 years with a diversified portfolio of property/casualty coverages and surety bonds serving niche or

underserved markets. Covered risks include commercial/excess umbrella, general liability, products liability, commercial specialty auto, public transportation and marine liability. These coverages are provided through independent agents and brokers nationwide. It has 865 employees and provides benefits such as:

- Employee stock ownership plans and 401(k) profit sharing plans.
- "Bonus celebration" of the previous year's business successes with each branch office hosting a different event with food and beverages.
- Underwriting staff below the vice president level are eligible for the Underwriting Incentive Program based on financial performance and product line-specific factors. Payouts differ per product line.
- Other employees are eligible for either the Associate Incentive Program or Management Incentive Program, depending on their level within the company. Payouts for these programs are based on company performance and goal attainment.
- Enrollment in the RLI 500 Club, a companywide initiative that provides monthly exercise tips and recipe cards for several meals that are 500 calories or less.

### 12. THE NAVIGATORS GROUP INC.

The Navigators Group Inc. is a Stamford, Connecticut-based international commercial property/casualty specialty insurance holding company with insurance operations, underwriting managers and operations at Lloyd's of London. Its 614 employees enjoy perks such as:

- Tuition reimbursement
- Casual Fridays.
- Company events including a holiday party, picnic and Mardi Gras.
- Award and recognition program.
- Wellness programs that include fitness club reimbursement and Weight Watchers.
- A matching gift program that matches 100% of employee charitable contributions to an unspecified annual limit. It also matches donations collected as part of employee participation in walkathons, bike-athons, etc., up to an annual limit.

### 13. GILSBAR INC.

Covington, Louisiana-based Gilsbar Inc. is one of the nation's largest and fastest growing privately held health and benefits managers. Falling under the category of insurer/provider, the firm boasts expertise in the insurance and benefits administration market. Gilsbar offers third-party administrator services, medical management services, wellness solutions, member advocacy, group insurance benefits and professional liability. Benefits offered to its 348 employees include:

- Quarterly employee recognition program that awards employees, nominated by managers, for exceptional work or innovation. Awardees receive a gift card along with movie tickets and recognition

at a company meeting and in a newsletter.

- Holiday celebrations and charity casual days.
- Free disposable toothbrushes in the bathrooms.
- A wellness program that includes partnership with a local farm that delivers fresh produce bags during the spring and fall to participants.
- Five on-site blood drives each year, held during paid working hours.

### 14. PENNSYLVANIA NATIONAL MUTUAL CASUALTY INSURANCE CO.

Pennsylvania National Mutual Casualty Insurance Co. is a Harrisburg, Pennsylvania-based insurer/provider that was founded in 1919 by a farmers trade organization to help the farmers get more affordable workers compensation protection for their workers who operated steam-driven farming equipment. Today, it sells property/casualty insurance including business insurance, personal auto, homeowners, umbrella, and surety bonds through independent agents in nine states. Its 785 employees enjoy benefits such as:

- Flexible schedules including a condensed workweek, varying start and end times and telecommuting.
- Professional designation awards in the form of incentive pay for employees who meet performance expectations and complete a professional designation. Payments range from monetary payments (up to \$2,500) to trips to such destinations as Hawaii.
- Paid time off to allow employees time to volunteer for a nonprofit organization.
- Weight-loss challenges.
- Exercise classes provided on-site, including Zumba and yoga.

### 15. HISCOX USA

Hiscox Ltd. is a Bermuda-based global specialist insurer with roots dating back to 1901. Unlike traditional insurers, Hiscox targets specific types of insurance in which we develop expertise, often focusing on areas other insurers find too complex to insure. It's New York-based Hiscox USA subsidiary operates in all U.S. states and the District of Columbia, offering a range of specialty insurance products through U.S.-based brokers. It also sells a range of customized insurance products directly to professional businesses with less than 10 employees. It offers its 275 employees perks such as:

- Sharesave program offering all employees an opportunity to purchase shares discounted 20% from market value.
- Profit bonus based on the company's ability to meet profit targets. All employees are eligible, and awards range from 5%-20% of salary.
- Jeans every day.
- Charitable giving.
- Company/office events including holiday parties, company drinks and picnics.

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## Small Employers

RANK  
1

### Burnham Benefits Insurance Services Inc.

Irvine, California

Benefits Brokers and Consultants

Individuality and diversity are embraced at Burnham Benefits Insurance Services Inc., from how employees are encouraged to solve problems on the job to how the company celebrates birthdays and other milestones.

Catie Rutledge, an account executive for Irvine, California-based Burnham, said she and her colleagues are allowed to use their diverse set of strengths “to think outside the box and bounce ideas off of one another.”

Burnham’s staff of nearly 60 employees is “happy and excited about their individual career path as well as the trajectory of the team,” Ms. Rutledge said. “Our clients see this and enjoy working with us because of it.”

Burnham birthdays are celebrated by allowing employees to choose festivities that match their personalities. Past office parties have included wine tastings, coffee stands and mariachi bands.

In order to better communicate with clients from numerous cultures, Burnham has recruited a diverse talent base that includes employees who speak multiple languages, including Spanish, Vietnamese, Chinese and Russian. The company encourages employees to learn about each other’s cultures through celebrations of their back-



Burnham encourages employees to learn about each other’s cultures through celebrations of their backgrounds and holidays.

grounds or holidays, such as celebrating Nowruz, the Persian New Year.

President and CEO Kristen Allison said the company strives to provide an environment for employees that allows them to feel accepted, valued and able to build a future with Burnham.

“It’s a culture of inclusiveness, acceptance (and) healthy-minded individuals,” Ms. Allison said. “I know it sounds so simple, but it gives the ability for someone to come here out of college and grow into a partner. Real-

ly, the sky is the limit.”

In addition to Burnham’s commitment to diversity, the company offers a number of resources to help workers take care of their families. This includes initiatives that help workers care for aging parents, such as flexible work schedules and an eldercare assistance program that can provide such services as transportation to medical appointments, help with finding care facilities and counseling to support employees who are caring for their parents.

Ms. Allison said such policies let employees know that Burnham supports them and trusts them to keep doing good work — something she said she thinks inspires long-term loyalty and boosts morale among the company’s staff.

“Everyone has their own things going on with their lives, and if we allow them the flexibility to really take care of what’s important in their personal life, it really comes back to us in our professional life,” she said.

By Sheena Harrison

RANK  
2

### Silberstein Insurance Group

Lutherville, Maryland

Benefits Brokers and Consultants

Silberstein Insurance Group President Richard Silberstein once spotted a flustered employee in the parking lot of the brokerage’s suburban Lutherville, Maryland, headquarters.

It was obvious she had just braved the Baltimore-area traffic and was making her way to work just in time.

Mr. Silberstein’s reaction was to later approach that particular employee’s supervisor to say, “Remind her that she doesn’t have to put herself through that.”

Traffic, he says, is an “energy vampire,” which is why Mr. Silberstein prefers his employees avoid it all costs. Telecommute, he tells them often. Make calls from home. Take a walk first; spend time with your kids.

Silberstein Insurance Group is a firm that specializes in employee benefits, advising clients on how to create and

administer benefit plans that maximize their investment while controlling costs in a manner that is consistent with their core values.

One talent is building strategic plans that target improving the health of their employees and dependents. Toward that end, workplace culture can make the biggest difference, Mr. Silberstein said.

Silberstein Insurance offers perks that Mr. Silberstein has found make working there enjoyable for his 39 employees, with everything from employee potlucks to fitness challenges and social events such as bowling outings. This helped the company to earn its place as one of *Business Insurance’s* 2014 Best Places to Work in Insurance, its fifth consecutive year on the list.

But it’s his adherence to the concept of a “results-only work environment,” or what experts refer to as ROWE, that seems to be most popular.

“For us, it’s a results-oriented work environment that says you don’t need to drive someplace to get it all done,” he said. “You don’t have to sit in traffic. You can get it done at home. Nobody’s baby-sitting the clock.”

Essentially, if workers complete

their tasks on time, Mr. Silberstein doesn’t care how or when work is accomplished. Call it mega-flexibility.

“Richard is always so open to doing things differently,” said Rachel Druckenmiller, wellness director and an 11-year employee whose job requires her to conduct culture audits, interest surveys and focus groups to see what works and what doesn’t. The employees, she said, always have input.

“People stick around here because they feel taken care of; they feel like both their job matters and their families matter,” Ms. Druckenmiller said.

Ms. Druckenmiller’s own work week consists of a combination of telecommuting and time in the office when she has meetings. At home, she has a stand-up desk that helps keep her moving and focused. “I don’t feel guilty as long as I complete what I have to do,” she said. “There’s no guilt in not coming into the office.”

Ms. Druckenmiller said the underlying principle of productivity has nothing to do with the where and when of work.

“Whenever you have more options, you feel empowered and you are happier,” she said. “That goes a long way. Empowered adults do their job, and if they don’t do their job, it’s a performance issue.”

By Louise Esola



Silberstein Insurance offers everything from employee potlucks and fitness challenges to social events such as bowling outings.



Brandon Brayboy, CFO, Sozon Vatikiotis, CEO, and Adam Hertz, executive vice president of Alltrustr insurance Inc., comprise the senior management team.



Alltrustr boosts morale through dress-up theme days. Employees (from left) Christian Mullis, Kristen Andonian and Samantha Rutan showed up to work with their hair up in "sock buns."

RANK  
3

**Alltrustr Insurance Inc.**  
Palm Harbor, Florida  
**Benefits Brokers and Consultants**

It's Alltrustr Insurance Inc.'s focus on the "three Cs" that make the Palm Harbor, Florida-based benefits broker and consultant a great place to work, employees say.

Founder Joe Part always says "he's got the three Cs: His colleagues come first, the clients second and the community third," said Kristen Andonian, an account executive at Alltrustr. "If

employees ... are happy and enjoying what they do, then that translates over to the client."

One way Alltrustr keeps employees happy and engaged is by catering lunch every day, Ms. Andonian said, adding that there are 34 employees in the Palm Harbor, Florida office.

"When I first started at Alltrustr (seven years ago), Joe (Part) said there are two important things when building a relationship," she said. "It's eating together and laughing together. And if you can do that, you'll form a strong bond with whoever you meet."

Alltrustr also boosts morale through dress-up theme days, flexible work hours and, most recently, the addition

of a scholarship program for employees who want to pursue a master's degree or certification that relates to the business, CEO Sozon C. Vatikiotis said. The idea for the Alltrustr Advancement Program first came up about 10 months ago, but the program policy was finalized this summer, he said.

"Anybody who decides to go and get certifications or advanced education gets a scholarship every six months to spend on ... books, materials, tuition, whatever it is," Mr. Vatikiotis said. "We've very openly promoted going and getting this stuff done, and we'll subsidize the cost for it and give time off in order to make it happen."

Absent from Alltrustr's new advance-

ment program policy is a clause requiring employees to stay with the company after obtaining a degree or certification.

"We've never had to put that in place," Mr. Vatikiotis said. "It all goes back to hiring the right people. If you hire people who value what we do and are culturally in-line with who we are, we can make it fun to come to work, we don't have to worry about attrition."

Mr. Vatikiotis added that Alltrustr has a retention rate of about 97%.

"Pretty much every day I try to gauge what it is that our employees want and need," Mr. Vatikiotis said. "And if it's something we can do without reason, we do it."

By Stephanie Goldberg

"Pretty much every day I try to gauge what it is that our employees want and need. And if it's something we can do without reason, we do it."

Sozon C. Vatikiotis, Alltrustr Insurance Inc.

RANK  
4

**Sahouri Insurance & Financial**  
McLean, Virginia  
**Retail Agents/Brokers**

When job candidates are interviewed to work at Sahouri Insurance & Financial, Michael Sahouri, vice president of operations, uses the question-and-answer sessions as a way to do market research on what other companies are doing wrong so Sahouri can become better.

"When we interview, we try to identify why people are leaving their former jobs to look for more opportunities," he said. "We look at the complaints. We often hear no growth, too much bureaucracy and no future. We take that information to help us with our own practice."

Sahouri is a full-service broker providing an array of products in both the personal and commercial lines, including protection for governmental and diplomatic missionaries and international embassy employees. It also specializes in cyber insurance. The team of 31 employees works out of the firm's McLean, Virginia, office and is credited with Sahouri getting recognition as one of *Business Insurance's* Best Places to Work in Insurance for 2014, Mr. Sahouri said.

"For us it comes down to choosing the right people who show us how to do things better," he said.

Alan Hudson, assistant vice president for commercial lines, likes the horizontal structure of Sahouri's organization vs. the traditional hierarchy of supervisors who set the status quo.

"One redeeming quality that sets us apart from a cultural perspective is the management style of approachability," Mr. Hudson said. "There is no employee who feels they can't voice their concerns and questions. Everyone here feels like they have the opportunity to be a leader."

Another area that stands out is compensation, Mr. Hudson said. Sahouri is one of the few companies that offer commissions to non-sales workers of up to 10% of an individual's salary.

That doesn't include Christmas bonuses, said Sophia Sahouri, human resources director, adding that the bonuses motivate everyone. Other perks include gym memberships, monetary rewards for going to the



gym, happy hours, catered lunch meetings, retirement plans and more.

Ms. Sahouri said it goes back to her parents, who started the agency 44 years ago.

"Why we decided on this culture? It comes down to how we were raised to be very independent thinkers," she said. "It makes us feel like we could make our own decisions, and we are comfortable in this environment to do so. The employees see this open-door policy and appreciate it."

One place where improvement was requested was in the workday schedule.

Mr. Hudson said living in the Wash-

ington metro area translates into constant traffic, a problem Sahouri's management team solved with a few tweaks. "My 7:30 a.m. to 4:30 p.m. workday means the difference of hours in a commute," he said. "This flexibility started the day I was hired."

Mr. Sahouri said the company will continue to help solve problems for their employees in the same way they find solutions for clients.

"People know they can grow here, and we encourage ideas," he said. "We listen to what's out there, and we see how we can be different and set ourselves apart from the competition."

By Louise Esola

One of the many social events Sahouri Insurance & Financial hosts at its office..



Vice President Michael Sahouri talks with Assistant Vice President of Commercial Lines Allen Hudson.

## Cavignac & Associates

San Diego  
Retail Agents/Brokers

At Cavignac & Associates, camaraderie comes with beer, wine and game-day hot dogs.

“(We) realize that the people who work here are going to spend a lot of time together, so we try to create a lot of opportunities to do things together to make it fun,” said Jeffrey Cavignac, managing principal of the small risk management and commercial insurance brokerage headquartered in San Diego.

The list is long — picnics, baby showers, holiday gatherings, group tickets to Padres baseball games, company softball games, sushi-making classes, kayaking, hosted happy hours, beer and wine tastings, weekly catered lunches and more — and helped Cavignac & Associates snag a top slot on the list of *Business Insurance’s* 2014 Best Places to Work in Insurance.

Bethany Mongold, director of first impressions and receptionist, said it’s the social environment that keeps away the Monday-morning gloom. “The thing I like best is the atmosphere we have here,” she said. “Everybody gets along. We have our summer picnic that we choose to go to on a Saturday, and hang out with other employees we see all week long. That says a lot about the agency.”

Cavignac & Associates has 45 employees and specializes in property/casualty, professional liability, workers compensation, employee benefits and surety — a lot of work for a company that boasts a work-hard-play-hard culture.

In addition to regular outings and events, the firm holds fast to the belief that if the company does well, everybody does well; a major motivator is a robust bonus lineup.

“For bonuses we use metrics that consider new business, retention and productivity,” said Mr. Cavignac.

In addition to the semiannual bonuses, Cavignac provides monthly \$15 bonus meal allowances and quarterly \$50 bonus meal allowances when on budget, as well as years-of-service bonuses between \$500 and \$2,500.

Celia Mondfrans, senior account manager, said performance and flexibility are key to a balance that makes Cavignac a place people never want to leave.

“They understand, for example, that if you are a working mother, they’ll work with you,” Ms. Mondfrans said.

“When my daughter was in (after-school activities) that entailed a week where she had two practices a day — meaning she had to be driven twice a day for a week in San Diego traffic — I was given the flexibility to work online remotely and still get my work

done,” she said.

Professional development is another perk, Ms. Mondfrans said. Cavignac pays 100% of education classes, seminars and materials, and offers five paid days off for education and cash bonuses of between \$250 and \$2,500 for achieving designations or certifications.

“We try to provide each employee a clear path on what’s possible and how to get there,” Mr. Cavignac said. “We grow internally, we grow by acquiring young talent that is committed, and we really want to have brokers who understand insurance.”

By Louise Esola



Cavignac & Associates camaraderie includes group outings at San Diego Padres baseball games.

# Small Employers 6-54

## 6. ATLAS GENERAL INSURANCE SERVICES L.L.C.

Atlas General Insurance Services L.L.C. is a San Diego-based full-service general insurance agency/broker with 92 employees working to offer a wide range of insurance solutions with expertise in developing and underwriting specialty programs with a wide variety of insurer partners. Among the top small firms, Atlas offers its employees:

- Employee events including company picnic, company day watching the horses race at the Del Mar Thoroughbred Club, an annual company paintball tournament, company happy hours and catered company lunches.
- Masseuses brought in for free massages during busy insurance quarters.
- Sponsorship of all employee causes, including charities, benefit walks/races, food drives, sponsoring families for the holidays, charity golf tournaments and charity poker tournaments.
- During the holiday season, all employees are given a bonus based on their tenure and efforts on achieving different goals met throughout the year.
- Special recognition — monetary awards and cards — based on tenure milestones, such as one-year anniversary.
- On-site personal development and/or stress management workshops.

## 7. MCGRAW WENTWORTH INC.

McGraw Wentworth Inc., a unit of Marsh & McLennan Agency L.L.C., is a Troy, Michigan-based benefits broker and consulting firm that assists midsize Michigan organizations of 100 to 10,000 workers with group benefits design, health care cost reduction, health and productivity improvement programs, and implementation and management of group benefits plans. It offers its 86 employees:

- An annual longevity bonus program that rewards more than 50 nonmanagement employees for their years of service using a formula that factors in each employee’s tenure and pay scale. In 2013, a total of \$360,000 was awarded.
- Work from home program including remote computer access to company files and email.
- Eight-week Summer Fun employee appreciation program including Jeans Mondays, “Leave Two Hours Early” days, free chair massages and treats prepared by company founders.
- Volunteer activities such as “Team Community Service Day” at a local food bank.
- New-employee referral award of \$1,500, payable in two installments.
- Free weekly yoga class, conducted on-site by a licensed yoga instructor.

## 8. ARAG INSURANCE CO.

ARAG Insurance Co. is a Des Moines, Iowa-based global provider of legal solutions protecting employees’ well-being and workplace productivity through group legal insurance benefits. A top small employer, ARAG offers its 154 worldwide employees:

- “Exceptional” benefits that include low health care premiums that cover the entire family.

- All team members working a minimum of 30 hours a week are eligible for annual incentive program targeted at 7.5% to 50% of base salary. Incentive is based on corporate performance and multipliers for exceeding corporate performance metrics.
- Family-oriented, fun and flexible culture that puts the employee first.
- Comprehensive wellness program with a variety of programs and incentives.
- Annual \$500 college savings match per dependent, and tuition reimbursements and extra education incentives for employees.

## 9. AVALON RISK MANAGEMENT INSURANCE AGENCY L.L.C.

Avalon Risk Management Insurance Agency L.L.C. is an Elk Grove Village, Illinois-based privately held retail agent/broker that specializes in the transportation and logistics industry. With nine offices in the U.S. and a network of agents worldwide, it employs 123 people. Avalon is a small employer that offers its workers:

- Employee Appreciation Day, when the company president provides company updates and the company celebrate employee birthdays, anniversaries and milestones. Employees hear directly from the president and can ask questions in advance or in a “town hall” format.
- Company events including a company picnic, holiday party, annual sales and management meetings, Halloween decorating and costume extravaganza, potlucks, sports celebrations and “craziest fan” contests.
- Flexible work schedules when needed; a generous paid time off policy with 11 paid holidays, birthday and anniversary benefit, vacation time and personal time. Avalon also offers early dismissal before a holiday so employees can finish prep or start travel plans.
- “Avalon Dollars” are awarded to employees for performance, accomplishments, and milestones. They can be used for on-site fitness classes, Weight Watchers fees, Avalon clothing, chair massages, gift cards and more.

## 10. CAMBRIDGE CONSULTING GROUP

Cambridge Consulting Group is a Troy, Michigan-based benefit broker and consultant that focuses on wealth strategies, benefits consulting and risk management. In 2013, it moved to the 10th spot from 39th place in the small employer category. Its 53 employees enjoy benefits that include:

- An annual employee barbecue, employee outings and a holiday party, complete with a gift exchange.
- Rewards for wellness initiatives and challenges that include Fitbit pedometer devices, gym reimbursements, athletic wear and healthy lunches.
- Flexible start times between 7 a.m. and 9 a.m.
- Paid time off to volunteer at a place of the employee’s choice during Volunteer Week.
- Bagel Fridays, fresh fruit on Mondays and a sundae bar in the summer.

## 11. DUBRAKSKI & ASSOCIATES INSURANCE SERVICES L.L.C.

Dubraski & Associates Insurance Services L.L.C. is San Diego-based privately held independent insurance brokerage and consulting company that specializes in providing unbiased solutions to the health care industry across all lines of business. In the small company category, it offers its 30 employees:

- Flexible work schedules with the opportunity to work from home.
- Days off for community involvement.
- Destination and poolside all-employee company meetings. The 2013 employee meeting included social time and a hula hoop contest.
- Discretionary bonuses.
- Gift cards issued for birthdays, anniversaries, and special occasions.

## 12. THE SIMKISS COS.

The Simkiss Cos. are a Paoli, Pennsylvania-based leading supplier of risk management, insurance, bonding and financial services to all types of organizations both large and small. While the largest practice is now commercial property/casualty insurance brokerage, the firm was founded 50 years ago as a surety brokerage operation and still specialize in this area as one of the largest independent surety brokers in the country. It offers its 33 employees:

- Free lunch every day for all employees.
- Flexible work schedules and time off for family events and unique circumstances.
- Company tickets for employees to attend professional sports and arts venues with family.
- Companywide luncheon at local restaurants and special holiday functions.
- Up to \$1,000 to help fund employees’ out-of-pocket health costs incurred by those who choose the high-deductible health care plan.
- Cocktail hours after work.

## 13. BALDWIN KRISTYN SHERMAN PARTNERS

A small Tampa, Florida-based firm, Baldwin Krystyn Sherman Partners, or BKS-Partners, is an independent privately owned insurance and risk management firm serving affluent individuals and families, professionals, entrepreneurs and growing businesses. Expertise includes private risk management, commercial risk management, employee benefits, and wellness and safety programs. BKS-Partners offers its 67 employees a mixed bag of perks, including:

- Semiannual bonuses.
- Casual-For-A-Cause Fridays, when colleagues donate money to charity to “dress down” every week, and casual Mondays for exceeding quarterly goals.
- Health and vitality seminars and workshops taught by the director of wellness engineering. Topics range from stress management and yoga to identify theft, self-defense, “Financial Statements 101” and nutrition.
- Two hours per month of paid time off for community service, allowing colleagues to volunteer in the community during normal business hours.

- Ownership opportunities, with employees becoming shareholders of the firm by becoming managing advisers.

## 14. ENERGI INSURANCE SERVICES INC.

Energi Insurance Services Inc. is a Peabody, Massachusetts-based wholesale broker/managing general agent that offers core property/casualty products and related risk management services, primarily to customers that operate in various segments of the energy industry. For its 174 employees, the firm offers:

- A flexible summer schedule.
- Complimentary daily healthy breakfasts and snacks.
- The opportunity for all headquarter-based employees to join the Premiere North Shore Fitness Club or a club closer to home and receive reimbursement for membership up to \$50 monthly. Remote employees are offered \$50 monthly reimbursement for health club membership.
- Raffles for complimentary sports and concert tickets.
- Company-paid entry fee for employees who participate in the JP Morgan Corporate Challenge Road Race and custom athletic shirts.

## 15. ABD INSURANCE & FINANCIAL SERVICES INC.

ABD Insurance & Financial Services Inc. is a San Mateo, California-based independently owned and operated insurance and financial services brokerage providing individuals and businesses with risk and reward consulting in employee benefits, 401(k) services, wellness, risk management, property/casualty, directors and officers, and personal insurance. Appearing for the first time in the small firms category, ABD offers its 18 employees:

- Wellness program that provides FitBit fitness tracking devices for all employees.
- Casual dress and relaxed atmosphere.
- Themed lunches, including summer barbecue, Cinco de Mayo and St. Patrick’s Day. Summer events and anniversary parties.
- Complimentary stocked refrigerator.
- Referral bonuses.

## 16. FIRSTPERSON INC.

FirstPerson Inc. is an Indianapolis-based professional advisory firm that creates holistic employee experiences through customized business solutions including benefits, wellness, human resources, branded communication, compliance, data analytics and compensation. Employing 53 workers, it offers:

- At least six weeks of paid time off annually with regular vacations, gifted time off and nearly a dozen paid holidays.
- In-house fitness sessions, community impact projects, nutritional “lunch-and-learns” and leadership development opportunities.
- A break room fully stocked with free healthy snacks, items for breakfast and lunch, and ingredients for smoothies.

- Two annual celebrations, a summer event and a holiday party, where the office closes so all team members can participate, allowing for interactions across all teams that work to strengthen relationships throughout the company.
- Goal-oriented bonuses.

## 17. SILVERSTONE GROUP

- SilverStone Group is an Omaha, Nebraska-based retail agent/broker resource management firm that provides tailored solutions to protect and enhance clients' organizational and financial stability. Its offerings include risk management, employee benefits, consulting and private-client services. Offerings for its 206 employees include:
- Flexible schedules.
  - Robust wellness program that sponsors a weekly farmers market during the summer in the parking lot and Fitbit fitness tracker competitions.
  - If requested, a "standing" work desk to encourage movement.
  - Complimentary healthy snacks daily.
  - Free annual health screenings.
  - Teammates-mentoring program with time spent mentoring, including travel time, paid. Over 10% of employees are involved.
  - Subsidized memberships at the zoo and various museums.

## 18. BMS INTERMEDIARIES INC.

- BMS Intermediaries Inc. is an Edina, Minnesota-based specialist reinsurance broker insurance group built around teams of experts in the fields of wholesale, direct insurance and underwriting subsidiary businesses. For its 76 employees, its benefits package includes:
- Daily free snacks and beverages and free catered meals on a regular basis.
  - Paid time off to volunteer.
  - Company-sponsored Olympics, fiestas, holiday parties, March Madness and monthly "lunch and learns."
  - Fitness classes, such as Zumba, and regular chair massages.
  - Annual "fun day away" employee outing, such as boating trips.
  - Up to \$750 in company matching funds for employee contributions to approved charities of their choice when the employee also volunteers 30 hours of community service with the charity.

## 19. GFI INSURANCE BROKERAGE INC.

- GFI Insurance Brokerage Inc. is a New York-based retail agent/broker that provides customized insurance solutions nationwide to businesses and individuals, focusing on property/casualty insurance and employee benefits, multiperil coverage, liability, business interruption, and auto and homeowners insurance. Employee benefits include group health, life, disability and workers compensation. Highlights of its benefits program for its 38 employees include:
- Regular company-sponsored events including bowling nights, picnics and happy hours.
  - Holiday parties with seated dinner, open bar, entertainment and employee recognition awards.
  - Flexible summer Friday hours; on a rotational basis, employees can leave at 1 p.m. and 3 p.m. on Fridays throughout the summer.
  - Community events such as a "Movember Challenge" where the men of the company compete every November to grow the best mustache, with proceeds donated to prostate cancer research.
  - Free pizza lunches throughout the year.

## 20. KAPNICK INSURANCE GROUP

- Kapnick Insurance Group is an Adrian, Michigan-based retail agent/broker providing business insurance, employee benefits, personal insurance, risk management and financial strategies to a diverse base of clients worldwide. Benefit highlights for its 130 employees include:
- A multifaceted wellness program that offers employees an annual cash-incented health risk assessment, a biometric screening, "Couch to 5K" challenges, and regular nutritional "lunch-and-learn" programs.
  - On-site fitness classes at some offices.
  - An employee referral program.
  - A corporate fun event every third Thursday.
  - Paid holiday on birthdays.

- Regular chair massages offered at \$1 a minute per massage.

## 21. INSURANCE PROGRAM MANAGERS GROUP INC.

- Based in St. Charles, Illinois, Insurance Program Managers Group Inc., or IPMG, is a broker/agent that develops self-funded programs for specific industries, including public entities and senior care services. It specializes in cost-containment strategies and controls via claims management and employee benefits services. It offers its 16 employees:
- A total of 20 paid-time off days, 13 paid holidays, birthdays off and early dismissal of 3 p.m. prior to holidays and on certain summer days.
  - Access to healthy lunches, free fruit daily and on-site fitness center with showers.
  - On-site health screenings.
  - In its third year, all employees receive a \$1,000 or \$500 bonus at the annual Christmas party.
  - On-site bicycle rental to enjoy nearby bike path.
  - Mentoring and job-shadowing opportunities.

## 22. BENEFITS RESOURCE L.L.C.

- Benefits Resource L.L.C. is an Aliso Viejo, California-based benefit broker and consultant for health- and welfare-related companies. Its wellness solutions increase health and productivity and reduce absenteeism to optimize clients' investments. The firm offers key benefits for its 33 employees that include:
- Regular bonuses that celebrate milestones, productivity, and profits.
  - Company events, such as poker Fridays, birthday lunches and companywide annual trips.
  - Employee contributions into health savings accounts for future medical costs.
  - Company retreats and volunteer opportunities and outings.
  - Flexible work schedule and every other Friday off in summertime third quarter.
  - Paid-time off to volunteer.
  - Wellness competitions for paid-time off prizes and \$100 gift cards.

## 23. ADVOCARE GROUP

- AdvoCare Group is a Cleveland-based group of claims managers specializing in comprehensive case management for workers compensation, disability, disease and wellness services for workplace absence management. For its 77 employees, it offers:
- On-site health events including table massages and acupuncture.
  - End-of-year bonuses.
  - Paid time off "donation bank" providing a platform for on-site fundraisers coordinated by employees and supported by the company through paid time off raffles.
  - "Denim donations" program that allows employees to wear jeans for \$1 a day or \$50 up-front for one day a week for the entire year, with all proceeds donated to charity.
  - Work hours and resources for employees to create blankets and care packages to the Soldiers' Angels, which provides aid and comfort to the men and women of the U.S. military branches and their families.
  - Up to \$30 off every employee's monthly health insurance premium based on an annual biometric screening.
  - On-site conveniences such as dry cleaning and breakfast/lunch delivery, organic groceries delivery, library and postage.

## 24. THE ODELL STUDNER GROUP L.L.C.

- The Odell Studner Group L.L.C. is a Radnor, Pennsylvania-based retail agent/broker with specialties in life sciences and technology, group captives and alternative risk transfer, health care, real estate, social services and for temporary staffing and professional employer organizations. A range of benefits offered to its 48 employees include:
- Flexible schedules for doctor visits, family obligations and other events.
  - Breakfast for the entire staff to celebrate all new employees and lunches brought in for the entire staff on cleanup days, major holidays and extreme-weather days.
  - Leaving early four Fridays each summer

- employee's choice.
- Holiday potlucks and summer and holiday parties.
- Bonuses for employee referrals and performance.
- Company profit sharing.
- Odell pays 100 % of health premium for employees and families in select plans.

## 25. ASSOCIATED AGENCIES INC.

- Associated Agencies Inc. is a 124-year-old full-service retail agent/broker based in Rolling Meadows, Illinois, that helps businesses and individuals with property/casualty, employee benefits and individual benefit needs. It handles all lines of coverage from basic insurance to complex programs with professional liability needs. It offers its 72 employees:
- Health club cost reimbursement and annual wellness challenges and opportunities with prizes, seminars, free yoga and employee-sponsored walks and hikes.
  - Summertime half-day Fridays between Memorial and Labor days.
  - Paid time off to volunteer as a group and individually.
  - Annual bonuses and profit sharing opportunities.
  - Free annual flu shots.

## 26. THE PLEXUS GROUPE L.L.C.

- The Plexus Groupe L.L.C. is a Deer Park, Illinois-based boutique retail agent/broker providing risk management consulting, insurance brokerage and value-added services to commercial enterprises. Employing 79 individuals, perks include:
- Flexible work hours and arrangements, including telecommuting for employees in its three offices nationwide.
  - Annual holiday parties and picnics.
  - Annual "Oscar" award events for high-performing employees.
  - Annual off-site two-day employee team-building event.
  - Summer walking program and a year-round "walking" workstation that allows workers to use a treadmill.

## 27. THE INSURANCE EXCHANGE INC.

- The Insurance Exchange Inc. is a Rockville, Maryland-based retail agent/broker providing comprehensive property/casualty, workers compensation, professional liability, fiduciary coverage, bonds and personal insurance, along with a full range of employee benefits, retirement and investing services. It offers its 35 employees such benefits as:
- Twice-a-year merit bonuses.
  - Paid time off to volunteer at various functions for different charities as part of the company's Corporate Responsibility Program.
  - Flexible scheduling with a telecommuting option.
  - Periodic free lunches and ice cream socials.
  - Holiday party, "Crab Feast" and annual company sporting events.
  - Free afternoon of bowling for employees and their families.
  - Educational assistance.

## 28. AMERICAN INTEGRITY INSURANCE GROUP

- American Integrity Insurance Group is a Tampa, Florida-based property insurance agent/broker providing value-added innovative products to Florida residents and businesses through a network of independent agencies. It offers its 108 employees a variety of benefits including:
- Annual family picnic and holiday party.
  - On-site game room including pool table, air hockey, ping pong and darts.
  - Access to a Zen room with chair massages.
  - Monthly health and wellness events including yoga, health screenings, "lunch-and-learns" and more.
  - Pay-for-Performance Plan providing eligible underwriting, sales, and customer service department workers a monthly cash incentive based on performance against goals.

## 29. FALVEY INSURANCE GROUP LTD.

- Falvey Insurance Group Ltd. is a North Kingstown, Rhode Island-based wholesale broker/managing agent specializing in marine cargo cover for the high-tech and life science industries. It is the largest

cargo coverholder facility under Lloyd's of London with approximately \$40 million in gross written premiums. With 56 people in offices in North Kingstown, Long Island, San Francisco, and Seattle, it offers its employees:

- Complimentary fresh fruit along with water, coffee, tea and soft drinks.
- An in-house fitness facility and shower rooms.
- A 5% bonus based on achievement of individual goals set at the beginning of each year.
- Wellness challenges such as healthy eating challenges. Prizes include paid-time off.
- Annual summer company events at such resort destinations as Newport, Rhode Island and Block Island, Rhode Island.
- In-house seminars held on a regular basis for continuing education credit.

## 30. LIAZON CORP.

- Liazon Corp. is a Buffalo, New York-based private benefits broker and consultant for businesses across the U.S. Its Bright Choices exchange is an online benefits store that helps employers and employees buy benefits. Bright Choices helps employers save money on their health care costs by setting predictable budgets while guiding employees to purchase better health, dental, vision, life and disability benefits. The small agent/broker firm offers its 142 employees:
- Unlimited paid personal and vacation days as needed for employees who "need to refresh."
  - Monthly birthday potlucks.
  - Paid time off to volunteer.
  - Free snacks.
  - Annual employee bonuses.

## 31. SAFEWARE, THE INSURANCE AGENCY INC.

- Safeware, The Insurance Agency Inc. is a 32-year-old, Deer Park, Illinois-based agent/broker offering two distinct types of robust protections solutions — insurance and extended warranty — to both individuals and businesses giving customers and partners the flexibility to select or customize a program that is the most beneficial for their product or for their customer. It offers its 42 employees:
- Opportunities to participate on company sports teams, including softball and kickball.
  - Company happy hours.
  - Annual summer, holiday and Halloween events.
  - Health and wellness programs including contests for walking.
  - A "Safeware Core Cash Program" that recognizes the daily accomplishments of team members with cash prizes.

## 32. AH&T INSURANCE

- AH&T Insurance is a Leesburg, Virginia-based employee-owned insurance brokerage, risk management consulting, employee benefits, surety bond and retirement planning services agent/broker that provides innovative solutions globally for business and individuals. With offices in Leesburg, Chicago, Seattle and Newark, New Jersey, it offers its 152 employees such benefits as:
- Telecommuting option.
  - On-site yoga classes and other wellness initiatives.
  - Sponsorship and support for charitable team events such as Relay for Life 5K and various mud runs.
  - Annual golf tournament at Leesburg and Seattle locations.
  - "Denim Fridays" collecting \$5 from each participating employee, with proceeds going to local charities selected by the employees.

## 33. NFP MASCHINO, HUDELSON & ASSOCIATES

- NFP Maschino, Hudelson & Associates is an Oklahoma City-based agent/broker providing benefits solutions, insight, and compliance and regulatory support, helping to create optimal value for businesses and working to design benefits and communications strategies that recruit and retain the best employees possible. For its own 35 employees, it offers:
- Flexible work schedules.
  - Quarterly bonuses.
  - Rewards-driven wellness programs that includes customized monthly seminars, online educational resources, and quarterly challenges with a tracking programs that credits activities

- throughout the year.
- Discounted gym memberships at Gold's Gym.
- Ping pong table in employee lounge.
- A Christmas Club for employees to save money for the holidays via an after-tax payroll deduction.

## 34. ALTERNATIVE SERVICE CONCEPTS L.L.C.

- Alternative Service Concepts L.L.C. is a Nashville, Tennessee-based agent/broker working as a workers compensation and property/casualty third-party administrator specializing in both private- and public-sector claims. With 128 employees, it touts such benefits as:
- Early closings prior to holidays.
  - Flexible work day including telecommuting option.
  - Quarterly bonuses.
  - Holiday functions, ice cream parlor days and pizza parties.
  - Annual fraud training and continuing educational opportunities, whether required for licensing or to gain additional skill sets.
  - "SHINE" awards of \$25 given to employees who are nominated for going above and beyond their normal job responsibilities.

## 35. BERKLEY NORTH PACIFIC GROUP L.L.C.

- Berkley North Pacific Group L.L.C. is a Bellevue, Washington-based regional property/casualty insurer unit of W.R. Berkley Corp. The unit provides a variety of commercial property/casualty coverage to meet needs of businesses in the Pacific Northwest. Among the benefits offers to for its 106 employees are:
- Company-sponsored wellness activates, volunteer opportunities and events such as summer picnic, holiday parties and potlucks.
  - Themed Poker and Scrabble walks to encourage walking at break times.
  - Unique events such as Xbox Kinect tournaments to benefit United Way.
  - Tickets to local events such as sporting events.
  - Flexible schedules and benefits for part-time employees, which employees have used in anticipation of retirement.

## 36. BENEFIT CONTROLS COS.

- Benefit Controls Cos. is an employee benefits consulting firm headquartered in Charlotte, North Carolina, with seven locations and working exclusively in the health and welfare sector for mid-market employers with 50 to 3,000 employees. In addition to employee benefit plan consulting, Benefit Controls provides consulting for wellness programs, human resources and compliance and technology solutions for online enrollment of employees. It offers its own 60 employees such benefits as:
- Flexible working hours.
  - Sponsored employee lunches every month.
  - Annual beach trip outing for employees and their clients.
  - Regular company outings to ball games and other activities.
  - On-site yoga classes and walking trails.

## 37. MJ INSURANCE INC.

- MJ Insurance Inc. is an Indianapolis-based property/casualty and employee benefits agency that, since 1964, has grown from a two-person startup to an agency with 124 employees in Indiana and Arizona. It specializes in a diverse selection of unique service lines including construction, energy, transportation, real estate, manufacturing, sororities and mining. MJ Insurance also offers complete employee benefit programs including major medical, group disability, group life and on-site employer clinics. Among its employee benefits highlights are:
- Summer hours between Memorial Day and Labor Day, giving every nonproducer every other Friday afternoon off.
  - Made-to-order omelet breakfasts on-site twice a year.
  - A "fitness fridge" stocked with healthy items such as fruit, yogurt, cheese and juice, available to associates at cost via payroll deduction.
  - Fifteen hours of volunteer service time for associates to use serving others, either at their child's school to chaperone or participate in a school program or to volunteer at another charitable organization.
  - A "Crisis PTO Bank" providing employees

paid time off — over the allotted paid time off provided annually — to care for a loved one or for personal health reasons.

### 38. HNI RISK SERVICES INC.

HNI Risk Services Inc. is a New Berlin, Wisconsin-based retail agent/broker and risk management firm that has three core offerings: insurance, benefits and advisory. It has clients in most industries but focuses on transportation, construction, manufacturing, retail and the public sectors. Benefits highlights for its 114 employees include:

- Employee bonuses.
- On-site yoga room, Zumba classes and ping pong table.
- Compressed workweeks with early dismissal on Fridays.
- Ability to donate money to charity to wear jeans on Fridays and Wednesdays.
- Choice of six health care plans.
- A wellness incentive of up to \$1,000 annually based upon completion of healthy results and wellness activities.

### 39. GUNN-MOWERY L.L.C.

Gunn-Mowery L.L.C. is a Camp Hill, Pennsylvania-based independent retail agent/broker providing commercial and personal insurance, employee benefits, bonds, captive insurance and financial services. Highlights in its benefits offerings for its 68 employees include:

- On-site well-equipped company gym available to all employees and their family members.
- An annual holiday party and/or summer picnic.
- Free beverages including coffee, tea, hot chocolate, filtered water, birthday cakes and luncheons.
- Early close on holiday weekends.
- Business-casual dress every day and casual dress on Fridays.

### 40. BERKLEY MID-ATLANTIC GROUP L.L.C.

Berkley Mid-Atlantic Group L.L.C. is a Glen Allen, Virginia-based regional insurance provider offering commercial property/casualty coverage solely through independent agents in Delaware, Kentucky, Maryland, Ohio, Pennsylvania, Virginia and Washington, D.C. It offers its 212 employees such benefits as:

- Flextime with typical ranges between 6:45 a.m. and 5:45 p.m., though employees with unique situations may request an alternative schedule that best suits their needs and the needs of company.
- Telecommuting opportunities.
- Bring Child to Work/Employee Appreciation day offering morning activities for families followed by picnic and the afternoon off.
- Holiday luncheon — an off-site catered event with the afternoon off.
- Summer hours: Work an extra hour Monday through Thursday and leave at noon on Fridays.
- Eight hours annually of paid time off to volunteer at 501(c)(3) organization.
- The company pays for expenses related to continuing education and provides bonuses and/or salary increases upon achievement or designations.

### 41. SEUBERT & ASSOCIATES INC.

Seubert & Associates Inc. is a Pittsburgh-based independent retail agent/broker that supports clients with their day-to-day risk management through consulting and providing brokerage services, and underwrites \$150 million in premium annually. Products include commercial and personal property/casualty insurance, employee benefits, surety bonds and life insurance. Seubert & Associates specializes in construction, contractors, transportation, manufacturers, energy, school districts, social services and advanced technology firms. Benefits highlights for its 79 employees include:

- Tuition assistance.
- A key performance indicator goal-setting program for employees. Employees sit with their managers and lists three goals; those who complete their goals by the end of October receive a \$1,000 bonus at the end of the year.
- “10-Year Milestone” award providing employees with a gold pen and \$10,000 in stock for their 10-year anniversary.
- Free healthy snacks including fresh fruit, nuts and whole grains.
- Stock eligibility based on production and/or 10-year tenure.

- Company pays entry fee for any employee who participates in a Seubert-sponsored 5K run or walk.

### 42. PRECEPT INSURANCE SOLUTIONS L.L.C.

Precept Insurance Solutions L.L.C. is an Irvine, California-based national benefits broker and consultant that provides employee benefits consulting and administration outsourcing services engaging senior management, employees, dependents, physicians, hospitals and insurers in efforts that aim to improve quality of life, avoids and manages costs, and positively drives bottom-line business results. Its 160 employees enjoy such benefits as:

- Bonus programs that include an incentive for nonsales employees.
- Employer-paid on-site annual biometric screenings and flu shots.
- Healthy breakfasts and wellness challenges sponsored by the wellness committee.
- An employee recognition program providing financial incentives quarterly to recognized employees in the areas of individual service excellence and leadership and team service excellence.
- Employee-sponsored charity events such as Team in Training events for the Leukemia & Lymphoma Society, the Camp Pendleton Mud Run, CHOC Walk, and Avon Walk for Breast Cancer.

### 43. SCIROCCO GROUP

Scirocco Group is a Hasbrouck Heights, New Jersey-based retail agent/broker with over 60 years of experience providing full-service risk analysis and risk management services for clients in the construction, real estate, manufacturing, retail/wholesale distribution, public entity and transportation sectors. Perks for its 107 employees include:

- Early dismissal on Fridays during the summer.
- Support for charity fundraising.
- Impromptu surprise raffles that include free vacations, event tickets and gift baskets.
- Smoothie Day in the employee café.
- Regular employee recognition breakfasts or luncheons that serve to recognize and celebrate achievements of the entire organization.
- Employees may wear denim on Fridays in exchange for donations to charities.

### 44. STERLING HEALTH SERVICES ADMINISTRATION

Sterling Health Services Administration is an Oakland, California-based small retail/brokerage firm offering administration services for health savings accounts, health reimbursement accounts, flexible-spending accounts, patient online portals, and COBRA. Sterling has expertise in compliance services that include ERISA Wrap, Form 5500 filing, nondiscrimination testing and requirements under the Patient Protection Affordable Care Act. Benefits highlights for its 65 employees include:

- Flexible work schedules
- Ten-year anniversary of the company, with the entire staff going to Hawaii.
- Annual bonus recognition based on performance metric measurements. All employees are eligible for bonuses once per year, as nominated by executive management.
- Salad lunches on Mondays, vegetables on Tuesdays, smoothies on Wednesdays, breakfast on Thursdays, and farmers' market fruits and vegetables on Fridays.

### 45. PRITCHARD & JERDEN INC.

Pritchard & Jerden Inc. is an Atlanta-based retail agent/broker that caters to a variety of individual clients' needs. It is a company that values and requires continuing professional education. It employs 74 individuals and offers:

- Flexible schedules that include a compressed workweek in the summer.
- Monthly walking challenges and access to an online wellness program called GlobalFit.
- Monthly snack days and quarterly lunches such as a chili cook-off and college football tailgate lunch.
- Annual bonus for exempt, nonproduction Employee of the Year, based on company and individual performance.
- Events organized by the Employee Club, including ice cream socials, chair massages, and movie or game days at

lunch.

### 46. MARKETSCOUT

MarketScout is a Dallas-based wholesale broker/managing general agent with specialty expertise in many areas, including workers compensation, high-valued homeowners, energy, life and health insurance, professional liability, and excess and surplus lines. MarketScout has offices in California, Connecticut, Florida, Illinois, Indiana, Michigan, Nebraska, New Jersey, Rhode Island, Texas, and Washington, D.C. Its 62 employees enjoy such benefits as:

- 100% company-paid fitness center for employees.
- Weekly “lunch-and-learns.”
- Flip-flop Fridays.
- Business educational workshops and mentoring programs.
- Team-building events such as horse races, kickball, bowling, whirlyball, and monthly and quarterly team lunches.
- Annual family holiday parties and celebrations, including a Halloween costume contest and group birthday lunches.
- Employment anniversary recognition/awards and celebrations.

### 47. HOFFMAN BROWN CO.

Hoffman Brown Co. is a Sherman Oaks, California-based retail agent/broker providing large and small companies and individuals with commercial, personal, life, group and individual medical, long-term care and disability insurance. For its 47 employees, it offers:

- Annual holiday party luncheon that includes spouses/significant others that is held at a country club and features food, entertainment, games and prizes.
- Absentee bonus program with monetary rewards for employees with good attendance.
- Super Head Hunter program rewarding teammates \$500 for the hire of their referral who completes 90 days of employment.
- Wellness program paying 50% of membership up to \$175 annually for activities that include gym, bowling, baseball, karate and yoga.
- Employees who are TV game show contestants get paid for the day off.
- Programs include financial education and retirement planning.
- “Lunch-and-learn” educational sessions, group walks to Yogurtland for an afternoon snack and healthy snacks in the office.
- Ted Talks Tuesdays, a monthly get-together at lunchtime to view inspirational videos on various topics. All videos are suggested by employees.

### 48. THE PARTNERS GROUP LTD.

The Partners Group Ltd. is a Portland, Oregon-based independent agent/broker with services that include employee benefit consulting, risk management, wealth management, commercial and personal insurance. It offers its 115 employees such perks as:

- Annual overnight off-site retreat.
- Office lunches and office coffee carts
- Competitive health care program that offers wellness points that equal cash towards employee health care costs.
- Company contributes \$25 toward cost of a charity walk/run for up to \$50 per employee per year.
- Eight hours of paid community service time per employee per quarter.
- Access to a walking workstation and standing workstation.
- Employee of the Year Award awarded at annual off-site retreat and voted on by employees. Winner receives a gift certificate and plaque.

### 49. THE MGIS COS. INC.

The MGIS Cos. Inc. is a Salt Lake City-based wholesale broker/managing general agent that designs and administers specialized group short- and long-term disability insurance for physicians, medical professionals and physician office employees and medical professional liability coverage. Benefits for its 63 team members include:

- Every other Friday off and telecommuting opportunities.
- Department-sponsored break times.
- A wellness program for all employees and their spouses and health coaching for employees, including a Biggest Loser competition.
- Alternative treatment benefit that

includes massages and nutritional supplements.

- Employee recognition at the department level that consists of spot rewards such as movie tickets and gift certificates.

### 50. WINE SERGI & CO. L.L.C.

Wine Sergi & Co. L.L.C. is a Naperville, Illinois-based agent/broker providing a full range of services ranging from basic business insurance to highly sophisticated risk management and loss control services for a diverse clientele. The firm also offers expertise in developing industry-specific solutions. Its 33 employees enjoy such perks as:

- Summer hours and flextime.
- Bagels every Friday and fruit for the office.
- Participation in charity run/walk events.
- A 2.5 % Shared Success Bonus for client service team bringing in new business.
- Employee referral bonus of \$1,000.
- Wellness program and flu shots.

### 51. FRED C. CHURCH INC.

Fred C. Church Inc. is a Lowell, Massachusetts-based retail agent/broker offering services that include commercial property/casualty insurance, risk management, self-insurance programs, employee benefits and personal insurance. Among the highlights for its 126 employees are:

- A 35-hour workweek.
- Stock options plan.
- Ten personal days off in addition to 12 paid vacation days over the annual vacation allotment: three weeks off after five years; four weeks after 10 years; and five weeks after 20 years.
- On-site office visits for chiropractic treatment, flu shots and financial planning.
- Frequent employee raffles for various events, such as sporting events and theater/arts performances.
- Weight loss challenges.

### 52. NETWORKED INSURANCE AGENTS INC.

Networked Insurance Agents Inc. is a Grass Valley, California-based agent/broker connecting independent property/casualty agencies to leading markets and service resources to help them reach their full potential. Its 103 employees enjoy such perks as:

- Periodic lunch celebrations with barbecued and/or catered food and ice cream socials.
- Having a Spirit Committee to plan fun events for the staff.
- Holiday party and \$100 holiday bonus.
- Paid day off and gift card prizes for exceptional performance.
- Biggest Loser weight loss challenge for cash prize.
- Annual on-site health fair with prizes and giveaways.

### 53. MATRIX HEALTHCARE SERVICES INC., DBA MYMATRIX

Tampa-based Matrixx Healthcare Services Inc., dba myMatrixx is an agent/broker providing pharmacy benefit management and ancillary services focused on workers compensation. The firm serves self-insured employers, third-party administrators and managed care companies, as well as workers compensation and auto insurance companies. It employs 196 individuals, offering such benefits as:

- Chair massages.
- Performance contests where employees who meet or exceed their goals are eligible for gift cards or sports tickets.
- Fitness challenges throughout the year.
- Regular company outings and social gatherings.
- Employees can dress casually in return for a charitable donation.

### 54. ALPS CORP.

ALPS Corp. is a Missoula, Montana-based insurer/provider that partners with lawyers, law firms, bar associations and bar foundations to provide services and resources that further the advancement of the legal profession. It offers its 61 employees such perks as:

- Workplace flexibility to juggle life demands and family needs.
- Generous benefits structure, both in amount and flexibility, including paid time off, carryover of up to 240 hours of paid time off, and 401(k) match (6%

dollar for dollar).

- “ALPS Extra Miles” peer recognition program, whereby employees recognize the good works of others by giving “miles” that are redeemable for awards.
- Jeans Friday once a month for a \$5 donation, with all proceeds given to an employee-nominated nonprofit organization.
- Business development incentives for sales staff: 10% commission on new business over \$50,000 annually.
- Teams for community fitness events such as the Missoula Marathon, the Dirty Dash, the Heart Walk, the Race for the Cure and Bowl for Kid's Sake.
- Monthly company-sponsored pizza party.

## METHODOLOGY

This special report on the Best Places to Work in Insurance recognizes employers that have proven they know what it takes to create an environment where people love to come to work.

The Best Places to Work in Insurance program was open to all publicly or privately held insurance-related organizations that had at least 25 employees working in the United States as of June 30.

The 2014 Best Places to Work in Insurance awards were selected in three size categories:

- Large employer with 1,000 or more employees
- Medium employer with 250 to 999 employees
- Small employer with 25 to 249 employees

The awards have been given to organizations that fall into eight insurance industry categories:

- Benefits brokers and consultants
- Claims managers
- Group life/health insurers
- Property/casualty insurers
- Retail agents/brokers
- Reinsurance brokers
- Reinsurers
- Wholesale brokers/managing general agents

Identifying and recognizing these industry leaders is a joint effort of *Business Insurance* and independent research firm Best Companies Group.

Harrisburg, Pennsylvania-based Best Companies, which specializes in workplace research in the United States, Canada and the United Kingdom, managed the survey process for the Best Places to Work in Insurance.

Best Companies managed the registration, conducted the two-part survey process, evaluated the validity of the data and chose the companies that have made the 2014 list of the Best Places to Work in Insurance.

Part 1 of the assessment consisted of Best Companies' employer questionnaire to collect information about each company's benefits, policies, practices and other general information. This represented 25% of an organization's overall evaluation.

Part 2 of the assessment involved a confidential 76-question employee engagement and satisfaction survey to evaluate the employees' workplace experience and the company's culture. The employee score made up 75% of the company's overall evaluation.

When combined, the two sets of data allowed the Best Companies experts to make in-depth analysis of the strengths and opportunities that exist in each company. After verifying the data for factors that included the completeness of employer responses to the survey, minimum required employee response rates and data anomalies, as well as employer and employee comments, Best Companies' experts chose the winners and determined their rank.

While participation in the program was free, each organization had the opportunity to purchase Best Companies' employee feedback report summarizing the employee data and comments that were collected through the survey process.

It also included insurance industry benchmarking data from the participating companies to allow firms to better understand their workforces and potential improvements that could be made.

More information is available at [www.BestPlacesToWorkINS.com](http://www.BestPlacesToWorkINS.com) or toll-free at 877-455-2159.

**SPECIAL REPORT**

**Attracting &**

**Developing Talent**

**Baby boomer retirements strain workforces**

PAGE 32

**Beazley program teaches brokers about Lloyd's**

PAGE 34

**Brokers move into risk management positions**

PAGE 34

**Professional designations boost career achievement**

PAGE 35

# Recruiting fresh faces to insurance

Brokers and insurers aim to lure top talent and develop a deep bench

BY STEPHANIE GOLDBERG

**W**ho students, recent graduates and other job candidates know can be just as — sometimes more — important than what they know when it comes to landing a job in the well-connected insurance industry.

Success comes when “you apply what you know to the opportunities that are available to you,” said Matt Salamone, assistant vice president of construction practice at Willis Group Holdings P.L.C. in Radnor, Pennsylvania.

Mr. Salamone, who graduated from Temple University in 2010 with a degree in risk management and insurance, said the university provided students with internship and job opportunities and introduced them to industry professionals, “but if you didn’t introduce yourself (to guest speakers) or show interest, then nothing was going to be given to you.”

Denise Watkins, senior vice president and senior underwriter of health care at Endurance Specialty Holdings Ltd. in Pembroke, Bermuda, has been working in the industry for more than 15 years. Ms. Watkins said the “tremendous amount of industry connections” of University of South Carolina faculty helped her secure more than a dozen job interviews going into her senior year, including the job she

accepted as a participant in a three-year underwriting and leadership development program at Travelers Cos. Inc. The program familiarized participants with the coverages offered at the company’s small, middle-market and national divisions.

Nicole Hughey, Hartford, Connecticut-based director of university relations and talent acquisition at Travelers, said the company puts as much effort into attracting new talent as it does in developing employees.

“For this fall recruiting season, we have over 100 events that we’re attending,” Ms. Hughey said, noting that events include career fairs and college classroom visits.

“We do, to be perfectly transparent, have to work a little bit harder (than other industries) because we have to dispel the myths around what it’s like to work in insurance,” she said, adding that giving future professionals the opportunity to talk to current or past participants of company’s development programs helps prove that “insurance is a lot more interesting than people give it credit for.”

Eric Tolman, vice president of global talent management for Arthur J. Gallagher & Co., said the brokerage’s recent focus on relationship-based recruiting has helped attract new talent.

“We’re really targeting” the dozen or so campuses “where

we’ve been successful in the past, or where we have a relationship,” Mr. Tolman said. “At other companies our size, I think you’ll find a net that maybe goes to 40, 50 or 60 campuses. They’re doing postings and just kind of throwing a broad net to see who they scoop up.”

The brokerage’s rotating nine-week sales internship program, which gives participants a look at different parts of the business — from account management to customer problems to sales calls — had about 210 participants last year, which was a record, Mr. Tolman said.

Gallagher has had a number of other development programs in place for future and current employees since the 1960s, but they’re constantly evolving, he said.

Similar to the program Ms. Watkins participated in at Travelers, Gallagher offers a three-year associate program for new employees, Mr. Tolman said, adding that participants include former interns, producers, account managers and underwriters.

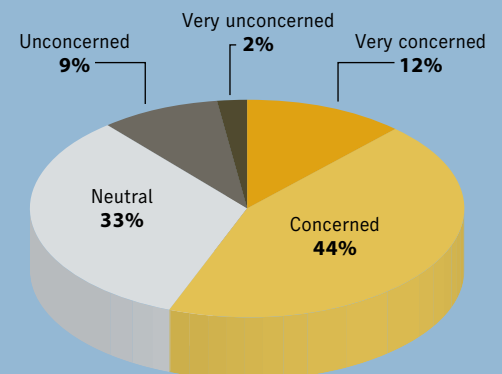
In addition, Mr. Tolman said Gallagher offers several development programs for midlevel employees and senior leadership, as well as an online learning portal. The portal, launched in February, gives employees access to more than

See **TALENT** next page



**RECRUITING MILLENNIALS**

How concerned are you about attracting top Millennial talent as baby boomers retire?



Source: SilkRoad 2014 State of Talent Management

# Baby boomer retirements strain workforce strategies

## Spencer Educational Foundation helps groom young risk managers

BY RODD ZOLKOS

An aging workforce presents strategic risks for companies across various industries and disciplines — including insurance and risk management — as a wave of retiring baby boomers threatens to leave employers facing a “knowledge gap.”

To address the issue, companies are going to have to find ways to keep older workers in place in ways that allow them to mentor younger, less-skilled workers and transfer knowledge to them, while also competing for those younger workers and giving them the skills to learn quickly.

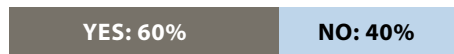
Ron Davis, executive vice president, head of market customers at Zurich Global Corporate in North America in New York and president of the Spencer Educational Foundation Inc., said companies need to be aware of that potential loss of experience and how they’re going to replace it.

“This is a challenge that any company has,” Mr. Davis said. “You’re not going to be able to bring in and replace somebody who has 40 years experience.”

The issue is one that’s strategic, not tactical, said Scott H. Steinmetz, assistant vice president of risk services and solutions with Fireman’s Fund Insurance Co., Novato, California, and has to be addressed at a high level. “This isn’t something you just push down to lower-level people as an assignment,” he said.

### AN AGING WORKFORCE

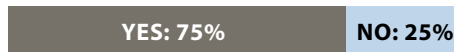
Percentage of companies that consider their aging staffs in the hiring process.



Source: Talent Intelligence Inc.

### TALENT SHORTAGE A REALITY

Percentage of employers anticipating talent shortage in the next three to five years.



Source: ManpowerGroup

“You need to be strategic about how to keep (older workers) engaged and valued,” Mr. Steinmetz said. “You’re not just adapting the physical environment to them. You’re employing them differently.”

Companies need to invite the older workers to consider tapping their career experience to include becoming a master and teacher as part of their role, Mr. Steinmetz said, and invite them to leave a legacy.

Businesses also should acknowledge that there are some people who will need to work longer before retiring and make the arrangement an efficient exchange for both sides, he said.

Michaela Grimm, senior economist at Allianz Group Economic Research and Corporate Development at Allianz S.E. in

Munich, said the issue is even more acute in Europe, where the labor force is both aging and shrinking as birth rates decline.

“Nowadays some companies compete even for older, experienced workers,” she said, with competition for educated, well-qualified immigrants increasing, too.

Many older workers want to have flexible work hours, she said, adding, “We think there’s an increasing need to make paid or unpaid leaves available.”

“It’s not only flexibility in the workweek itself,” Mr. Steinmetz said. “Part of it is about creating a bridge” between a full-time career and the true end of an older employee’s career in order to retain services of the people who have knowledge about loss control or highly protected risk engineering, for example, until that knowledge can be adequately transferred to a new generation, he said.

Mr. Steinmetz said he’s seen some clients such as some Fireman’s Fund leaders looking to create flexibility to use people more strategically in knowledge transfer, skill development and career development.

“There are tools and resources out there,” Mr. Steinmetz said.

He said his team also has had some success working with a large hospitality company that has utilized the AARP Workforce Assessment Tool, “which really is a valuable resource.”

The tool can help companies assess the

effect of retiring workers, address skill shortages that might result and manage multigenerational workforces.

Mr. Davis said that the Spencer Educational Foundation Inc. has several programs aimed at bringing talent into the insurance and risk management industry, as well as tapping experienced risk managers to help with that knowledge transfer such as the Risk Manager in Residence program. That program enables experienced risk managers to teach and mentor students in college insurance and risk management programs.

The Risk Manager in Residence program has been in place for nearly 20 years, and so far this year the Spencer Foundation has awarded grants for the program at 20 colleges including Ball State University, Illinois State University, Florida State University, Temple University, Troy University and California State University, Fullerton.

“One part of it is attracting the right people,” Mr. Davis said. “But the other part of it is you have an aging workforce, a lot of knowledge and experience that is gone.”

In addition to looking to attract and develop young workers, the insurance industry also can look to experienced workers in other industries who have applicable skills to insurance and risk management, Mr. Davis said.

“That allows us to also talk about the ability to fill some of those gaps that might exist for a company,” he said

## TALENT

Continued from previous page

1,000 tutorials and courses, such as computer skills training and live broadcasts from keynote speakers.

Not everyone who enters the industry starts off in a development program. Jack Barton began his career as an underwriter at Colony Insurance Co. in Richmond, Virginia.

Mr. Barton said developing connections with industry professionals has helped him get every job he’s had since graduating from Appalachian State University in 2007, with bachelor’s degrees in finance and risk management and insurance. He now works as a risk management analyst for The Walt Disney Co. in Burbank, California.

“I don’t know if students can really appreciate (how small the industry is) because you sort of have to learn by example,” Ms. Watkins said.

“Hopefully you’re learning by positive example and not by negative example. ... I try to impress that upon young people when I’m talking to them now.”

## INSURANCE COLLEGE FRATERNITY HELPS READY NEXT GENERATION

With only a few organizations focused on attracting and supporting future insurance professionals, developing partnerships is key, said Noelle Codispoti, executive director of insurance industry business fraternity Gamma Iota Sigma.

Aimed at attracting and developing the next generation of insurance professionals, Gamma Iota Sigma is an international business fraternity for college students studying insurance, risk management and actuarial science.

As of this fall, the organization will have granted 61 university charters and has 10 other colleges in the application phase, said Ms. Codispoti, based in Yardley, Pennsylvania.

Ms. Codispoti said it’s usually the students who reach out to Gamma Iota Sigma about starting a chapter at their university because “they’ve been doing research about the insurance industry online and they come across us, or they’ve met other students at an industry conference.”

In other cases, schools with new risk management and insurance programs will reach

out because “we will help promote the industry to the students,” she said.

Ms. Codispoti said that in addition to teaching students about leadership, organization, delegation and teamwork — as well as tips for interviewing and building a resume — Gamma Iota Sigma is a place for collaboration, “not only with companies



Ms. Codispoti

— carriers, brokers, consultants — but all of the other professional associations. ... The industry is made up of relationships.”

One of those associations is Alexandria, Virginia-based InVest, which teams with educators and public and private school systems across the country to teach high school and college students about the insurance

industry and provide networking opportunities.

“What we do is we partner with them and use our students to go into the high schools and talk about their experience as college students,” Ms. Codispoti said, adding that it can be easier for high school students to relate to an insurance student than someone who has been in the industry for 20 years.

In addition to InVest, Gamma Iota Sigma has relationships with organizations that support postgraduates and other industry professionals, such as the New York-based Risk & Insurance Management Society Inc. and the Society of Chartered Property and Casualty Underwriters, based in Malvern, Pennsylvania.

Meanwhile, the Professional Liability Underwriting Society works to attract and develop talent through Future PLUS, which is open to members who are 35 and younger and involved in the professional liability industry, said committee chair John Howell, an attorney with Wiley Rein L.L.P. in Washington.

Based in Minneapolis, Future PLUS also partners with Gamma Iota Sigma to engage college students and “to get people who may already know about insurance, or business majors, more information about professional liability as a career,” Mr. Howell said, adding that its not as well-known as some other lines of insurance.

“We want to make all these resources available to students so they can continue in their quest to be a well-rounded professional,” Ms. Codispoti said.

By Stephanie Goldberg



# JOIN US IN CELEBRATING THE MIDWESTERN REGIONAL BROKER HONOREES

Thursday, October 23<sup>rd</sup> in Chicago

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Tuesday, Oct 14

**NEW YORK**

Thursday, Oct 16

**LOS ANGELES**

Tuesday, Oct 21

**CHICAGO**

Thursday, Oct 23

- Eric J. Ginsburg, *Arthur J. Gallagher & Co.*
- Lindsey Harlan, *Lockton Cos. L.L.C.*
- Kelly J. Kinzer, *Marsh USA Inc., a unit of Marsh L.L.C.*
- Ryan Kraus, *Aon Risk Solutions*
- Vanessa Longnecker, *Hays Companies*
- Chris Nicoletti, *Integro USA Inc.*
- David C. Norris, *Hylant Group Inc.*
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A thorough review by a panel of senior editors at *Business Insurance* considered various criteria related to nominees' client service skills, leadership skills and expertise. The awards will be presented at recognition events in each region. A compilation of all the awards and profiles of the honorees will be published in the Oct. 13, 2014, edition of *Business Insurance*. Honorees were selected from nominations submitted by readers of *Business Insurance*.

**BUSINESS INSURANCE**

# Brokers make transition to risk management

## Time in the trenches with insurance placement gives a broad outlook

BY JOANNE WOJCIK

**R**isk management professionals who have spent some time walking in the shoes of insurance brokers say the experience enabled them to be better at what they do by enhancing their knowledge of the insurance industry.

While historically it was common for risk managers to move to the brokerage side of the business later in their careers, today the reverse is more likely, with many risk managers having gotten their start in the insurance industry either working for brokers or insurers.

In many cases, these industry professionals are recruited into the risk management field by the client companies they had served while they were in their broker roles.

Such was the case for Tanya Santry, wrap-up insurance manager at Lend Lease U.S. Construction Holdings Inc. in New York. The company was her client when she was at Willis North America Inc. specializing in construction.

“Construction is a very niche business,” she said, adding that she became familiar with the company’s operations while helping to place its insurance program. “I was their broker, so it wasn’t like it was a company that I wasn’t familiar with or I didn’t place insurance for. So it was a little bit easier of a transition than just coming to a company you know nothing about. My interview was a lunch, and seven years later, I’m still here.”

Ms. Santry thinks her prior brokerage experience has made it easier for her to function in the role of risk manager, particularly when it comes to handling requests for proposals for insurance coverage and services.

“Broker to broker, you know what they’re supposed to be doing for you. You know

what services they’re supposed to be providing, you know timeframes, you know deliverables,” she said.

Leslie Lamb was recruited from Marsh L.L.C. by San Jose, California-based Cisco Systems Inc. in 1999, while helping the company address its Y2K exposures. Though she started in the insurance industry as an underwriter at Chubb Corp., she moved to the brokerage side of the business so that she could work closer with clients.

“I underwrote Cisco, I broked Cisco,” she said. “It helped me really understand Cisco before I came here. I think starting in underwriting is the right way to go. As a broker you get a feel for different industries. You get close to the risk management world from the outside. But if you want to really know

### TALENT RISKS

Talent risk categories companies need to know

<b>Capability</b>	Risk associated with building the skills the organization needs to compete today and in the future.
<b>Capacity</b>	Risk associated with the succession into critical roles and retention of critical people.
<b>Cost</b>	Risk associated with the cost of recruiting and retaining the talent the company needs.
<b>Connection</b>	Risk associated with talent becoming disengaged.
<b>Compliance</b>	Risk associated with employee behavior as it relates to compliance with local laws/regulations, as well as whether their work is in compliance with industry and government regulations

Source: KPMG L.L.P.



Ms. Lamb



Mr. Shane



Ms. Connor

a business from the inside out, then coming into risk management is a great learning path. I came in reporting to the risk manager, and now I am leading the team and am involved in business continuity.”

For Eric Marsh, becoming a risk manager at Air Methods Corp. enabled him to marry his love of aviation with his knowledge of insurance. Prior to joining the Denver-based air medical transport company, Mr. Marsh worked as both an insurance agent specializing in benefits and as a property/casualty insurance broker at Willis North America after serving in the U.S. Navy.

“I had been longing to get back into aviation, and this opportunity came along, in which I could couple my experience with insurance and risk management and my passion for aviation,” he said.

Mr. Marsh learned about the risk management position at Air Methods while serving on the board of the Rocky Mountain Chapter of the Risk & Insurance Management Society Inc. After announcing at a board meeting that he was leaving Willis to pursue his passion, a fellow board member told him he was friends with the CEO of Air Methods and facilitated an introduction.

“Really knowing the insurance side of things, and with all of my years of dealing with underwriters, knowing how underwriters think, and how the whole broker process works has really helped me manage the broker that we use and our insurance program,” he said.

“We’ve got a massive insurance program. We’ve got almost 500 aircraft across the country. There wasn’t any learning curve on the insurance side. I jumped in and just had to learn the company.”

Kevin Shane recently made the transition from practice leader in engineering, construction and real estate at Marsh in Denver to senior risk manager at engineering firm CH2M Hill Cos. Ltd. in Centennial, Colorado. CH2M Hill had been one of Marsh’s clients, and whenever someone from the firm would call with engineering or construction questions, he would advise them.

He said his brokerage experience involving contract review has been especially helpful in his new role, especially when working with CH2M Hill’s subcontractor clients. He also is able to better identify the appropriate type of coverage for each risk.

“I’ll get on the phone with our client and walk through the contract language so we can more quickly get to the point where contracts can be signed,” Mr. Shane said. “I also like the fact that being fresh out of the brokerage world, I can very effectively help the project managers and project teams in CH understand how insurance can and should be utilized.”

Yvette Connor began her career in brokerage with USI Insurance Services L.L.C. and spent some time as an underwriter at Superior National Insurance Co. before becoming the director of insurance and risk financing at Sutter Health in Sacramento, California. She also held risk manager positions at two other firms — Roll International and Vulcan Inc. — before returning to brokerage at Marsh Inc. in 2010. Today she taps these collective experiences as managing director of risk management advisory services at Alvarez & Marsal L.L.C. in New York.

“My role in having sat in each of those chairs has made me a better risk manager,” she said. “The reason they hired me as a consultant at A&M is that I know the struggles of the internal dialog around risk management that tend to get in the way of folks understanding the value of insurance and the value of risk management. I can be a translator and a facilitator, because I get that struggle.”

Dale Lindstrom, director, insurance and legal compliance at Erickson Aviation in Portland, Oregon, said his experience as a broker also has enhanced his risk management skills.

“It gets back to understanding risk,” said Mr. Lindstrom, who worked at Marsh Inc. from 1994 through 1999 and then again from 2003 until 2008.

“It helps to educate stakeholders that insurance is not a commodity,” he said.

## BEAZLEY BROKER ACADEMY FOSTERS TALENT FOR LLOYD’S MARKET

**E**arlier this month, 44 promising brokers from the United States and Canada traveled to London to spend a week at Lloyd’s of London as part of the Andrew Beazley Broker Academy at Lloyd’s, a program set up to provide education, foster talent and deepen understanding of the Lloyd’s market.

The academy, established in memory of Lloyd’s veteran

Andrew Beazley, co-founder and CEO of Beazley, who died in 2010, provides a curriculum spanning five core subject areas: energy; property; management liability; professional liability; and marine and inland transportation.

The program was designed to “support and enrich the training that U.S. brokerages give to their high-potential employees,” according to Lloyd’s.

This year, 38 brokers from the United States and six from Canada, were nominated by their 33 employers in 27 cities to attend the academy.

The academy is designed to cater to “highly motivated individuals with approximately three to five years’ experience of insurance” to enhance their understanding of their particular areas of specialization, Lloyd’s said.

The week’s curriculum included an introduction to the Lloyd’s market and its history, a session on the role of the broker, and time spent on an underwriting “box” in the Lloyd’s underwriting room to understand the way coverage is placed in the subscription market.

Participants also were given time to learn how risks are priced, how to develop credible and complete

submissions, and how complex claims are negotiated and settled.

The participants attended plenary sessions on subjects including relationship management, behavioral risk and emerging risks. Also, they were able to choose from a series of electives on data breach, political violence and terrorism, kidnap and ransom and contingency, supply chain, political risk and trade credit.

# RISK MANAGEMENT DESIGNATIONS DRIVE CAREER SUCCESS

Continuing education supplements credentials and boosts professional standing

BY MARK A. HOFMANN

A professional designation is much more than a string of letters for risk managers seeking to further their careers through continuing education.

In addition to demonstrating that a risk manager has met stringent professional standards, designations also can demonstrate a commitment to continuing education. The result can be a leg up on the job throughout a risk manager's career.

The oldest professional designation geared to risk management, the associate in risk management, was first conferred in 1967 by The Institutes, the operating name of the Insurance Institute of America and the American Institute for Chartered Property Casualty Underwriters in Malvern, Pennsylvania.

Since the program began, more than 25,000 people have earned the designation, a number that increases to more than 30,000 when specialized ARM designations are counted, said Michael Elliott, senior director of knowledge resources at The Institutes, which is responsible for the content of the ARM program.

Completion of the ARM coursework also can be applied to the Chartered Property Casualty Underwriter designation, which requires completion of 10 courses plus additional commitments.

To earn the ARM, candidates must complete and pass exams in three courses, plus an ethics course. The courses are Risk Management Principles and Practices; Risk Assessment and Treatment; and Risk Financing.

In addition, The Institutes offers two specialized risk management courses: ARM-e, Enterprise Risk Management and ARM-p, Risk Management for Public Entities. The Institutes' enterprise risk management textbook, first published in late 2013, won a *Business Insurance* 2014 Innovation Award.

The Austin, Texas-based National Alliance for Insurance Education & Research has conferred the certified risk manager designation since 1997, said Sarah Warhaftig, director of risk management programs at the professional insurance education organization. As of June 2014, there were 3,653 CRM's in the United States and 100 internationally, she said.

The CRM designation comprises five courses, each of which is 20 hours followed by an examination. All five exams must be completed within five years of the first passing grade.

Angela Stoddard, a Baltimore, Maryland-based client manager for hospital long-term care and other health care business at risk and benefit management consultant RCM&D, was one of the brokers nominated to take part in this year's academy. She called it a "huge honor."

Ms. Stoddard said she was interested to see how highly specialist colleagues worked at Lloyd's and how tailored coverage was put together.

The highlight of the week was the time spent on the box with underwriters, she said, and the ability "to see what our London brokers do when they are pitching business on our behalf."

Beyond that, she enjoyed the chance to take in the tradition of the Lloyd's market and experience the innovation that takes place there.

People at Lloyd's are "constantly on top of emerging risks," she said.

By Sarah Veysey

## EXAMPLES OF RAISING RISK MANAGERS' PROFILES

Earning a professional designation can boost a risk manager's career, particularly in its early stages, according to veteran risk managers.

Designations raise a risk managers' profile within their organizations and help keep their professional knowledge up to date because maintaining the designation often requires that continuing education courses be completed.

Debra L. Rodgers, senior vice president-global risk management at Aramark Corp. in Philadelphia and Business Insurance's 2010 Risk Manager of the Year®, earned the associate in risk management designation conferred by The Institutes — the operating name of the Insurance Institute of America and the American Institute for Chartered Property Casualty Underwriters, in Malvern, Pennsylvania — about 20 years ago.

"It was very meaningful when I got it, because it did raise my stature within the function of my company and in the outside world," she said. "I think it's a really important designation in the early part of your career."

Richard J. Roberts, vice president of the Risk & Insurance Management Society Inc. and senior manager of risk, enterprise risk management and employee benefits at Ensign Bickford Industries Inc. in Simsbury, Connecticut, holds both the ARM and RIMS Fellow designation.

He said the ARM "was critical to being able to move into the risk management position." He also said the RIMS Fellow courses are "forward thinking," not "like you're in the beginning stages of your risk management career."

Professional designations elevate careers, and the education "allows you to move into many different positions within the company," he said. "It gives you depth and breadth within your organization. And you can operate in any part of the company and it allows you to speak the language of people in other parts of the company."

J. Michael Bale, director of risk and property management at Oklahoma State University in Stillwater, Oklahoma, also has earned multiple designations — ARM and Certified Risk Manager, conferred by the National Alliance for Insurance Education & Research in Austin, Texas.

He said he likes the CRM "because it has the annual requirement for continuing education. I use the principles taught at the CRM classes all the time. I recently reviewed the risk management process with our board of regents. It's something that's used daily."

"There's no question it's a benefit to your career and it benefits the day-to-day operations of the risk management office," he said.

By Mark A. Hofmann



Ms. Rodgers



Mr. Roberts



Mr. Bale

"We do require an annual update which can be a CRM or a variety of other programs offered by the National Alliance," Ms.

Warhaftig said. "We believe that everyone should be continually receiving continuing education and professional development."

The Risk & Insurance Management Society Inc. launched the RIMS Fellow program, which was founded and administered by the Global Risk Management Institute Inc. — a separate legal entity that RIMS oversees — in 2001. About 200 risk management professionals have earned the designation as RIMS Fellow.

"To earn your RIMS Fellow designation, risk professionals must complete three risk management courses at the university level: Risk Management Principles & Practices, Risk Financing and Risk Assessment & Treatment," Annette Homan, a RIMS deputy director and president of the Global Risk Management Institute in New York, said in an email. A candidate may also qualify if he or she holds an ARM and CRM.

Candidates also must meet other criteria, including having worked at least five years in the industry and having completed other related coursework or RIMS Fellow workshops and sessions at RIMS annual conferences.

"Because the educational component of our conferences changes from year to year to match current events and risk management trends, RF applicants have benefited from practical and highly relevant industry insight that they have then taken back to their organizations and implemented immediately," Ms. Homan said in her email.

Not all professional designations sought by risk managers pertain solely to the practice of risk management. Probably the best known of these is the CPCU.

The Professional Liability Underwriters Society Inc. in Minneapolis offers the Registered Professional Liability Underwriter designation, the first of which was conferred in 1994. Since then, more than 2,300 insurance professionals have earned the designation, and more than 50 have earned the advanced RPLU+ that was introduced in 2010.

Candidates for the RPLU designation must pass 12 exams reflecting eight core courses, ranging from the Fundamentals of Liability Insurance to Introduction to Directors and Officers Liability Insurance, plus five more specialized elective courses that touch on specific lines of professional liability insurance.

"Our materials are intended to be pertinent to anyone who is working with professional liability issues," said Deb Ropelewski, PLUS director of education. "Whether that's underwriters, agents, brokers, claims professionals or risk managers, they should find the materials valuable."



Brokers attending the Andrew Beazley Broker Academy at Lloyd's listen to a speaker in the Lloyd's boardroom.

LLOYD'S OF LONDON

### LARGEST UNDERGRADUATE PROGRAMS

Largest U.S. colleges and universities ranked by the number of 2013/2014 undergraduates majoring in risk management and insurance programs.

Rank	University	Main campus	Undergraduates	Courses offered
1	Temple University	Philadelphia	450	9
2	University of Georgia	Athens, Georgia	423	10
3	University of Wisconsin-Madison	Madison, Wisconsin	229	9
4	University of South Carolina	Columbia, South Carolina	222	6
5	Appalachian State University	Boone, North Carolina	175	9
6	Illinois State University	Normal, Illinois	151	8
7	University of Mississippi	Oxford, Mississippi	149	7
8	St. John's University	New York	131	11
9	Olivet College	Olivet, Michigan	125	11
10	St. Joseph's University	Philadelphia	121	7
11	Georgia State University	Atlanta	109	12
12	Indiana State University	Terre Haute, Indiana	100	11
12	Florida State University	Tallahassee, Florida	100	11
14	Missouri State University	Springfield, Missouri	75	8
15	University of Louisiana at Lafayette	Lafayette, Louisiana	70	7
16	University of Central Arkansas	Conway, Arkansas	69	9
17	University of Hartford	West Hartford, Connecticut	61	7
18	Ball State University	Muncie, Indiana	60	10
19	Troy University	Troy, Alabama	55	7
19	University of North Texas	Denton, Texas	55	10

Source: BI survey

### LARGEST GRADUATE PROGRAMS

Largest U.S. colleges and universities ranked by the number of 2013/2014 graduates majoring in risk management and insurance programs.

Rank	University	2013/2014 graduates
1	Temple University	210
2	University of Georgia	128
3	University of Wisconsin-Madison	91
4	Appalachian State University	61
5	University of South Carolina	59

Source: BI survey

### EMPLOYMENT TRENDS

2013 insurance industry employment by occupation\*

Category	2013
Insurance sales agents	337,970
Insurance claims and policy processing clerks	207,220
Claims adjusters, examiners and investigators	197,090
Insurance underwriters	83,100
Front-line supervisors, managers of office and administrative support workers	55,070

\*Includes insurers, agencies, brokerages and other insurance-related activities in commercial and personal lines.

Source: U.S. Bureau of Labor Statistics

### EMPLOYMENT

U.S. insurance industry employment by sector, in thousands

Year	INSURERS <sup>1</sup>					INSURANCE AGENCIES, BROKERAGES AND RELATED SERVICES		
	Total industry	Life, health and medical	Property/casualty	Reinsurers	Total	Insurance agencies and brokers	Other insurance-related activities <sup>2</sup>	Total
2013	2,379.4	812.1	597.1	27.0	1,436.2	664.4	278.8	943.2
2012	2,368.3	811.3	599.5	25.7	1,436.4	659.6	272.3	931.8
2011	2,336.4	788.9	611.6	25.6	1,426.1	649.2	261.1	910.3
2010	2,340.6	804.1	614.3	26.8	1,445.2	642.3	253.1	895.5
2009	2,370.6	802.8	632.9	27.5	1,463.2	653.3	254.2	907.4
2008	2,405.1	800.8	646.7	27.9	1,475.4	671.6	258.1	929.6
2007	2,391.6	787.1	647.0	27.0	1,461.1	677.8	252.7	930.5
2006	2,379.1	790.6	649.1	28.0	1,467.7	662.4	249.0	911.4
2005	2,338.9	764.9	652.1	28.8	1,445.7	652.5	240.7	893.2
2004	2,367.5	767.3	691.2	29.8	1,488.3	645.6	233.6	879.2

<sup>1</sup> Establishments engaged primarily in underwriting insurance. <sup>2</sup> Includes claims adjusters, third-party administrators and other personnel, such as advisory and insurance ratemaking services.

Source: U.S. Bureau of Labor Statistics



KEYNOTE SPEAKER  
Brian Duperreault  
CEO of Hamilton  
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## Northeast National starts petroleum underwriter

Wholesale broker Northeast National Brokerage L.L.C. has launched a Lloyd's-of-London-registered underwriting facility that specializes in excess liability for the petroleum distribution industry offering \$5 million in lead and excess capacity.

The risk will be placed with Lloyd's underwriters, including syndicates managed by London-based Chaucer P.L.C., a unit of Chaucer Holdings P.L.C., which is a member of the Hanover Insurance Group, and London-based Chubb Managing Agent Ltd., part of The Chubb Corp., Bloomfield, Connecticut-based Northeast National said in a statement.

Exposures include those associated with bulk plant facilities delivering petroleum products to homes and businesses, and the retail motor fuel sales, the broker said.

## Navigator targets midsize cyber liability

The Navigators Group Inc.'s principal underwriting agency subsidiary, Navigators Management Co. Inc., has introduced cyber liability and privacy/data breach coverage under the NAVSecure brand.

The third-party liability coverage addresses liability arising from a company's wrongful acts concerning online content, network security and data privacy, New York-based Navigators said in a statement.

The coverage includes: expenses due to a privacy breach, including notification costs, crisis management, credit monitoring, identity theft restoration, fines and penalties; data restoration; network extortion attempts; an option to increase notification costs outside the limit of liability; and pre- and post-breach services.

"While limits up to \$5 million are available, our target market segment is the middle market, so the focus of our underwriting will be on accounts that purchase policy limits of \$1 million to \$2 million," said Stuart M. Kohn, vice president of Navigators' specialty professional liability division and cyber liability and privacy/data breach coverage practice leader.

## Travelers launches cover for ACA compliance risks

The Travelers Cos. Inc. has added health care exchange and civil monetary penalty coverage to its management liability portfolio to help protect against risks related to violating requirements of the Patient Protection and Affordable Care Act, the company said in a statement.

Travelers' fiduciary liability coverage endorsements provide additional protection against specific risks that may arise from noncompliance with the health care reform law.

Specifically, the health care exchange endorsement covers advice that companies offer their employees about plans sold through health care exchanges.

The civil monetary penalties endorse-

## PRODUCTS & SERVICES

### Brit leads Lloyd's cyber liability cover

\* Specialty insurer and reinsurer Brit P.L.C. is leading several Lloyd's of London syndicates to offer up to \$250 million of first-party cyber liability coverage to protect industrial firms' critical operating infrastructure and machinery from terrorist and other malicious attacks, such as sabotage, espionage and theft.

The product provides insurance protection for large industrial companies, including all aspects of the oil and gas sector, such as exploration and production, refining, transportation, storage and other downstream marketing activities; as well as energy utilities and other heavy industries, London-based Brit said in a statement.

The insurance covers first-party property damage, business interruption, the cost of restoring digital assets and reimbursement for business income losses.

It also provides a comprehensive security risk assessment, ongoing loss mitigation and inspection services, the insurer said in its statement.

Brit has partnered with Louisville, Colorado-based Coalfire Systems Inc., a cyber security and corporate governance auditor, to provide third-party cyber security risk assessments.

ment protects businesses against certain ACA penalties that may be imposed on employers that do not meet specific compliance and reporting obligations, the statement said.

### ProAssurance suite backs complex health care risks

Specialty insurer ProAssurance Corp. is offering large health care facilities and organizations excess insurance coverage and related services for organizations that are retaining more risk as they evolve with the nation's emerging health care delivery system.

The suite of products is marketed as ProAssurance Complex Medicine.

ProAssurance is working with ProPraxis, a recently formed underwriting agency capitalized by Cooper Gay Swett & Crawford Ltd., which will provide ProAssurance with underwriting analytics for these risks and assist ProAssur-

ance in developing complementary products to bolster target organizations' coverage requirements, ProAssurance said in a statement.

### Atlas General expands workers comp coverage

Multiline program manager Atlas General Insurance Services L.L.C. is expanding its U.S. workers compensation presence, the company said in a statement.

The program, which was developed by Atlas General Insurance Services L.L.C. and Republic Group, now will be offered in Arkansas, Georgia, Mississippi, North Carolina, Oklahoma, Pennsylvania, South Carolina, Tennessee and Virginia. Such coverage already is offered in addition to the existing program in Arizona, California, Nevada and Oregon, according to the statement.

The program targets small to medium-size accounts in industries that include hospitality, health care, automotive, contractors and general main street business, and is underwritten by member companies of Republic Group.

### Aon indemnity unveils cover for U.K. enterprises

Aon Risk Solutions has introduced professional indemnity insurance for the U.K. market.

The coverage is aimed at traditional professions that include accountants, architects, attorneys, engineers and surveyors. It includes miscellaneous errors and omissions business, Aon said in a statement.

Aon said it will use a single managing general agent structure with support of several Lloyd's of London syndicates, including Novae Group P.L.C. and Argo Group International Holdings Ltd.

The revised structure is intended to provide stability to for small and medium-size professionals, according to the statement.

"We have worked closely with selected Lloyd's syndicates to develop a facility that delivers a long-term solution for our clients, including solicitors in England and Wales," Luke Hamm, initiatives director for Aon's specialist professional services group, said in the statement.

### Ironshore upgrades environmental M&A cover

Ironshore International's mergers and acquisitions unit has enhanced its coverages to include environmental risks that can arise during transactions.

The unit of Hamilton, Bermuda-based Ironshore Inc. said the environmental coverage for M&A was made possible through collaboration with its environmental unit, Ironshore Environmental. The new coverage offers companies undergoing a merger or acquisition coverage for first- and third-party exposure for reimbursement of cleanup and remuneration costs, and third-party liabilities arising from damage from sudden, accidental and gradual pollution incidents.

## DEALS & MOVES

### Varney Agency authorized as Lloyd's coverholder

Varney Agency Inc. has completed the tribunalization process with Lloyd's of London, which has authorized Varney as a coverholder with direct access to the Lloyd's market.

The authorization will allow Bangor, Maine-based Varney to bring additional insurance options to the U.S. marketplace.

"The structure of Lloyd's and its worldwide risk profile enables Varney Agency to provide insurance solutions that cannot be obtained with our domestic markets," Tim Varney, president and CEO, said in a statement.

### Gallagher acquires niche broker Parmia

Arthur J. Gallagher & Co. has expanded its Australian operations by acquiring Parmia Pty Ltd. of Beenleigh, Australia, Itasca.

Parmia is an insurance broker and risk management services firm that provides retail property/casualty insurance for its professional association and industry group clients in Australia. The brokerage specializes in coverage for more than 15 associations including the graphic design, finance, fitness and beauty sectors.

Terms of the deal with Itasca, Illinois-based Gallagher were not disclosed.

Gallagher is the fourth-largest insurance broker in the world, according to *Business Insurance's* latest ranking.

### Joint venture forms to boost global marine services

Regional Reporting Inc. and Global Risk Evaluations have established a joint venture aimed at expanding their marine service offerings, the companies said.

The new company, Marine Reporting International Ltd., combines the marine division of Global Risk and Regional Reporting's U.K. subsidiary.

According to a statement, Marine Reporting provides marine surveys/investigations and loss control surveys, as well as project cargo management.

Marine Reporting's headquarters is in Billerica, England, and offers services to the U.K. and international marine markets.

### Telehealth provider Teladoc raises \$50 million of equity funds

Telehealth provider Teladoc said it has secured a \$50 million round of equity funding led by Palo Alto-based Jafco Ventures, a technology venture capital firm.

This funding will reinforce Teladoc's market position and support the acceleration of its growth, it said in a statement.

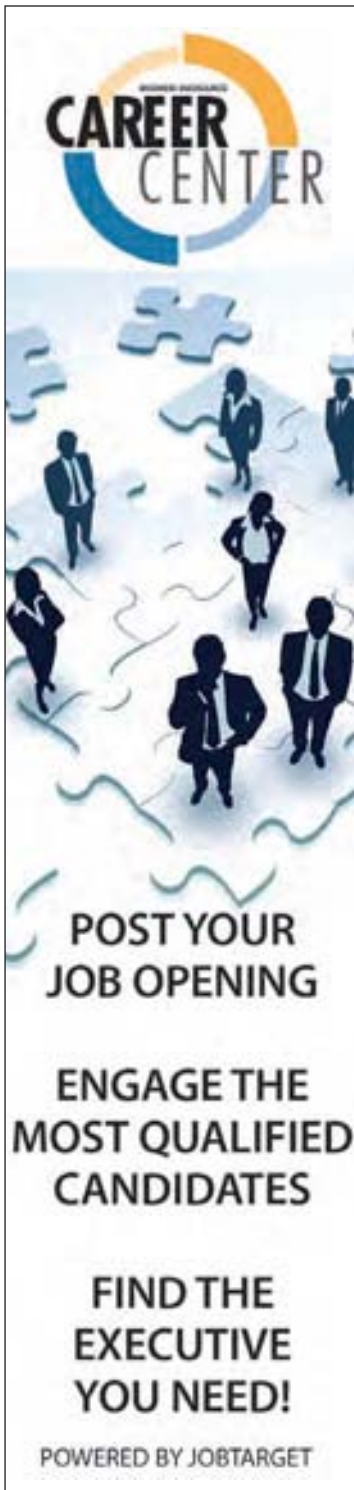
Teladoc said it will continue to pursue growth organically and through additional strategic partnerships and targeted acquisitions.

Teladoc services are used by companies such as Blue Shield of California; Cash America International Inc.; Gallup Inc.; Highmark Inc.; Ignite Restaurant Group Inc., the holding company for Romano's Macaroni Grill, Brick House Tavern + Tap and Joe's Crab Shack; Rent-A-Center; and T-Mobile U.S. Inc.

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## PUBLIC NOTICES

### LEGAL NOTICE

**IN THE MATTER OF THE LIQUIDATION OF NEW YORK MERCHANT BAKERS INSURANCE COMPANY**  
Supreme Court County of New York  
Index No.: 403106/97

**NOTICE**

Pursuant to an order of the Supreme Court of the State of New York, County of New York ("Court"), entered on January 26, 1998, the then-Superintendent of Insurance of the State of New York and his successors in office were appointed as liquidator ("Liquidator") of New York Merchant Bakers Insurance Company ("NYMB") and, as such, has been directed to take possession of NYMB's property and liquidate its business and affairs pursuant to Article 74 of the New York Insurance Law ("Insurance Law"). The Superintendent of Financial Services of the State of New York has now succeeded the Superintendent of Insurance as liquidator of NYMB. The Liquidator has, pursuant to Insurance Law Article 74, appointed Scott D. Fischer, Acting Special Deputy Superintendent ("Acting Special Deputy"), as his agent to liquidate the business of NYMB. The Acting Special Deputy carries out his duties through the New York Liquidation Bureau, 110 William Street, New York, New York 10038. The Liquidator has submitted to the Court a verified petition ("Verified Petition") seeking an order: (i) approving the Liquidator's report ("Closing Report") on the status of and request to close the NYMB liquidation proceeding ("Liquidation Proceeding") and the financial transactions delineated in such Closing Report; (ii) authorizing the continued payment of administrative expenses, including such expenses pertaining to the closing of the Liquidation Proceeding; (iii) terminating and closing the Liquidation Proceeding; (iv) authorizing the Liquidator, without further application to the Court, to continue, after the termination of the Liquidation Proceeding, to receive and disburse assets, pursuant to Insurance Law Article 74, to those creditors of NYMB with allowed claims who are eligible to share in a pro-rata distribution, and to pay administrative expenses incurred in connection with the collection and disbursement of such assets; (v) releasing and discharging the Liquidator, his predecessors and successors in office, and their agents, attorneys and employees, from any and all liability arising from their acts or omissions in connection with the Liquidation Proceeding; (vi) authorizing and directing the Liquidator, in his discretion, to destroy or otherwise dispose of any and all of the books, files, records and other property of NYMB without further order of the Court; and (vii) providing for such other and further relief as the Court deems appropriate and just.

A hearing is scheduled on the Verified Petition on the 1st day of December, 2014, at 9:30 a.m., before the Court at the Courthouse, IAS Motion Submission Part, 60 Centre Street, Room 130, New York, New York. If you wish to object to the Verified Petition, you must serve a written statement setting forth your objections and all supporting documentation upon the Liquidator at least seven days before the hearing and upon the Clerk of the Court on the date of the hearing, along with an affidavit of service on the Liquidator.

Service on the Liquidator shall be made by first class mail at the following address: Superintendent of Financial Services of the State of New York as Liquidator of New York Merchant Bakers Insurance Company 110 William Street, New York, New York 10038, Attention: John Pearson Kelly, Esq., General Counsel.

The Verified Petition and Closing Report on the status of and request to close the Liquidation Proceeding are available for inspection at the above address. In the event of any discrepancy between this notice and the documents submitted to Court, the documents control.

Requests for further information should be directed to the New York Liquidation Bureau, Creditor and Ancillary Operations Division, at (212) 341-6241.

Dated: September 18, 2014, Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York as Liquidator of New York Merchant Bakers Insurance Company.

### LEGAL NOTICES

**IN THE MATTER OF THE LIQUIDATION OF PROFESSIONAL LIABILITY INSURANCE COMPANY OF AMERICA**  
Supreme Court County of New York  
Index No.: 400986/2010

**NOTICE**

Pursuant to an order of the Supreme Court of the State of New York, County of New York ("Court"), entered on February 10, 2014, the Superintendent of Financial Services of the State of New York and his successors in office were appointed as liquidator ("Liquidator") of Professional Liability Insurance Company of America ("PLICA") and, as such, has been directed to take possession of PLICA's property and liquidate its business and affairs pursuant to Article 74 of the New York Insurance Law ("Insurance Law"). The Liquidator has, pursuant to Insurance Law Article 74, appointed Scott D. Fischer, Acting Special Deputy Superintendent ("Acting Special Deputy"), as his agent to liquidate the business of PLICA. The Acting Special Deputy carries out his duties through the New York Liquidation Bureau, 110 William Street, New York, New York 10038. The Liquidator has submitted to the Court a verified petition ("Verified Petition") seeking an order: (i) approving an amended procedure for judicial review of the Liquidator's adjudication of claims filed in this proceeding ("Amended Procedure") and (ii) granting such other and further relief this Court may deem just and proper under the circumstances.

A hearing is scheduled on the Verified Petition on the 17th day of November, 2014, ("Return Date") at 9:30 a.m., before the Court at the Courthouse, IAS Motion Submission Part, 60 Centre Street, Room 130, New York, New York. If you wish to object to the Verified Petition, you must serve a written statement setting forth your objections and all supporting documentation ("Answering Papers") upon the Liquidator at least seven (7) business days prior to the hearing. Service on the Liquidator shall be made by first class mail at the following address: Superintendent of Financial Services of the State of New York as Liquidator of Professional Liability Insurance Company of America, 110 William Street, New York, New York 10038, Attention: John Pearson Kelly, Esq., General Counsel, and by submitting copies of the Answering Papers, with affidavit of service on the Liquidator as above, to the Clerk of the Court at IAS Motion Submission Part at the Courthouse located at 60 Centre Street, Room 130, New York, New York on the Return Date at 9:30 a.m.

The Verified Petition is available for inspection at the above address. In the event of any discrepancy between this notice and the documents submitted to Court, the documents control.

Requests for further information should be directed to the New York Liquidation Bureau, Creditor and Ancillary Operations Division, at (212) 341-6809.

Dated: September 4, 2014, Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York as Liquidator of Professional Liability Insurance Company of America.

For 2014 BI Rates or Editorial Calendar call Pegeen Prichard at 312.649.5446 or [pprichard@businessinsurance.com](mailto:pprichard@businessinsurance.com)

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Anyone knowing of a fraudulent act should call Ellen Dunkin at:  
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# WORLD CAPTIVE FORUM 2015



KEYNOTE SPEAKER

Victor Peignet  
Chief Executive Officer of  
SCOR Global P&C

February 2 - 4, 2015

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SUSAN MONTGOMERY/SHUTTERSTOCK.COM

Chipotle had planned to increase the number of employees' healthy biometric standards the chain monitored at the beginning of 2014, but determined that could erode workers' engagement in its wellness program.

## WELLNESS

Continued from page 4

Maryland. "People don't always make rational decisions about their health. You really have to take into consideration how people think and how they make their choices."

### Incentive options vary

Outcomes-based wellness incentives can vary structurally from company to company. Some employers, including Denver-based burrito chain Chipotle Mexican Grill Inc., offer cheaper health

insurance premiums to employees and dependents if they achieve or maintain certain biometric readings.

In Chipotle's case, an employee's annual health care premium is reduced \$200 just for completing a health risk assessment and biometric screening. It is reduced another \$500 for meeting "healthy standards" on at least three of five biometric screening results: tobacco use, body mass index, blood glucose, cholesterol and blood pressure.

Alternatively, employees are also eligible for the \$500 premium discount if three of five of their biometric readings improve 5% or more compared with the prior

year's results.

"We use the incentives to show our employees that wellness is important to us," said Lindsay Horning, a Denver-based benefits analyst at Chipotle.

"We think it's important for people to know where they stand vs. where they want to be, and to know that we can help them get there."

A year after Chipotle's 2012 introduction of outcome-based incentives in its wellness program, Ms. Horning said the company tightened the incentive-eligible biometric standards to align them with recommendations by the U.S. Centers for Disease Control and Prevention and the National Institutes

of Health.

Chipotle had planned to increase the number of healthy biometric standards from three to four at the beginning of 2014, but determined that could erode workers' engagement in the program's activities.

"We took a step back and decided that we had such great momentum, we didn't want to throw in another requirement and make it harder for them to engage with the program," Ms. Horning said.

### 'Gated' health plans

Employers also are adding results-based incentives to their workplace wellness programs in what are called "gated" health plan offerings.

In addition to rewards tied to preventive care utilization and prescription adherence, Chicago-based cement manufacturer Lafarge North America Inc. last year began limiting access to its gold- and silver-tier health plans based on an employee's biometric screening results and the extent to which they improved, said Philia Swam, the company's director of health wellness and group benefits. "We're calling it a quasi-outcome-based incentive," Ms. Swam said.

Now, employees whose biometric readings show they are at risk of certain high-cost conditions must participate in a 90-day health coaching program to enroll in either higher-tier health plan.

When the plans are replaced with a high-deductible health plan in 2015, Ms. Swam said the incentive structure will be applied to the company's contributions to employees' health savings accounts.

"We know that our workplace health environment may not be perfect," Ms. Swam said.

"But we have seen through our data that our people are taking the medications they need to take, getting the care they need and taking more preventive actions."



JOHN DEAN

"We know that our workplace health environment may not be perfect. But we have seen through our data that our people are taking the medications they need to take, getting the care they need and taking more preventive actions."

Philia Swam,  
Lafarge North America Inc.

## NAPSLO

Continued from page 41

Relatively benign natural catastrophe losses over the past several years also have affected rates.

"There've been a few storms here and there, but there hasn't been a good reason for rates to go up given the capacity that is out there," he said during the National Association of Professional Surplus Lines Offices Ltd.'s annual conference in Atlanta last week.

William Roscoe, Atlanta-based focus group leader for the Southeast E&S property team at Beazley P.L.C., agreed that the absence of large loss events was an important market factor.

"Reductions next year are inevitable in the absence of any catastrophe activity between now and the end of the year, and it's



"Reductions next year are inevitable in the absence of any catastrophe activity between now and the end of the year, and it's been quiet so far."

William Roscoe, Beazley P.L.C.

been quiet so far," Mr. Roscoe said. "When it comes to the rate environment going into 2015, if you are having a conversation with an underwriter in the large commercial

property (market), there's talk of double-digit reductions."

In response, Mr. Scialdone said his team is looking for synergies with other lines of excess business

that Hiscox writes, such as terrorism and construction coverage.

Nonetheless, he said the insurer will maintain underwriting discipline and not chase business for the sake of premium growth.

"Overall, the bottom line is much more important than the top line," he said.

"The challenge is finding the right mix of new business while maintaining underwriting discipline," Mr. Roscoe said. "The question is which carriers will follow the market down and agree to relaxation of terms and conditions above and beyond the rate reductions."

Since the large commercial space is so competitive, Mr. Roscoe said Beazley is looking to midsize buyers.

"For the next year, for us there seems to be more opportunity in the smaller space," Mr. Roscoe said.

Noting that Burns & Wilcox's parent company, H.W. Kaufman Financial Group, had recently acquired London-based Lloyd's of London specialty marine and energy broker Oval International Ltd., Mr. Kaufman said his firm also is looking to diversify by embracing new products and expanding its global footprint.

"Energy is an area we want to grow in," Mr. Kaufman said. "London is the epicenter of the global insurance market, and having feet on the ground there is essential for us."

Moreover, Mr. Kaufman said the E&S market is a natural place for buyers to get coverage for cyber risk, given the deep expertise needed to underwrite the fast-evolving risk.

"Cyber is an example of a risk that the E&S market can do as the overall market softens," he said, as it involves customization.

Continued from page 3

line” ended for the 25% to 30% of the workforce with FSAs, Ms. Ottley said.

Unity Health has company in adopting the approach.

Aon Hewitt said nearly one-quarter of its clients with FSAs have added the feature. In addition, 35% of 49 employers responding to a National Business Group on Health survey said they have implemented the \$500 carry-over feature.

“We think we will see a continuing increase” in employers adopting the \$500 carry-over feature, said Craig Rosenberg, an Aon Hewitt health and welfare benefits practice leader in Norwalk, Connecticut.

Employers that add the \$500 FSA carry-over provision see employee enrollment rise, according to FSA administrator Alegeus Technologies L.L.C.

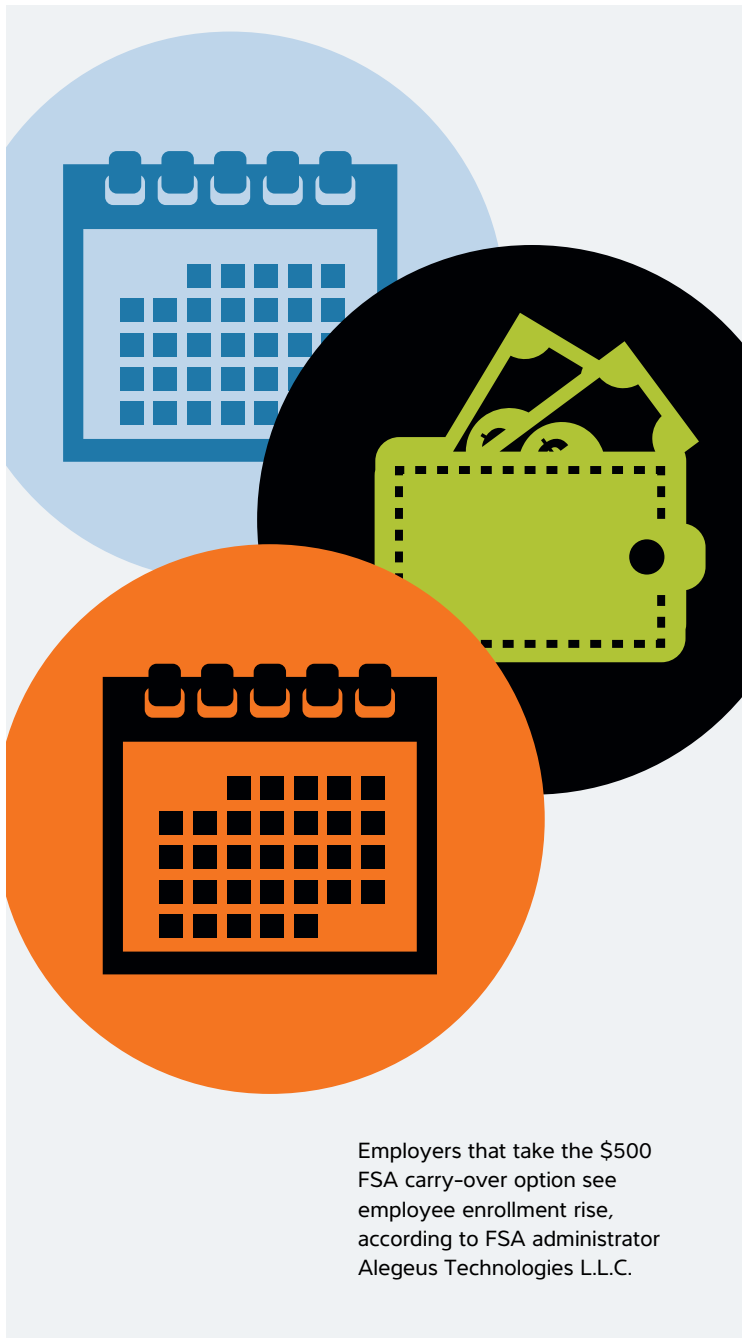
Among Alegeus’ clients adopting the \$500 carry-over provision, employee enrollment in FSAs is 11% higher compared with employers that have yet to adopt the provision, said Alegeus Executive Chairman Bob Natt in Waltham, Massachusetts.

However, one employer that does not plan to make the switch is The School District of Palm Beach County, Florida.

Moving to a carry-over FSA would have been too “confusing” for employees and the \$500 cap is too small, said Dianne Howard, the school district’s director of risk management and benefits.

“Now 100% carry-over — that would have been great,” Ms. Howard said.

Some experts say the health care



Employers that take the \$500 FSA carry-over option see employee enrollment rise, according to FSA administrator Alegeus Technologies L.L.C.

reform law may be a factor in why more employers have not converted their grace-period FSAs to carry-over FSAs.

The Patient Protection and Affordable Care Act capped annu-

al FSA contributions at \$2,500 in 2013, while there was no limit previously.

“With a \$2,500 limit, there is less employee fear of forfeiture of unused contributions,” said Andy

Anderson, a partner at Morgan, Lewis & Bockius L.L.P. in Chicago and a member of the law firm’s employee benefits and executive compensation practice.

“The likelihood of large forfeited amounts was reduced,” said Michael Thompson, a principal at PricewaterhouseCoopers L.L.P. in New York, referring to the \$2,500 limit.

At the same time, grace-period FSAs may offer certain employees “more bang for the buck” than carry-over FSAs, Mr. Anderson said.

One frequently cited example is employees who know that a family member will need orthodontia work early in the following plan year.

In that situation, employees could roll over their entire FSA balance remaining from their prior year — up to \$2,500 — and use it to pay for the dental work by March 15 of the following plan year.

Another factor that has held back employer adoption is their focus on complying with provisions of the health care reform law that go into effect next year, including one that imposes a \$2,000-per-employee penalty on employers that do not offer coverage to most of their full-employees working an average of 30 hours per week.

“So much of employer focus is on ACA compliance for 2015. That is a major employer effort, and that means less focus on FSAs,” said Rich Stover, a principal at Buck Consultants at Xerox in Secaucus, New Jersey.

Employers have not heavily focused on FSAs because “they have other issues that are much more pressing,” said Jay Savan, a partner with Mercer L.L.C. in Atlanta.



JOSH RITCHIE

Moving to a carry-over FSA would have been too “confusing” for employees and the \$500 cap is too small. “Now 100% carry-over — that would have been great.”

Dianne Howard,  
The School District of Palm Beach County, Florida.



## LAME DUCK

Continued from page 3

losses wrought by nuclear, biological, chemical and radiological attacks differently than conventional attacks.

Without reauthorization, the terrorism reinsurance backstop will lapse on Dec. 31.

Both bills also contain a provision that would establish the National Association of Registered Agents and Brokers, which would set up an independent nonprofit body to allow multistate licensing of insurance producers.

While the House bill would establish NARAB permanently, the Senate bill would do so only for two years.

Such differences will have to be worked out during the short lame-duck session that is slated to convene Nov. 12.

Recent lame-duck sessions of Congress have rarely been highly productive, said Joel Wood, senior vice president of the Council of Insurance Agents & Brokers in

Washington.

“They generally just get done the things they need to get done — and we’d put TRIA in that category,” Mr. Wood said.

The lame duck session is even less likely to be productive should Republicans regain control of the Senate. “They wouldn’t have much interest in cooperatively reaching across the aisle,” and likely would delay major action until the new Congress is sworn in, Mr. Wood said.

The first order of business will be electing congressional leaders, but if that concludes during the first week of the November session, lawmakers could take up the terrorism backstop legislation as early as the second week, said Nat Wienecke, senior vice president at the Property Casualty Insurers Association of America in Washington.

Mr. Wienecke also said lawmakers could consider legislation that would clarify the accounting standards for insurers brought under the supervision of the Federal Reserve as a result of the Dodd-Frank Wall Street Reform and

Consumer Protection Act of 2010.

“The bottom line for the insurance industry is it’s not often we have this many bills where Congress would take precious lame duck time to put to insurance issues,” Mr. Wienecke said.

Nevertheless, Mr. Wienecke said he is “very optimistic” that House Financial Services Committee Chairman Jeb Hensarling, R-Texas, and the House leadership have a plan to get the bills to the president’s desk.

“The question now is of parliamentary mechanics, and that in my mind is a function of time,” he said.

Charles Symington, senior vice president of the Alexandria, Virginia-based Independent Insurance Agents & Brokers of America, said supporters of the measures have laid the groundwork for action.

“It’s just a matter of getting all the right people in a room and trying to negotiate a reasonable compromise and get it on the House floor and the Senate floor,” he said.

“I don’t see the program expiring,” Mr. Symington said. “The

question is do we get a long-term extension or something less than that?”

The industry needs more than a six-month or one-year extension, he said.

American Insurance Association Vice President Tom Santos said reauthorizing the terrorism backstop was done in 2005 and 2007.

“I don’t think it’s surprising we find ourselves here,” Mr. Santos said.

“I’m still cautiously optimistic that we’ll get a bill done,” he said. “There remains broad bipartisan support. As long as that support is out there, I think we’ll get there.”

“Speaking only for myself, I don’t think this is a time for lines in the sand to be drawn,” said the Council of Insurance Agents & Brokers’ Mr. Wood.

He said he thinks the program will be reauthorized, and that the industry and policyholders will make the case that a short-term extension of the backstop is not the goal.

“We need to stretch the program out for a number of years.” Mr. Wood said.

“They generally just get done the things they need to get done — and we’d put TRIA in that category.”

Joel Wood,  
Council of Insurance Agents & Brokers

Access Business Insurance’s interactive digital edition to hear Joel Wood discuss TRIA reauthorization with *Business Insurance* Senior Editor Mark A. Hofmann.



Guy Carpenter & Co. L.L.C. executives meet the press at the Rendez-Vous de Septembre reinsurance meeting in Monte Carlo, Monaco. From left are Alex Moczarski, David Priebe, Nick Frankland and James Nash.

## RVS

Continued from page 1

be (another) global hard market,” said Toby Esser, CEO of Cooper Gay Swett & Crawford Ltd., noting that rate hikes were localized and not prolonged after the devastating Japanese earthquake and tsunami of 2011.

They and other reinsurers and brokers who gathered earlier this month at the Rendez-Vous de Septembre reinsurance meeting in Monte Carlo, Monaco, said apart from aviation, which has been hit by a series of large losses, most lines of business continue to be competitively priced.

While buyers were focused on gaining rate reductions last year, there is likely to be a greater focus on terms and conditions during the upcoming renewals, experts say.

“Almost all lines of business have been affected — either directly or indirectly — by overcapacity,” said Alex Moczarski, president and CEO of Guy Carpenter.

Even for aviation business, which has seen several significant losses this year — including the \$100 million hull loss for Malaysia Airlines Flight 370 — many rate increases will be “muted” by the abundance of capacity, he said.

However, hull war aviation coverage is hardening considerably on the primary and reinsurance sides, he said.

“Meaningful” rate increases are likely on some aviation reinsurance, possibly as much as 50%, said Robert Forster, joint active underwriter of Novae Group P.L.C.’s Lloyd’s of London syndicate 2007.

What’s more, capacity remains plentiful for U.S. property catastrophe business, said Jurgen Graber, a member of the executive board of

Hannover Re Group with responsibility for property/casualty.

But “we do think this market has bottomed out and will be stable,” he said, in part because buyers have adequate protection.

Despite increased competition for property catastrophe reinsurance business, rates remain above historical lows, said Stephen Catlin, CEO of Hamilton, Bermuda-based Catlin Group Ltd.

“Property cat pricing was at an all-time high two years ago, but today is still better priced than it was four years ago, so it is not a disaster,” Mr. Catlin said.

Marine business may see a slight softening of rates at the renewals, because of a benign loss experience in the two years following the Costa Concordia and M.V. Rena disasters, said Sven Althoff, who sits on the board of management of Hannover Re Group and has responsibility for nonlife treaty

reinsurance.

With plentiful capacity overall, reinsurers are more open to discussions about terms and conditions, said Bryon Ehrhart, CEO of Aon Benfield Americas in Chicago, a unit of Aon P.L.C.

While many conversations between buyer, broker and reinsurer have focused on price in the past two years, cedents now are more focused on the structure of their programs, the quality of their coverage, and the number and quality of their partners, Eric Andersen, CEO of Aon Benfield, said.

Some buyers are looking at their risks on a portfolio basis and when they do that they are able to secure more efficient deals, said James Vickers, chairman of Willis Re International in London.

For example, multiclass aggregate coverage — providing reinsurance coverage over a diverse book of business including property/casualty risks — often can be secured on a multiyear basis.

“They are technically quite demanding, not straightforward to underwrite or model or for buyers to understand, but buyers can see a dramatic reduction in their total costs of reinsurance,” Mr. Vickers said.

From a buyer’s perspective, improved terms and conditions can be achieved in lines such as marine and casualty, Guy Carpenter’s Mr. Moczarski said.

For example, many cedents have been able to buy broader terrorism coverage to match exposures in their books of business, or buy contingent business interruption coverage for both named and unnamed customers and suppliers, Guy Carpenter’s Mr. Priebe said.



“In 30 years, I have never seen such a buyers’ market.”

Hugo Crawley,  
TigerRisk Partners (U.K.) Ltd.



“Almost all lines of business have been affected — either directly or indirectly — by overcapacity.”

Alex Moczarski,  
Guy Carpenter & Co. L.L.C.

## OSHA

Continued from page 1

in 2011, the year after U.S. work-related fatalities jumped from 4,551 in 2009 to 4,690 in 2010.

Now, employers must report in-patient hospitalizations only if three or more employees are affected; amputations or eye losses do not have to be reported. Unchanged is the requirement that employers report work-related fatalities within eight hours.

If OSHA uses the additional information to develop safety programs to reduce workplace fatalities, injuries and illnesses, “there’s an obvious benefit,” said Jim Thornton, director of environmental health and safety at Newport News, Virginia-based Huntington Ingalls Industries Inc., a shipbuilding company with more than 39,000 employees globally.

“As a safety professional, I would hope that the agency gets something out of this for the effort that employers are going to expend complying with this new standard,” Mr. Thornton said.

With more cases to report, “there

will be time spent and costs spent on training to some degree,” said Amanda Wood, director of employment policy for the National Association of Manufacturers in Washington.

Mr. Thornton said Huntington Ingalls already has designated people to make such reports to OSHA, but said he expects it will be necessary to train employees on how to submit fatality, injury and illness reports electronically, which is a new option under the revised rule.

“For a little bit, (the new rule) will require employers to keep up with the clock and see if the eight hours has gone by or if the 24 hours has gone by,” Mr. Thornton said. “It will be a bit more challenging and certainly added work for employers. There’s no question about that.”

OSHA realizes the stricter reporting requirements will add work and cost, said Dave Schmidt, director of OSHA’s Office of Statistical Analysis in Washington.

“Any regulation that OSHA issues has costs associated with it for the regulated community,” Mr. Schmidt said.

OSHA estimates it will take

### REPORTING REQUIREMENTS

Effective Jan. 1, 2015, under a more stringent rule by the Occupational Safety and Health Administration:

- Employers must report all work-related in-patient hospitalizations, amputations and eye losses within 24 hours.
- Employers must report work-related fatalities within eight hours, the same as currently.
- Employers may report work-related injuries and deaths electronically, in addition to by phone or in person at an OSHA office
- Eighty-two industries are exempt from reporting, including gas stations, florists, full-service restaurants and insurers.
- Employers with 10 or fewer employees still will not be required to routinely report to OSHA.

about 30 minutes to gather the required information for each incident and report it, Mr. Schmidt said.

He estimated that if 120,000 additional reports are generated nationally, and if the person making the report makes about \$40 an hour, the reports could cost employers about \$2.6 million nationwide.

“So that’s a pretty small cost when you spread it over all the employers that are required to do this,” Mr. Schmidt said.

Now, OSHA receives 3,000 to 4,000 reports a year for fatalities and catastrophes resulting in three or more employees being

hospitalized, he said.

Considering the number of reports received in the six states — Alaska, California, Kentucky, Oregon, Utah and Washington — that already require employers to report single in-patient hospitalizations, Mr. Schmidt said OSHA determined it could receive about 25,000 reports each year under the revised rule.

In looking at other data, such as hospital discharge numbers, the number of reports could “range all the way up to 120,000” reports annually, he said. “We know we’re going to get a lot more. What we don’t know is the magnitude of it.”

“It really does boil down to time,

in that this will put more injuries and events in the OSHA investigation queue,” said John Andrus, director of promotions, policies and safety programs for Southwest Airlines Co. in Dallas. “There is a cost to (OSHA on-site investigations) because you have to take people off-line to escort them, and then there’s always the potential for findings.”

While OSHA doesn’t have the staff to conduct many more on-site investigations than it does now, the intention is OSHA will interact with employers in some way for every report, which might affect the types of investigations it conducts, Mr. Schmidt said.

“We conduct a lot of complaint inspections now,” he said.

“We conduct fatality catastrophic inspections. We conduct referral inspections. And we also conduct what we call programmed inspections, which is where, without an event happening, we’ll select places to go out and inspect. There might be a little bit of change in distribution from the programmed inspections to maybe some more of these, but that we won’t know until the reports starting rolling in here.”

# CYBER

Continued from page 1

while many retailers are seeking increased coverage limits with mixed success, experts say.

“The capacity has certainly shrunk, and the marketplace is significantly tightening,” said L. Spencer Timmel, network security and privacy liability product leader at brokerage Hylant Group Inc. in Cincinnati. Should there be a significant increase in data breaches, that “will dramatically hurt the market,” he said.

In response, underwriters are asking more in-depth questions before agreeing to bind policies, which generally exclude retroactive coverage. While some insurers have stopped writing the coverage for big retailers, major cyber insurers generally remain in the business, experts say.

Home Depot had \$105 million of cyber insurance, when it confirmed on Sept. 8 that cyber thieves hacked its payment cards systems pilfering 56 million credit card numbers. Target said in August it maxed out \$90 million of cyber coverage to pay expenses related to its breach of 40 million credit card numbers last December.

Others have stepped in to replace the few insurers that have tightened their cyber coverage for retailers, said Robert Parisi, managing director and national cyber risk practice leader at Marsh L.L.C. in New York.

While insurer scrutiny has increased, “we can place coverage for pretty much anyone out there that’s looking for it,” he said.

Insurers “have decided it is going to be their pricing or they’re not going to do it, so it’s getting very hard, and I would anticipate a real

problem of getting the capacity” retailers previously could get, said Peter Taffae, managing director of Los Angeles-based Executive Perils Insurance Services.

“There is hesitancy” to provide coverage to retailers with a large “physical footprint,” said John O’Donnell, New York-based senior broker at FINEX North America, a unit of Willis North America Inc.

“Even primary markets that have large capacity are decreasing their capacity” or are not renewing large accounts, said Kevin Kalinich, Chicago-based global practice leader of cyber risk insurance at Aon Risk Solutions. He said capacity, which was \$150 million to \$200 million in 2012, increased in 2013 to \$300 million before the Target and Home Depot data breaches. Now, capacity is more in the range of \$200 million to \$250 million, he said.

“You can get beyond \$100 million in capacity. I just believe the cost of that capacity on an excess basis, particularly, is not going to be as inexpensive as it used to be now

*“You can get beyond \$100 million in capacity. I just believe the cost of that capacity on an excess basis, particularly, is not going to be as inexpensive as it used to be now because you’re looking at catastrophic losses.”*

Adam Cottini,  
Arthur J. Gallagher & Co

because you’re looking at catastrophic losses,” said Adam Cottini, area senior vice president at Arthur J. Gallagher & Co. in New



AP PHOTO

Home Depot had \$105 million of cyber insurance, when it confirmed on Sept. 8 that cyber thieves hacked its payment cards systems, pilfering 56 million credit card numbers.

York.

Early this year, cyber rates for major retailers were increasing 10% to 15%, fell to zero to 5% through the second quarter, but jumped 10% to 20% after the Home Depot breach was announced. Although rates can be negotiated closer to a zero to 5% increase, Mr. O’Donnell said, the price per million in coverage is higher for smaller towers than it is for large ones.

However, “for a risk that is just absolutely pristine, the carriers will compete aggressively” Mr. Parisi said.

Experts say retailers with a self-insured retention of \$500,000 to \$1 million a year ago may now face retentions of \$5 million or more.

Sublimits may be a factor. If a policyholder has a \$1 million retention, then an insurer may provide

a sublimit of \$1 million for event management issues, such as forensic investigations. But if a buyer moves to a \$5 million to \$10 million retention, it can negotiate full limits for event management, Mr. Kalinich said.

Meanwhile, demand for the coverage has increased.

Retailers that had \$3 million in cyber coverage are seeking to increase it to \$5 million or \$10 million, and those with \$5 million are seeking to increase it to \$10 million, said Nicholas Economidis, Philadelphia-based underwriter of professional liability and specialty lines at Beazley P.L.C.

“We’re getting a lot of requests to increase policy limits,” he said.

Those who already have the coverage and are seeking higher limits may encounter difficulties in obtaining additional excess cov-

erage with the same price structure, Mr. O’Donnell said.

Kevin Baughn, cyber/privacy risk senior underwriting manager at San Francisco-based Safehold Special Risks Inc., a unit of Wells Fargo Insurance Services USA Inc., said officials at one drugstore chain told him that, in hindsight, they regret not patenting their effective system for protecting against breaches.

Other firms are “very standoffish” and seek higher limits without committing to improving their data security, he said.

Meanwhile, the demand for cyber insurance coverage “is going to continue to be pretty high until the retailers can at least come up with solutions for the way credit card transactions are being processed in the United States,” Mr. Cottini said.

## UNDERWRITERS DIG DEEPER INTO DETAILS BEFORE COVERING RETAILERS’ CYBER RISKS

Underwriters are requesting more in-depth information from retailers before agreeing to underwrite cyber risks in light of the recent massive data breaches at The Home Depot Inc. and Target Corp.

They are focusing on how “a retailer mitigates or prevents specifically the kind of breaches, the malware, that impacted some of the big retailers to date,” said Mark Greisiger, president of Gladwynne, Pennsylvania-based NetDiligence, which provides cyber risk management and information security services as Network Standard Corp.’s marketing arm.

“They’re almost getting microscopic on the issue. They really are drilling down very specifically,” said Dena Magyar, Charlotte, North Carolina-based national practice leader at Wells Fargo Insurance Services USA Inc.’s professional risk group.

Among questions cyber underwriters are asking now are:

■ What has the company done to mitigate or prevent data breaches?



■ Has the company investigated all systems for vulnerabilities, and what has been done to remediate any issues discovered?

■ Does the company and its outside providers have PCI Security Standards Council certification as meeting the security standard for the payment card industry?

■ How do the company’s systems interact with those of providers?

■ What point-of-sale technology is used, and what parts, if any, do outside providers handle?

■ What contractual and procedural controls are in place with point-of-sale and card processing providers?

■ How are point-of-sales systems segregated so the entire system is not affected if they are hacked?

■ How is point-of-sale data aggregated, and how is the information secured?

■ Are the company’s systems based on Microsoft Corp.’s Windows operating system, which has been the source of some of the breaches?

■ If allowed, how is the company monitoring employees’ handheld devices brought into the stores?

“We continue to refine” the questions asked of applicants, said Brad Gow, New York-based vice president of professional lines insurance at Endurance Specialty Holdings Ltd. “I certainly know more about point-of-sale systems that I did six months ago.”

By Judy Greenwald

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Rachel Ann Nunes claims another writer plagiarized her novel "A Bid for Love."

## Author claims sex added to 'Love'

Hell hath no fury like a romance novelist scorned. Rachel Ann Nunes, a Utah-based Christian author, claims that another writer, Tiffanie Rushton, plagiarized her 1998 romance novel "A Bid for Love," according to a lawsuit filed last month in U.S. District Court in Salt Lake City.

To make matters worse, Ms. Nunes said in her suit that Ms. Rushton's 2014 book "The Auction Deal," which she released earlier this year under the pen name Sam Taylor Mullens, "added several graphic sex scenes and other adult content to what was originally a Christian novel."

The lawsuit accuses Ms. Rushton of copyright infringement, defamation, harassment and tortious interference with prospective business relations. Ms. Nunes has asked for a statutory damages award of \$150,000, as well as unspecified compensatory damages.

## Caged badger leads to insurance claim

"Beware the Badger" would have been sound advice for a 71-year old woman from Bath, England, who locked a badger in her shed only to have it smash through a wall to escape, leading to an insurance claim.

Though hard to believe, this is but one on a list of — let's call them "unconventional" — insurance claims reported by insurer Aegeas Retail Ltd., Hampshire, England.

Also making the list was the grandfather in Guildford, England, holding up his grandson over a laptop computer for a Skype exchange only to have the baby throw up on the computer for a \$705 payout.

Or how about the pigeon which flew down the chimney into someone's home and caused \$12,915 in damages to carpets, ornaments and the sofa?

And finally, there's just bad luck, as when a man's glasses were blown off his face and promptly run over by a truck, costing \$757.



## PHOTOGRAPHER DOESN'T HAVE STEWART'S BACK



AP PHOTO

Rod Stewart rocks his feathered locks during a June concert in Berlin. Inset: The 1989 "Storyteller" album cover.

It seems the going rate for the back of Rod Stewart's head is \$2.5 million. Photographer Bonnie Schiffman, who has captured the likes of Michael Jackson and John Belushi, is suing Mr. Stewart, Caesars Entertainment Corp. and other parties for \$2.5 million, saying they replicated a 1981 photo she took of the "Every Picture Tells a Story" singer, according to a lawsuit.

Ms. Schiffman said "an unmistakable copy" of the iconic photo, which features the back of Mr. Stewart's head and shoulders, is now being used to promote his Las Vegas show and world tour, court records show.

According to records, the original image was licensed non-exclusively for the cover of his "Storyteller" album in 1989. And in 2013, Ms. Schiffman said Mr. Stewart and his handlers offered her \$1,500 to feature the image on a billboard, but she turned the offer down, records show.

A spokeswoman for Caesars Entertainment told Reuters the company does not comment on pending litigation.

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## Pasta chain has all the trouble it can stomach

Olive Garden might be willing to sell a pass for unlimited pasta, but the restaurant chain moved quickly to make clear there are limits on just who uses those passes.

Faced with a secondary market for the \$100 passes on eBay and Craigslist that saw some being resold for as much as \$500, the company advised buyers and sellers that the Never Ending Pasta Passes are personalized and non-transferable, according to reports.

The chain offered 1,000 of the passes on its website Sept. 8, with buyers quickly gobbling up the chance for seven weeks of unlimited meals. But reports said the chain won't let those who've purchased black market passes go hungry, providing properly personalized replacements to those who provide proof of purchase.

Meanwhile, as if the issues with its unlimited pasta passes weren't causing Olive Garden enough indigestion, last week a hedge fund looking to take over control of the board of the chain's parent company accused Olive Garden of "lapsed discipline" in its unlimited breadsticks offerings.

Servers bringing too many breadsticks to the table at once allows the breadsticks to go cold and stale, the hedge fund said.



## Insurer blitzes former NFL player

After leaving his mark on professional football and starring on a reality TV show, Tampa, Florida, personal injury attorney Brad Culpepper (left) is making a name for himself in the world of workers compensation fraud.

The former National Football League defensive tackle who received a \$175,000 workers compensation disability settlement in 2011 in California, a state where he never played or lived, is now being accused of faking his injuries.

In a lawsuit filed by Fairmont Superior Insurance Co., the insurer is questioning Mr. Culpepper's 89% disability rating based on the fact that he continues to participate in martial arts and starred as a 2013 cast member on the reality TV show Survivor.

Two years ago, Mr. Culpepper became the lead plaintiff in a concussion lawsuit against the NFL, along with 25 other players.

At the time, Mr. Culpepper told physicians he had many injuries, from head and knee trauma to neurological and vision problems. He reported having "quite a bit of difficulty" with "usual work activities, usual hobbies and recreational activities, driving and sleeping" and could not sit for two hours at a time, according to the lawsuit.

However, when Mr. Culpepper appeared on the physically challenging reality TV show "Survivor: Blood vs. Water" as a contestant with his wife, Monica, it got the insurer's attention.



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