

Business Insurance

\$5

October 4, 2010

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In Brief

Liberty Mutual delays IPO for agency unit

Liberty Mutual Group last week postponed the initial public offering of stock in Liberty Mutual Agency Corp. The insurer blamed the stalled economic recovery, a volatile stock market and undervalued property/casualty insurance stock prices for creating "an unfavorable environment for receiving appropriate value for the business." Liberty Mutual Group Chairman and CEO Edmund Kelly said the delay would not affect Liberty Mutual's business or day-to-day operations. Liberty Mutual Agency Corp. is the second-largest writer of property/casualty insurance distributed through independent agencies in the United States.

See **IN BRIEF** page 33



Electronic discovery poses fresh legal risks

Knowing where to find info vital

By **JUDY GREENWALD**

As companies store more information on their computer systems, the costs and possible sanctions stemming from court orders demanding electronically stored documents can become a major issue, observers say.

But having an e-discovery policy and a task force, among other measures, can mitigate, if not eliminate, many of the risks, observers say.

Companies' effectiveness in this area has been mixed, say observers.

Gilbert S. Keteltas, a partner with law firm Howrey L.L.P. in Washington, said there are firms with significant litigation dockets "who have prepared for electronic discovery for years," while others "wrestle with electronic discovery issues for the first time when faced with litigation."

Failure to properly preserve and produce electronic documents can lead to court-imposed sanctions totaling millions of

See **E-DISCOVERY** page 31

P/C INSURERS

AIG plan to repay bailout wins praise

Move expected to cut uncertainty for Chartis

By **MARK A. HOFMANN**

NEW YORK—American International Group Inc.'s plan to accelerate repayment of the government assistance it received after its near-collapse in September 2008 should be good news for Chartis Inc. and its policyholders, observers say.

If the complicated transaction goes through as planned, the move will diminish uncertainty hanging over AIG and its property/casualty insurance unit. While some analysts say the move also should help quell policyholder concerns about AIG's long-term viability, others caution that the plan has yet to be implemented and complications could arise.

The plan, announced last week, calls for AIG to exchange more than 1.6 billion shares of its common stock



AIG President and CEO Robert Benmosche

for \$49.1 billion worth of preferred shares held by the U.S. Treasury Department, which would temporarily leave Treasury owning more than 92.1% of AIG's common stock (see story, page 32). Treasury then would sell the common stock to the public, gradually reducing its stake in AIG. The government's initial rescue left it holding a nearly 80% ownership stake in AIG.

The government's financial assistance totaled more than \$180 billion, although that had been reduced to slightly more than \$100 billion as of June 30, according to AIG.

The plan also calls for AIG to repay and terminate a credit facility with Federal Reserve Bank of New York, in which AIG owes the New York Fed about \$20 billion, and exiting the government's interests in two special-purpose vehicles in which the New York Fed holds about \$26 billion.

"AIG expects to repay and terminate the (New York Fed) credit facility and complete the issuance of common stock to the U.S. Treasury before the end of the first quarter of

AIG investor suit gets approval to proceed

By **ZACK PHILLIPS**

NEW YORK—A derivative lawsuit alleging that American International Group Inc. and its executives misled investors before its near-collapse in 2008 can proceed, a federal judge ruled last week.

U.S. District Court Judge Laura Taylor Swain denied the defendants' motion to dismiss a lawsuit alleging that AIG and its executives violated securities laws by misstating the firm's exposure to the sub-prime-mortgage market through its credit default swap portfolio and other investments. That exposure led to a liquidity crisis and a more than \$180 billion federal bailout.

The State of Michigan Retirement Systems is the lead plaintiff representing investors who bought AIG securities between mid-March 2006 and mid-September 2008. They allege that AIG, its executives and accountants knowingly made materially false statements and omitted material facts in news releases, investor conferences and Securities and Exchange Commission filings from 2005 through its efforts to raise capital in May 2008.

Among other allegations, plaintiffs contend that AIG

See **D&O** page 32

2011, subject to regulatory approvals and other closing conditions," AIG said in a statement announcing the plan last week.

"With this plan, we remain on track to emerge with one of the

See **AIG** page 32

SPOTLIGHT

BEST PLACES TO WORK IN INSURANCE

54 companies cited in *Business Insurance* industry honors. **PAGE 11**

FALL BROKER REPORT

Agents, brokers look to boost profits; rankings of the most productive insurance brokers in revenue per employee. **PAGE 24**



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GOING GREEN VIDEO: ROOFTOP VEGGIES

Business Insurance talks with Tom Hanzely of GreenGrid® roofing systems and Allstate Insurance Co.'s Jeff Schroeder about the risks and benefits of vegetation roofs in this new video. Go to the Multimedia tab.



NEW WEBCAST: FLEET SAFETY

Experts Jim Anderson, left, and Herbert Mayo will discuss driver behavior and safety in "Eyes on the Road: Using Telematics to Improve Fleet Safety" on Oct. 13. www.BusinessInsurance.com/webcasts to register.

Productive Broker Rankings

The Most Productive Agents & Brokers charts in the Spotlight section on page 24 also are available in the *BI* Research Center under Rankings.



Business Insurance's 2010 Best Places to Work in Insurance honorees can be seen online as well as in print. Go to www.businessinsurance.com/best_places.

MOST POPULAR STORIES

Week of September 27, 2010

1. Group health costs projected to rise 8.8% in 2011: Analysis
2. Senate rejects canceling 'grandfathered' plan rules
3. McDonald's seeks waiver over new health care law, official says
4. Texting-while-driving bans don't reduce crashes: Study
5. Maryland court upholds noneconomic damages limit
6. Ohio, MMC settle bid-rigging suit for \$4.75M
7. Buffett says Berkshire Hathaway 'well-equipped' for succession
8. Natural catastrophes cause \$18B in losses in 2010: Analysis
9. Willis establishes life sciences unit, names leader
10. Congress gives final approval to Roth 401(k) rollover bill

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P/C INSURERS

Large claims cut Lloyd's profits in half

By SARAH VEYSEY

LONDON—Pretax profits at Lloyd's of London halved in the first six months of the year as the market was hit by a series of large claims and saw lower investment returns.

The Chilean earthquake, the Deepwater Horizon oil spill and weather-related losses in the United States and Europe proved costly for Lloyd's syndicates, market officials said.

Lloyd's last week announced pretax profits of £628 million (\$991.2 million) for the first half of 2010, compared with £1.32 billion (\$2.08 billion) for the first half of 2009. Gross written premiums for the



LLOYD'S OF LONDON

period edged up to £13.49 billion (\$21.29 billion).

Lloyd's of London CEO Richard Ward said the first half of 2010 saw significant catastrophe losses.

The market's combined ratio rose to 98.7% for the first half of 2010 compared with 91.6% for the same period last year.

Investment returns for the first half of the year were £597 million (\$942.3 million), down 15.7% compared with first six months of 2009.

While Lloyd's reported record results in 2009, the market's CEO Richard Ward noted that the first half of 2010 had seen significant catastrophe losses.

Lloyd's expects net claims of about \$1.4 billion from the Chilean

earthquake in February and between \$300 million and \$600 million from the loss of the Deepwater Horizon oil rig in April.

In addition, Mr. Ward said, Lloyd's has received claims totaling about \$50 million from European windstorms and about \$75 million from U.S. snowstorms during the 2010 first half.

The global recession, however, did not result in the "ramp up" of claims that some observers had feared, said Luke Savage, chief financial officer at Lloyd's.

Lloyd's lower profits illustrate the challenges facing the insurance and

See **LLOYD'S** page 31

LIABILITY & LITIGATION

Tenn. risk pool underwriter sues over firing

Claims she was let go for refusal to stay silent about illegal activities

By MICHAEL BRADFORD

FRANKLIN, Tenn.—A former underwriting director of a municipal insurance pool is suing the pool and its current and former presidents, claiming she was fired for refusing to illegally manipulate calculations that would lower premiums for some pool members.

Laura Jungmichel claims in the whistle-blower lawsuit filed Sept. 2 in Williamson County Circuit Court in Franklin, Tenn., that she was a victim of retaliation when she was fired in May as director of underwriting and reinsurance services at the Tennessee Municipal

League Risk Management Pool. The pool provides property/casualty coverages under a risk-sharing arrangement to Tennessee municipalities. She was terminated for refusing to remain quiet regarding the illegal activities of the two pool executives, the suit charges.

Ms. Jungmichel, who held her position for 14 years, also claims in the suit that she was offered around \$125,000 if she signed a non-disclosure agreement and agreed to "remain silent regarding all TML pool activities."

According to the complaint, Ms. Jungmichel met in January with Dawn Crawford, who at the time was executive vp and president-elect of the Brentwood, Tenn.-based pool, to discuss calculations of premiums for pool members renewing policies for the last five months of the 2009-2010 coverage year.

At the meeting, Ms. Crawford told Ms. Jungmichel that premiums were going to be far higher than Ms. Crawford had reported to the pool's board of directors, the complaint alleges.

"In an effort to hide (Ms. Crawford's) overestimation," the suit says, Ms. Jungmichel was instructed during the meeting to "change the experience rating formulas and loss control-based schedule rating which would reduce the overall collected premiums' for pool members renewing their coverage for the last five months of the year."

Ms. Crawford would not comment on specific charges in the complaint. "We deny the allegations and will fight them," she said.

H. Rowan Leathers III, an attorney with Miller & Martin P.L.L.C. in Nashville, represents the pool, Ms. Crawford, and Lee D. Holland, who

served as the pool's president at the time Ms. Jungmichel alleges the illegal activity occurred. Mr. Holland since has retired and Ms. Crawford now serves as the pool's president.

Mr. Leathers also declined to comment on the allegations, saying a response to the complaint will be filed with the circuit court in early October.

Ms. Jungmichel refused to take part in an illegal activity to lower premiums, spoke out about it, "and was fired for insubordination," said her attorney, Jonathan A. Street of the Nashville firm Higgins, Himmelberg & Piliponis P.L.L.C.

He said Ms. Crawford instructed Ms. Jungmichel to use some "underwriting voodoo and smoke and mirrors" to recalculate premium estimates so that they lined up

See **TENNESSEE** page 33

HEALTH CARE REFORM

Guidance clears up retiree reimbursement questions

By JERRY GEISEL

WASHINGTON—New regulatory guidance resolves many questions employers have about a federal program that will partially offset claims incurred by pre-Medicare-eligible retirees and dependents, but more information will be needed before reimbursement checks begin to flow to early retiree health care plan sponsors.

Under the \$5 billion Early Retiree Reinsurance Program—created by the new health care reform law—the government will reimburse employers for a portion of health claims incurred starting June 1 by retirees who are at least age 55 but not eligible for Medicare, as well as covered dependents, regardless of age.

After a participant incurs \$15,000

in health care claims in a plan year, the government will reimburse plan sponsors for 80% of claims up to \$90,000. In general, the reimbursement must be used to reduce employers' and retirees' health care costs.

Applications from at least 2,000 organizations—including such corporate giants as IBM Corp. in Armonk, N.Y., and Wells Fargo & Co. in San Francisco—have been approved by federal regulators to participate in the program, with perhaps nearly as many applications from other organizations under review, consultants say.

"Applications still are being sent in," said Derek Guyton, a partner in the Chicago office of Mercer L.L.C.

Last week, government regulators moved the program closer to start-

55

Under the Early Retiree Reinsurance Program, the government will reimburse employers for a portion of health claims incurred starting June 1 by retirees who are at least age 55 but not eligible for Medicare, as well as covered dependents, regardless of age.

up with the release of additional guidance.

One batch of information details the types of claims that will not be eligible for government reimbursement or credited toward the \$15,000 threshold. Ineligible

claims, which are for health care services not covered by Medicare, include custodial care, hearing aids and auditory implants, and cosmetic surgery, except when required for prompt repair of accidental injury or for the improvement of the functioning of a malformed body part. Also ineligible are claims for in-vitro fertilization, artificial insemination and abortion, except if the pregnancy resulted from rape or incest or endangers the woman's life.

Further guidance on excluded health care services may be issued later, the Department of Health and Human Services said.

In addition, regulators issued a form—called "Notice about the Early Retiree Reinsurance Program"—

See **RETIREE** page 33

HARD MARKET GAME PLAN

Steps risk managers need to take before rates rise

Business Insurance

Be ready when hard market hits

The next hard market for property/casualty insurance likely won't hit buyers this year, but financial data indicate that insurers may seek to increase prices as early as next year, according to a new *Business Insurance* white paper.

According to industry experts, the commercial insurance industry's shrinking premium volume, increasing combined ratio, weakening investment yields and depleted reserves will increase pressure on insurers to raise rates.

Barring a major catastrophe, however, any market turn likely remains several months away, according to the white paper "Hard Market Game Plan: Steps Risk Managers Need to Take Before Rates Rise." The white paper outlines concrete strategies that risk managers can adopt to prepare for the next hard market, whenever it happens.

In particular, shrinking reserves could cause future problems for commercial insurers, experts say. According to Conning & Co., U.S. property/casualty insurer reserves fell by more than \$18 billion in 2009 compared with less than \$2 billion in 2008.

Reserve drawdowns have been used by insurers to bolster insurer earnings during the past five years, but most of the redundancies have been removed, leaving insurers with little cushion in the event of adverse developments.

In addition, premium levels are approaching the same levels as 2000, just before the most recent hard market, and the industry's combined ratio crept up to 101.7% as of June 30 from 101% a year earlier.

The combination of all these factors could mean that to remain profitable, insurers will have to raise rates—especially if losses mount, several experts say.

To purchase a copy of this and other *BI* white papers, visit www.businessinsurance.com/whitepapers.

INTERNATIONAL

Risk management part of corporate culture: Survey

More European firms see investor pressure to deal with risk issues

By SARAH VEYSEY

Seventy-eight percent of European risk managers say they believe risk management is properly embedded within their companies, according to a survey the Federation of European Risk Management Assns. released last week.

FERMA's fifth biennial benchmarking survey also found that most risk managers say their company boards address risk management at least annually.

The study, conducted in association with Ernst & Young L.L.P. and AXA Corporate Solutions, surveyed 782 risk managers at companies and public organizations in 19 European countries between February and June.

FERMA presented the results of the survey during its two-day seminar in London last week.

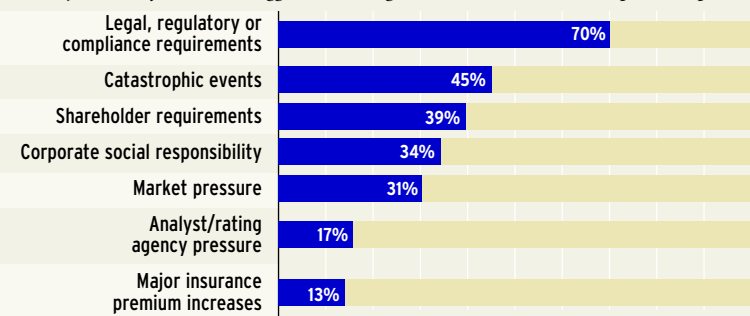
Forty-five percent of respondents said risk management reports to the company CEO, while 35% said risk management reports to the chief financial officer.

Almost half of the respondents, 47%, said the financial crisis had increased the standing of risk management within their organizations.

While legal, regulatory and com-

MAJOR TRIGGERS

Primary external factors that trigger risk management activities within European companies



Source: Federation of European Risk Management Assns.' 2010 benchmarking surveys

pliance requirements were cited by 70% of companies as a major external trigger for companies' focus on

risk management, the survey found there is growing pressure from shareholders for companies to

demonstrate risk management efficiency, according to Jean-Michel Paris, a senior manager in the risk consultancy arm of E&Y in Paris.

Shareholder expectation was cited by 39% as an external trigger for risk management compared with 35% who cited that as a trigger in the comparable survey two years ago, he said.

The perceived increased importance of shareholder pressure as a driver of risk management within organizations shows that "risk management is making its way to the top of organizations in an explicit way," Mr. Paris said.

One surprising result of the study

See **FERMA** page 6

CATASTROPHES



BIGGEST LOSSES

Costliest 2010 weather catastrophes, ranked by insured losses

Winter storm Xynthia	February	Europe	\$3.4 billion
Severe storms, hail	May	U.S.	\$1.8 billion
Severe storms, flood	March	U.S.	\$1.2 billion
Flash floods	June	France	\$1.1 billion
Winter damages	January	Europe	\$1.0 billion

REUTERS/LANDOV

Homes in southwestern France are flooded after Windstorm Xynthia struck in February.

\$18B in insured cat losses in first 9 months of 2010

By SARAH VEYSEY

There were 725 natural catastrophes worldwide that caused \$18 billion in insured losses during the first nine months of this year, according to a report from Munich Reinsurance Co.

That is the second-highest number of weather-related events recorded in the January-through-September period since 1980, the Munich-based reinsurer said in its report.

During the period, Munich Re said economic losses from natural catastrophes totaled \$65 billion while insured losses were \$18 billion.

Munich Re said there has been a marked increase in the number of

weather-related events in recent years, including flood losses that have more than tripled and windstorm catastrophes that have doubled since 1980.

In a statement, Munich Re said there is "the probability of a link between the increasing number of weather extremes and climate change."

Munich Re said it would issue a series of communications on natural catastrophes, climate change and potential solutions prior to the Nov. 29-Dec. 10 World Climate Summit in Cancun, Mexico.

Munich Re's report is part of an electronic folder of research findings available at www.munichre.com.

P/C INSURERS

Allied World plans move to Switzerland

Bermuda insurer latest to announce redomestication

By MICHAEL BRADFORD

PEMBROKE, Bermuda—Allied World Assurance Co. Holdings Ltd. last week became the latest Bermuda insurer to announce plans to redomesticate to Switzerland.

"We are announcing our proposed redomestication to Switzerland as we believe the time has come to increase our focus on global distribution as well as global product capabilities," Scott Carmilani, the Pembroke, Bermuda-based insurer and reinsurer's president and CEO, said in a statement.

Mr. Carmilani said Allied World has grown to 16 worldwide offices as it nears its 10th anniversary. "This redomestication will allow us to better manage our position in local markets around the world, as well as continue to maintain a strong presence in the Bermuda market," he said.

A new Swiss company, Allied World Assurance Co. Holdings A.G., will replace the current holding company.

Allied World said it expects the redomestication to be completed by the end of this year, pending shareholder and regulatory approvals, and said it plans to continue insurance and reinsurance operations in Bermuda after the corporate move is completed.

The company opened a branch

office in Zug, Switzerland, two years ago to provide a range of reinsurance products to European clients.

Other insurers have moved their base of operations from Bermuda or other offshore domiciles to Switzerland in recent years, with some citing tax treaties, among other reasons.

ACE Ltd., which was domiciled in the Cayman Islands but headquartered in Bermuda, in 2008 redomesticated to Zurich, and Flagstone Reinsurance Holdings Ltd. this year announced plans to move its holding company to Luxembourg from Bermuda.

In 2008, Flagstone merged its operating units in Bermuda and Switzerland into one Martigny, Switzerland-based company.

WORKERS COMPENSATION

Workers comp rule bars RICO suit, judge says

By MARK A. HOFMANN

DETROIT—A federal judge has ruled that an attempt by a group of workers to sue their employer under federal anti-racketeering law is preempted by Michigan's workers compensation law's exclusive remedy.

The case, *Paul Brown et al. vs. Cassens Transport Co. et al.*, was brought by several employees of Edwardsville, Ill.-based Cassens. The plaintiffs alleged that self-insured Cassens and its third-party administrator, Crawford & Co., used unqualified doctors to give fraudulent medical opinions supporting denial of workers comp claims. The plaintiffs filed suit alleging mail and wire fraud violations under the federal Racketeer Influenced and Corrupt Organizations Act, which allows triple recovery of damages.

Federal Judge Paul D. Boren dismissed the RICO claims in 2005,

The group's 'exclusive remedy for their claim that they were fraudulently denied benefits...lies within the exclusive administrative scheme set forth in the WDCA, which forecloses their RICO claim.'

Judge Paul D. Boren, U.S. District Court for the Eastern District of Michigan

but a three-judge panel of the U.S. 6th Circuit Court of Appeals reinstated them in 2008. The Supreme Court declined to review the case, allowing it to proceed in the U.S. District Court for the Eastern District of Michigan.

On Monday, Judge Boren dismissed the case again. He said that the group's "exclusive remedy for their claim that they were fraudulently denied benefits under the (Michigan Workers' Disability Compensation Act) lies within the exclusive administrative scheme set

forth in the WDCA, which forecloses their RICO claim."

He also said that "even assuming" such a claim could be raised outside the law's exclusive remedy framework, the plaintiffs claims didn't constitute a claim covered by RICO. And, finally, even if the claim had met RICO standards, the court would have abstained from considering the claims until a final administrative decision regarding the plaintiffs' entitlement to workers comp claims had been issued, wrote Judge Boren.

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FERMA: Financial crisis boosts risk management

CONTINUED FROM PAGE 4

was a reduction in the proportion of respondents who said risk managers had a role in coordinated enterprise risk management within their companies, he said.

In the 2010 study, 42% of respondents said they had the authority to intervene in enterprise risk management issues compared with 49% two years earlier. One possible explanation for this seeming decline in risk managers' scope of

authority is the dilution effect of a greater number of survey respondents, Mr. Paris said. In 2008, the comparable survey garnered 555 responses.

Concerning insurance rates, 48% of respondents said they were concerned about a "looming hard market" and one-third said they would like to lock in the price of their insurance program for the long term.

One-third of respondents also said the global financial crisis prompted them to consider replac-

ing their insurers, while 26% said the crisis had prompted them to redefine their risk priorities and 21% said they had implemented or optimized their use of captives as a result of the financial turmoil.

The upcoming Solvency II regulations also are a concern for many risk managers. Forty-two percent of the respondents said they were concerned about Solvency II's potential effects on capacity and rates. And of 42% of respondents that operate captives, 60% described Solvency II as potentially a "major issue."

Solvency II is the European Union's risk-based capital regulatory regime for insurers and reinsurers, including some captives, that is slated to go into effect in 2012.



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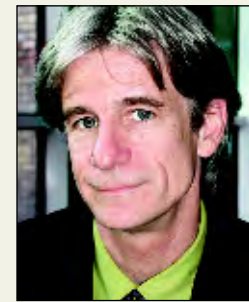
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Commentary

Live from the backyard, it's President Obama



**MICHAEL
BRADFORD**

Senior Editor Michael Bradford
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There was a bizarre incident in our neighborhood the other day. The way it was told to me, our neighbor, Doris, was washing dishes when she noticed someone hanging around the back fence.

"Ralph!" she shouted to her husband. "There's someone in the backyard!"

"It's OK, honey," Ralph said. "It's just Barack Obama."

"The president? What the heck is he doing in our backyard?"

Ralph explained that the president hoped to attract a crowd so he could provide details on the fantastic new health insurance plan that seemed to be running up against some resistance from the common folk.

"He's starting to show up in backyards all over the country," Ralph said. "Didn't you see him in Virginia the other day?"

Eventually, a few people wandered over, curious as to why the president had arrived in Doris and Ralph's yard. When word got out, TV cameras showed up and the whole affair was broadcast later on the evening news.

It looked a lot like a "Saturday Night Live" sketch. There was President Obama with his sleeves rolled up, standing in front of a high wooden fence that looked new. Instead of the usual hand-picked crowd behind him, about a dozen folks sat around and nodded knowingly as he educated them as to why insurance companies are "evil" because they charge something called

"premiums" and how the new health care plan will be a great thing for the country as soon as someone is finished reading it.

Doris and Ralph, of course, aren't really my neighbors. And, until now, the president hasn't brought his backyard road show to my corner of Dallas. His appearances though, all have had the same odd feel of a president trying earnestly to convince the common folk that he's just like them.

It's a tactic that has never played well for presidents. Gerald Ford tried it in 1976 when he dove into a plate of tamales while visiting Texas. Not removing the husk before chomping into a tamale made him look so out of touch with mainstream America that he couldn't even eat like the rest of us.

So, should presidents be showing up in Doris and Ralph's backyard?

President Obama wants to look folksy as he tries to convince the skeptics that Obamacare is a good deal for everybody. Why not, since the polls show that a majority of U.S. residents would prefer that it hadn't

passed? If he's so convinced that opponents are so thick-headed as to be unable to understand his plan after he's explained it for six months, then shouldn't they just sit still, listen and nod like the little backyard crowds?

I don't want the most powerful man in the world to be like anyone in my neighborhood, and I would prefer he stay a little closer to the red phone instead of hanging out next to Ralph's fence.

Besides, how many people is

Preaching to the choir is not going to win over the nonbelievers.

he really going to convince when his backyard rallies are stacked with overflow crowds of 10 to 12 supporters? Preaching to the choir is not going to win over the nonbelievers.

If the neighbors don't catch on that Obamacare is a great deal, the administration may begin treating them the same way they handle those "uppity" health insurers. Whenever those folks hint that health care costs are going up because of Obamacare, not down as promised, trouble ensues.

U.S. Health and Human Services Secretary Kathleen Sebelius didn't much care for health insurers' recent warning to policyholders that premium increases are needed because the president's plan will drive up costs.

There will be "zero tolerance for this type of misinformation and unjustified rate increase," Ms. Sebelius said, surprising everyone who assumed she had no idea how rates are calculated.

Fall in line or face the consequences: That's more scary talk from Washington. Is it coming soon to a neighborhood near you?

“To track our fleet we use satellites and sophisticated monitors. To track our insurance claims, we simply call Sue at Zurich.”

**Tony Sharp, Senior Manager,
Ozark Trucking Inc.**

Zurich **HelpPoint**

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Market Moves

Hiscox exiting two U.S. business lines

GENEVA, Ill.—Markel Insurance Co. is acquiring the U.S. animal mortality business of Hiscox Insurance Co. Inc. subsidiary American Live Stock Inc.

The deal, for which financial terms were not disclosed, is to be finalized this month pending regulatory approval, the Richmond,

Va.-based specialty underwriter unit of Markel Corp. said in a statement.

Geneva, Ill.-based American Live Stock, which also does business as Harding & Harding Inc., provides equine and livestock coverage.

As part of the acquisition, the businesses will transition to Markel, including rights to the American Live Stock and Harding & Harding names.

The unit will be overseen by Markel's existing equine and livestock teams in Richmond, Va., and Lexington, Ky. Several members of Hiscox's animal mortality unit will join Markel and continue to be based in Geneva.

Hiscox, which also said it will

withdraw from the inland marine market, said it will focus its U.S. resources on errors and omissions, property and specialty coverage.

Seacrest Partners buys Corporate Insurance Services

ATLANTA—Seacrest Partners Inc. is acquiring property/casualty insurance brokerage and employee benefits consulting firm Corporate Insurance Services Inc. for an undisclosed amount.

Founded in 2006, the Savannah, Ga.-based insurance brokerage and employee benefits consultant is to complete the acquisition in January 2011, Seacrest Partners said in a statement.

Corporate Insurance Services

will move its staff and offices to Seacrest Partners' Atlanta location and operate under the Seacrest Partners' name, the company said in a statement.

Zurich, administrator target lawyers liability

LIBERTY CORNER, N.J.—Couch Braunsdorf Insurance Group Inc. has entered into an agreement with Zurich North America Commercial to administer the insurer's lawyers professional liability program in the Northeast.

Zurich's professional liability insurance for attorneys and law firms is available exclusively through Liberty Corner, N.J.-based Couch Braunsdorf Insurance

Group in Maryland, Virginia and Washington, Zurich said in a statement.

The coverage, which is offered in other U.S. states, helps members of the legal profession manage liability risks.

"Members of the legal profession face unique challenges in these difficult economic times, resulting in an increased risk of litigation," Craig Fundum, head of programs and direct markets for Zurich, said in the statement.

Couch Braunsdorf Insurance Group is the program administrator of the policies and underwrites the business on behalf of Zurich, a spokesperson for the Schaumburg, Ill.-based unit of Zurich Financial Services Group said in an e-mail.

The agreement presents a "new opportunity for our professional liability unit," said Richard S. Van Cleave, Couch Braunsdorf Insurance Group's chairman.

Terms of the agreement were not disclosed.

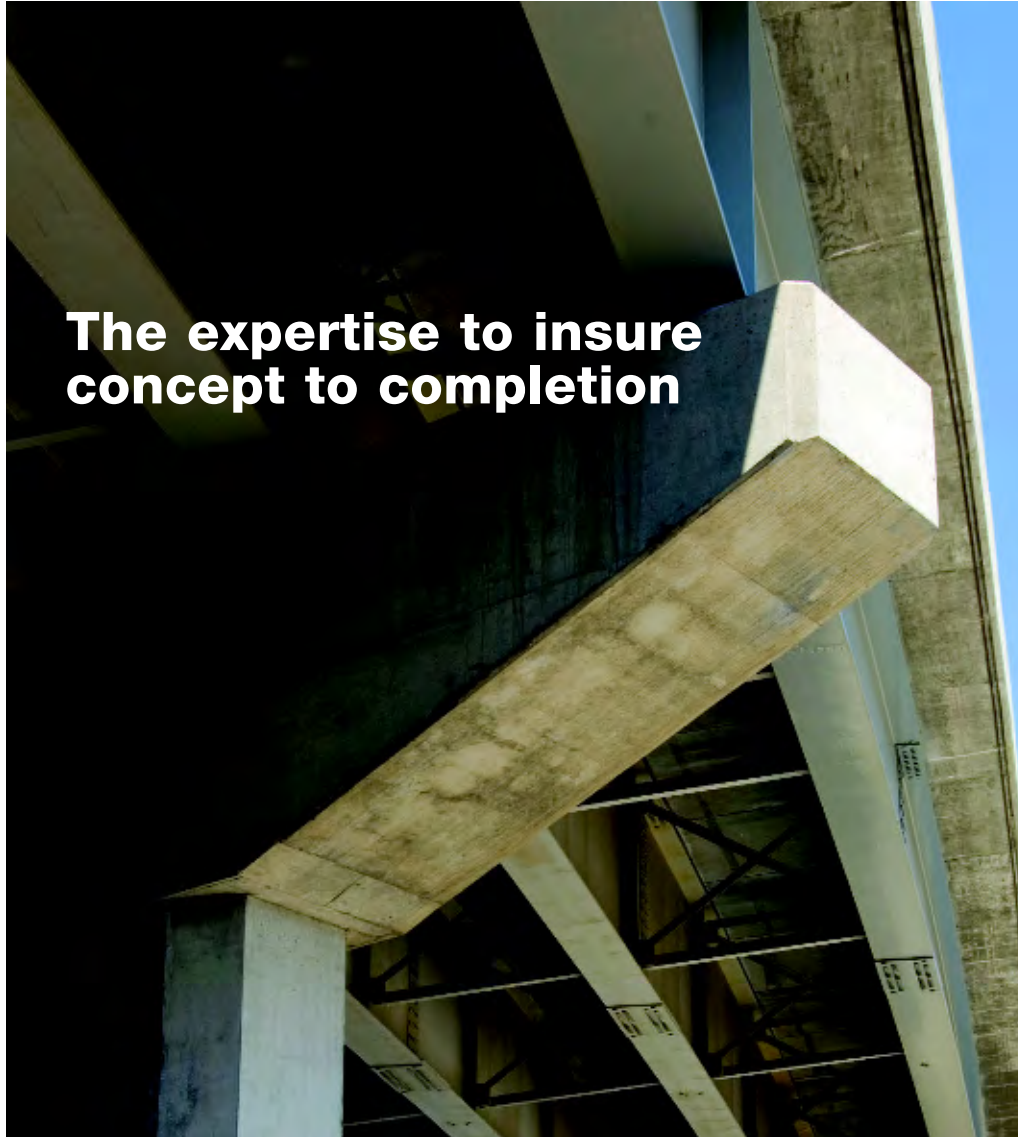
Crump unit launches health care practice

SACRAMENTO, Calif.—Five Star Specialty Programs, a specialty underwriting division of Crump Insurance Services Inc., has launched a health care practice.

The practice is based in Sacramento, Calif., and expands the managing general agency's senior living, managed care and other health care-related programs. Five Star Specialty Programs also offers property/casualty insurance underwriting facilities in transportation, workers compensation and professional liability, among others.

"Because of our aging population, the health care industry is growing and so is the need for specialized insurance for these operations," Lee Lloyd, president of Crump Insurance Services' programs division, said in a statement.

To support the health care practice, Five Star Specialty has hired Mary K. Nolan, previously senior vp of health care programs at Swett & Crawford Group Inc., as senior vp and underwriting manager; Janet Orchard, previously vp and senior underwriter for Swett & Crawford, as vp and underwriter; and Kevin Nolan, most recently vp of business development for Swett & Crawford, as vp and underwriter.



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TO SUBMIT ITEMS

MARKET MOVES

BI's Market Moves column reports on activities by insurance industry companies and related entities.

PRODUCTS & SERVICES

BI's Products & Services column reports on new product offerings.

Please send Product & Services and Market Moves news to Mike Tsikoudakis, 360 N. Michigan Ave., Chicago, Ill. 60601 or e-mail mtsikoudakis@businessinsurance.com.

Business Insurance® **BEST** places to work **2010**

Among the characteristics revealed by data gathered in the 2010 *Business Insurance* Best Places to Work in Insurance program is that the 54 companies recognized for their high-quality workplaces share many qualities.

Responses from the employee questionnaires administered by Harrisburg, Pa.-based Best Companies Group as part of evaluating participating companies showed that companies making the list averaged a 92% positive response rate on questions measuring the level of employee engagement.

Engagement levels were determined based on responses to questions about employees' satisfaction with their employer, their willingness to give extra effort to help the company succeed, their plans to stay with the company at least two more years, and their willingness to recommend that a friend buy from and work for the company.

The 92% compares with a 67% engagement figure that pollster Gallup Inc. says characterizes a "world-class" organization, and the emphasis that companies honored as the Best Places to Work in Insurance place on driving employee engagement reflects their understanding of the role it plays in company performance.

"Employee engagement is just one of my big (human resources) passions," said Sheree Knowles, vp, human resources at Atlanta-based RSUI Group Inc. the highest-ranked medium-size property/casualty insurer among the 2010 honorees. "When people don't feel connected, they don't work hard, they don't give you that extra effort. Productivity suffers. Absenteeism tends to go up," Ms. Knowles said.

Doug Layman, executive vp and chief marketing and sales officer at top-ranked medium-size third-party administrator Gilsbar Inc. in Covington, La., offered a similar view. "To continue to be a high-performing company, we know that our corporate goals can only be

achieved by employees who are passionate, engaged and driven to help the company succeed," he said.

Employees at the 54 companies recognized this year gave their highest ratings to questions concerning their employers' work environments, posting an average positive score of 94%. Companies also earned high marks for leadership and planning, with an average of 88% positive responses to questions regarding issues such as employees' understanding of their companies' long-term strategies, confidence in company leaders and leaders caring about employees' well-being.

Another common characteristic of the Best Places to Work in Insurance honorees is the high level of employee satisfaction with their companies' communications and culture. Survey questions related to company communications and culture drew an average 89% positive response rate from employees at companies making this year's list.

In the area of employees' relationships with their supervisors, statements such as, "My supervisor treats me fairly," "My supervisor treats me with respect" and "My supervisor acknowledges when I do my work well" drew an average 90% positive response. Questions related to employee satisfaction with their roles at work also drew a 90% positive response rate at the 54 companies honored as the Best Places to Work in Insurance.

Among benefit offerings by the companies recognized this year, 76% offer on-site facilities to promote exercise and fitness, while 94% provide on-site fitness/wellness programs. Telecommuting options are offered to employees at 61% of this year's honorees, while 98% promote sustainable or green workplace practices.

In addition, tuition reimbursement is offered at 91% of the companies in this year's Best Places to Work in Insurance group, while 78% offer employees paternity leave.

—Rodd Zolkos

AGENTS/BROKERS

SMALL AGENTS/BROKERS			
RANK	COMPANY	HEADQUARTERS	EMPLOYEES
1	McGohan Brabender Inc.	Dayton, Ohio	159
2	Assurance Agency Ltd.	Schaumburg, Ill.	201
3	McGraw Wentworth	Troy, Mich.	68
4	Seubert & Associates Inc.	Pittsburgh	78
5	Dubraski & Associates L.L.C.	San Diego	25
6	Ross & Yerger Insurance Inc.	Jackson, Miss.	86
7	Precept Group	Irvine, Calif.	123
8	M3 Insurance Solutions Inc.	Madison, Wis.	174
9	Associated Agencies Inc.	Rolling Meadows, Ill.	65
10	SilverStone Group	Omaha, Neb.	185
11	Capstone Brokerage Inc.	Las Vegas	26
12	Propel Insurance	Tacoma, Wash.	227
13	Plexus Groupe L.L.C.	Deer Park, Ill.	66
14	Scirocco Group	Hasbrouck Heights, N.J.	114
15	The Redwoods Group	Morrisville, N.C.	84
16	Poms & Associates Insurance Brokers Inc.	Woodland Hills, Calif.	106
17	The Addis Group L.L.C.	King of Prussia, Pa.	59
18	Kapnick Insurance Group	Southfield, Mich.	116
19	Armfield, Harrison & Thomas Inc.	Leesburg, Va.	123
20	Equity Risk Partners Inc.	San Francisco	41
21	The Insurance Exchange Inc.	Rockville, Md.	40

MEDIUM-SIZE AGENTS/BROKERS			
RANK	COMPANY	HEADQUARTERS	EMPLOYEES
1	The IMA Financial Group Inc.	Wichita, Kan.	461
2	Edgewood Partners Insurance Center	San Mateo, Calif.	262
3	Mesirov Insurance Services Inc.	Chicago	315
4	J. Smith Lanier & Co.	West Point, Ga.	558
5	Hylant Group Inc.	Toledo, Ohio	608
6	Insurance Office of America	Longwood, Fla.	335

LARGE AGENTS/BROKERS			
RANK	COMPANY	HEADQUARTERS	EMPLOYEES
1	Lockton Cos. L.L.C.	Kansas City, Mo.	2,484

GROUP LIFE/HEALTH INSURERS

SMALL GROUP LIFE/HEALTH INSURERS			
RANK	COMPANY	HEADQUARTERS	EMPLOYEES
1	Equitable Life & Casualty Insurance Co.	Salt Lake City	136
2	AdvoCare Group	Cleveland	99

LARGE GROUP LIFE/HEALTH INSURERS			
RANK	COMPANY	HEADQUARTERS	EMPLOYEES
1	Unum Group	Chattanooga, Tenn.	8,830

PROPERTY/CASUALTY INSURERS

SMALL PROPERTY/CASUALTY INSURERS			
RANK	COMPANY	HEADQUARTERS	EMPLOYEES
1	Kentucky Employers' Mutual Insurance	Lexington, Ky.	201
2	Falvey Cargo Underwriting Ltd.	North Kingstown, R.I.	37
3	ARAG Insurance Co.	Des Moines, Iowa	135
4	Island Insurance Co. Ltd.	Honolulu	185
5	American Safety Insurance Services Inc.	Atlanta	189
6	CompWest Insurance Co.	San Francisco	142
7	TIP National Inc.	Oklahoma City	32

MEDIUM-SIZE PROPERTY/CASUALTY INSURERS			
RANK	COMPANY	HEADQUARTERS	EMPLOYEES
1	RSUI Group Inc.	Atlanta	349
2	FCCI Insurance Group	Sarasota, Fla.	674
3	Berkley Mid-Atlantic Group L.L.C.	Glen Allen, Va.	259
4	Penn National Insurance	Harrisburg, Pa.	806
5	Accident Fund Insurance Co. of America	Lansing, Mich.	675
6	United Heartland	Milwaukee	256
7	Allianz Global Corporate & Specialty Americas	Chicago	953

LARGE PROPERTY/CASUALTY INSURERS			
RANK	COMPANY	HEADQUARTERS	EMPLOYEES
1	West Bend Mutual Insurance Co.	West Bend, Wis.	1,051
2	Philadelphia Insurance Cos.	Bala Cynwyd, Pa.	1,568
3	The Hanover Insurance Group Inc.	Worcester, Mass.	4,325

THIRD-PARTY ADMINISTRATORS

SMALL THIRD-PARTY ADMINISTRATORS			
RANK	COMPANY	HEADQUARTERS	EMPLOYEES
1	ScripNet Inc.	Las Vegas	52
2	Discovery Benefits Inc.	Fargo, N.D.	170
3	The MGIS Cos. Inc.	Salt Lake City	76
4	Carl Warren & Co.	Placentia, Calif.	175

MEDIUM-SIZE THIRD-PARTY ADMINISTRATORS			
RANK	COMPANY	HEADQUARTERS	EMPLOYEES
1	Gilsbar Inc.	Covington, La.	324

REINSURERS

SMALL REINSURERS			
RANK	COMPANY	HEADQUARTERS	EMPLOYEES
1	Maiden Reinsurance Co.	Mt. Laurel, N.J.	127

SMALL AGENTS/BROKERS

RANK	COMPANY	HEADQUARTERS	EMPLOYEES
1	McGOHAN BRABENDER INC.	DAYTON, OHIO	159

Among the key values at Dayton, Ohio-based McGohan Brabender Inc., the top-ranked small agent/broker in this



year's *Business Insurance* Best Places

to Work in Insurance, is family.

"It starts with our homes," said P. Scott McGohan, McGohan Brabender's CEO, explaining that the company's sense of family encompasses employees' homes, their work and their community.

In business for nearly 40 years, McGohan Brabender provides group insurance and employee benefits services such as brokerage, consulting, communication, enrollment, advocacy,

compliance, actuarial, financial and Medicare services to employers of all sizes. The company also provides educational health care services to the communities it serves.

"(Employees) know at the end of the day that we care about them a whole lot more than a revenue metric or a performance metric," said Mr. McGohan. "And, at the end of the day, we like to have fun. You're only here once."

"We win these awards because of our culture, and culture can never be about profitability," Mr. McGohan said. That sort of culture can't exist only when times are good, he said. "It's got to be all the time, even when things are tough."

2 ASSURANCE AGENCY LTD.

SCHAUMBURG, ILL.
EMPLOYEES: 201

Assurance creates personalized relationships with clients that allow it to create plans to reduce clients'

exposures and make them better companies.

Assurance's services include business and personal insurance, employee and executive benefits programs, surety bond placement, safety consulting, claims advocacy and retirement advisory services.

What makes the company a great place to work? "We place intense emphasis on caring for employees and making 'work' a place people enjoy spending their time. Employees are appreciated every day for their intelligence and effort. We continuously seek new and creative ways to show how much we care. This is because Assurance understands (that) the best way to create real value for clients is to create real opportunities for employees."

3 MCGRAW WENTWORTH

TROY, MICH.
EMPLOYEES: 68

McGraw Wentworth serves the group benefit needs of midsize Michigan-based organizations. Core competencies include individually tailored cost reduction strategies, benchmarking,



utilization analysis, financial

analysis, health and productivity management programs, regulatory compliance consulting, employee communication, voluntary group benefits design and implementation, billing and claim problem solving.

What makes the company a great place to work? "Employees consistently express that they value our culture: a supportive environment which promotes teamwork, fairness and professionalism; our service mentality; the challenging and quality work; our thorough recruiting process; the ability to work independently; being empowered to pursue new ideas; flexible hours; and a commitment to wellness."

4 SEUBERT & ASSOCIATES INC.

PITTSBURGH
EMPLOYEES: 78

Seubert & Associates Inc. is a full-service insurance agency offering

products and services including commercial, trucking, health care

practices, group benefits, life, personal lines and surety bonding. Seubert & Associates also

specializes in alternative risk solutions, captive services and claims management.

What makes the company a great place to work? "It is impossible to address the extraordinary benefits of working for Seubert without acknowledging the opportunities provided by its president, Brian Long. His investment in his people is best described in his own words: 'You should work harder on improving yourself than on your job and excellence in your job will follow.'"

5 DUBRASKI & ASSOCIATES L.L.C.

SAN DIEGO
EMPLOYEES: 25

Dubraski & Associates is a privately held, independent insurance brokerage and consulting company specializing in solutions for the health

care industry including professional liability, property/casualty, executive liability, employee benefits, managed care stop-loss, health maintenance organization reinsurance, provider excess, portfolio excess, other stop-loss insurance programs and equipment maintenance management programs.

What makes the company a great place to work? "Dubraski & Associates is a great place to work because of our team members. Bob Dubraski hand-picked each and every one of us. In doing so, he sought individuals whose values and work ethics mirror his own. He started a company and ended up building a family. Our favorite greeting to each and every new team member is, 'Welcome to the last job of your life.'"

6 ROSS & YERGER INSURANCE INC.

JACKSON, MISS.
EMPLOYEES: 86

Ross & Yerger is a full-lines agency with offices in Jackson and Tupelo, Miss., and in Baton Rouge, La. offering employee benefits, commercial property/casualty,

personal lines, financial institution specialty and life insurance; and risk management consulting.

Continued on next page

CONTINUED FROM PREVIOUS PAGE

What makes the company a great place to work? "We give employees off one Friday per month during the summer months to enjoy family and to take a long weekend. When monthly goals are met, the office celebrates with lunch for everyone or sometimes closing down a couple of hours early one day or maybe a massage for anyone who'd like one....All employees are given 30 minutes, two days a week during business hours, to either use the exercise room, go for a walk or run or go to a gym."

7 PRECEPT GROUP IRVINE, CALIF. EMPLOYEES: 123

Precept Group has 23 years of experience in providing national health and welfare procurement, strategic plan design (fully insured and self-insured), benefit administration, health management solutions, retirement plan consulting and integrated technology solutions.



What makes the company a great place to work? "As an organization, we have an overarching principle of respect and focus on our internal and external customers. Internal customers are our fellow colleagues and we treat each other like we would a customer. These employees and their ability to deliver exceptional customer service are what make this firm a success. This is achieved through a fairly flat organizational chart, an open-door policy (from the supervisors all the way up to the CEO), and transparency around all financial and operational reporting."

8 M3 INSURANCE SOLUTIONS INC. MADISON, WIS. EMPLOYEES: 174

M3 is an independent insurance agency that provides consultative services in property/casualty, workers compensation, employee benefits, life insurance, investments and retirement planning. M3 employs professionals in Madison, Milwaukee, Green Bay, Wausau and Eau Claire, Wis., and Denver.



What makes the company a great place to work? "At M3 it's our open leadership that sets us apart. Our employees love that our executive team is approachable and takes time to hear their opinions....Employees are given the freedom to run with their position and make it what it needs to be to help us succeed. We also have fun. Sometimes it may just be by providing a jeans day, buying ice cream or it could be Office Olympics, volunteering for the United Way or a softball event."

9 ASSOCIATED AGENCIES INC. ROLLING MEADOWS, ILL. EMPLOYEES: 65

Associated Agencies is a midsize, privately owned, full-service insurance brokerage firm. For nearly 120 years, the agency has assisted individuals and businesses with their property/casualty, employee benefits and individual benefits needs.



What makes the company a great place to work? "Employees love Associated

Agencies because AAI encourages a balance between all aspects of life: work, family and community....While AAI expects employees to work hard at work, we promote the concept that family and community are equally if not more important. AAI promotes this philosophy in many ways: a generous benefit package that includes disability coverage and flexible work schedules, seven-hour workdays and half-day Fridays during summer."

10 SILVERSTONE GROUP OMAHA, NEB. EMPLOYEES: 185

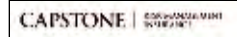
SilverStone Group is a financial services and resource management firm that provides actuarial consulting, risk management consulting, property/casualty insurance, loss/safety control, business interruption planning, employee benefit consulting, executive benefit plan design, administration and communication services, and human capital consulting.



What makes the company a great place to work? "SilverStone provides an environment designed to empower employees while holding them accountable for excellence. This combination energizes employees and this energy is evident in our work with clients. The work environment provides a sense of autonomy and entrepreneurialism, creating a sense of engagement. SilverStone promotes employee wellness and many volunteer activities, bringing employees together, providing excellent opportunities to develop camaraderie."

11 CAPSTONE BROKERAGE INC. LAS VEGAS EMPLOYEES: 26

Capstone Brokerage Inc. is a risk management, insurance and employee benefits brokerage specializing in all types of commercial and personal insurance.



What makes the company a great place to work? "We work together as a team to develop empowered leaders through personal and professional growth and continuous learning. We continue to innovate and show up each day to be better than the day before. We are not in competition with our competitors; we are in competition with ourselves to continuously improve in all aspects of what we do and how we do it. Capstone encourages and rewards innovation, dedication, accountability and risk-taking."

12 PROPEL INSURANCE TACOMA, WASH. EMPLOYEES: 227

Propel Insurance is the Northwest's largest private insurance agency, offering experts in risk analysis and specialists in fields such as construction, banking, senior living, education, transportation and employee benefits.



What makes the company a great place to work? "Our management team strives to provide employees with the education and tools to perform their jobs efficiently, further their careers and have some fun at the same time. The

company plans a number of employee events throughout the year including family-oriented events. Propel participates in community events and many charity organizations. Employees are recognized for the contributions and encouraged to take their earned vacations and enjoy their time away."

13 PLEXUS GROUPE L.L.C. DEER PARK, ILL. EMPLOYEES: 66

Plexus Groupe is an independent, privately owned national insurance brokerage firm with offices in Chicago and Dallas. The company provides risk management consulting, insurance brokerage and value-added services to a wide range of commercial enterprises including multinational corporations.



What makes the company a great place to work? "Many of our employees have come to us after working for larger brokerage firms. When they join Plexus, they quickly realize how refreshing it is to work for Plexus. Most employees see the impact of their efforts instantly....Employees are able to collaborate with different departments and are generally exposed to more of the process than before. They feel they have control. They also see the value we place on work/life balance. Most employees maintain reasonable work hours and have lots of flexibility."

14 SCIROCCO GROUP HASBROUCK HEIGHTS, N.J. EMPLOYEES: 114

In operation for more than 60 years, Scirocco Group shares knowledge and focused expertise in such areas of insurance as construction, real estate, manufacturing, retail/wholesale distribution, public entities, transportation and full-service risk analysis and management.



What makes the company a great place to work? "Our organization is engaged from the top down. Our owners and management team are as active in the day-to-day victories, issues and disappointments as the staff; this makes the environment feel like a team and, most importantly, function as a team. Teamwork and other catch phrases make great-looking plaques, but engagement in the process at all levels really makes for success. Our generous benefit platform and other 'soft values' add to the appreciation of the company."

15 THE REDWOODS GROUP MORRISVILLE, N.C. EMPLOYEES: 84

Redwoods is a nationwide provider of risk management services, property/casualty insurance and claims management to YMCAs and Jewish community centers and nonprofit resident camps. The company's business and social mission is to protect and improve the quality of life in the communities that Redwoods serves.



What makes the company a great place to work? "We place emphasis on good work/family life balance. We prefer that employees keep overtime to a minimum. We encourage employees to volunteer on

company time so they can devote weeknights and weekends to their families. We rally around employees when there's a cancer diagnosis, family illness or death. Employees feel we have excellent benefits, including unlimited sick leave, free medical and dental coverage for lower-paid employees, and a scholarship program for employees' children."

16 POMS & ASSOCIATES INSURANCE BROKERS INC. WOODLAND HILLS, CALIF. EMPLOYEES: 106

Poms is a full-service brokerage offering commercial insurance, employee benefits, personal lines, risk control and risk management consulting services to public and private entities. The company risk management consulting and property/casualty insurance products including workers compensation, professional liability and executive protection coverage.



What makes the company a great place to work? "We do our best to always maintain a family atmosphere and sense of camaraderie. We try to foster a spirit of entrepreneurialism so that people feel that this is their company, and that they have a stake in its success. Our employees appreciate the great working conditions that we have. We have a beautiful office, top-of-the-line equipment and resources that make our jobs easier."

17 THE ADDIS GROUP L.L.C. KING OF PRUSSIA, PA. EMPLOYEES: 59

At Addis Group, "risk architects" develop risk management and safety-related strategies for growth-oriented middle-market companies, including a proprietary diagnostic risk management audit process focused on improving clients' risk profiles.



What makes the company a great place to work? "Each one of us spends most of our precious moments at the Addis Group with our team. Our daily lives in insurance and risk management rarely allow us to stretch our legs and lend a hand. It is our passion and pride that pushes us daily to go above and beyond the expectations of our clients. We are a unique group of caring individuals, from all walks of life, united together to provide the very best for our clients and each other."

18 KAPNICK INSURANCE GROUP SOUTHFIELD, MICH. EMPLOYEES: 116

Kapnick Insurance Group offers a full spectrum of insurance and related value-added services to a diverse client base. The company's core purpose is to simplify the insurance process, meeting client needs and interests while lowering their overall total cost of risk.



What makes the company a great place to work? "Our employees love our family-flexible work culture, our employee benefits and our support of the local communities that we live and work in. Our offices are clean and inviting and the technology we have to do our jobs is superior."

19 ARMFIELD, HARRISON & THOMAS INC. LEESBURG, VA. EMPLOYEES: 123

AH&T is an insurance brokerage, risk management consulting, employee benefits, surety bond and retirement planning services organization dedicated to providing solutions globally for business and individuals. AH&T is employee-owned with offices in Leesburg, Va., and Seattle.



What makes the company a great place to work? "AH&T's mission statement: 'It is the mission of AH&T to foster a partnership with our clients. To accomplish this, we engage professionals empowered to use their creativity and talents, individually and as a team, to provide heroic service,' reflects our company's culture both externally and internally....Our organization is very flat and new procedures can be implemented quickly when needed. Also, we provide employees with detailed information on our performance through our (employee stock ownership plan) communications and regular sales meetings. Finally, senior managements' doors are always open."

20 EQUITY RISK PARTNERS INC. SAN FRANCISCO EMPLOYEES: 41

Equity Risk Partners is a full-service insurance brokerage and risk management consulting firm focused exclusively on the needs of the private equity industry and its portfolio companies. The company provides due diligence, insurance solutions and product and financing alternatives that improve the efficiency, structure and returns on private equity transactions.



What makes the company a great place to work? "Through flexible hours and a family-friendly environment, the company encourages employees to attain a solid work/life balance. They also enjoy the social interaction that the company encourages through sponsored Friday lunches, company outings and get-togethers. Upper management believes in making staff feel as if they are part of the long-term business plan, a practice which has helped empower and retain employees because they become vested emotionally and intellectually."

21 THE INSURANCE EXCHANGE INC. ROCKVILLE, MD. EMPLOYEES: 40

The Insurance Exchange provides comprehensive property/casualty business insurance, personal insurance, a full range of employee benefits and financial services including 401(k), pension and profit-sharing plans, deferred compensation and investment consulting.



What makes the company a great place to work? "Flexible schedules including telecommuting; a clean, professional physical office; professional training and development is encouraged and paid; individual performance is recognized and appreciated; an excellent reputation in the industry and the community; extensive benefits offerings with generous employer contributions; a profit-sharing plan; the corporate culture and agency teamwork; and a spirit of camaraderie."

Who insures you doesn't matter. Until it does.



Financial Strength and Exceptional Claim Service

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Chubb Group of Insurance Companies ("Chubb") is the marketing name used to refer to the insurance subsidiaries of The Chubb Corporation. For a list of these subsidiaries, please visit our website at www.chubb.com. Actual coverage is subject to the language of the policies as issued. Chubb, Box 1615, Warren, NJ 07061-1615

MEDIUM-SIZE AGENTS/BROKERS

RANK	THE IMA FINANCIAL GROUP INC.
1	WICHITA, KAN.
	EMPLOYEES: 461

Employee ownership is key to setting the IMA Financial Group Inc. apart as a high-quality workplace.

"The biggest thing for us is what we like to refer to as our business model," said Kyle Orndorff, senior vp, human resources at IMA Financial. "We are an employee-owned company."

"People get it. They sort of see and feel the difference of being employee-owned," Mr. Orndorff said. "I hear that from our associates a lot. Many of them have worked for other companies, and they

come here and it just feels different."

The top-ranked medium-size agent/broker in this year's *Business Insurance* Best Places to Work in Insurance, IMA Financial Group is a diversified financial services organization that does business in areas including property/casualty insurance, personal lines, risk management, employee benefits, investment management and wholesale insurance operations.

The company offers a competitive employee benefit package, including health club memberships and free health screenings for employees and spouses.



2	EDGEWOOD PARTNERS INSURANCE CENTER
	SAN MATEO, CALIF.
	EMPLOYEES: 262

EPIC's product offerings include construction/real estate, employee benefits, emerging growth/select business, private equity, personal lines, captives/program group, national specialty programs, renewable wind/energy, retail/manufacturing, technology/life science, transportation and warehousing, and logistics.



What makes the company a great place to work? "Our employees speak: 'EPIC truly invests time and resources into their

team of employees. Their philosophy of excellence in team development and communication doesn't stop with their mission statement; it is carried into every plan, decision and action. It's not just a feeling; it's an experience."

3	MESIROW INSURANCE SERVICES INC.
	CHICAGO
	EMPLOYEES: 315

Mesirow Insurance Services is a full-service insurance brokerage and consultant specializing in property/casualty, surety, employee benefits, life and disability, private-client insurance and structured settlement services.

What makes the company a great place to

work? "Mesirow Financial culture and its highly regarded reputation, Mesirow Financial's dedication to customer service, positive client and co-worker relationships (and a) rewarding team environment, variety and challenge in job tasks."



4	J. SMITH LANIER & CO.
	WEST POINT, GA.
	EMPLOYEES: 558

Founded in 1868, employee-owned J. Smith Lanier & Co. has become one of the largest privately owned insurance brokers in the United States.

What makes the company a great place to work? "Our mission at J. Smith Lanier & Co. is to glorify God by providing exceptional value, absolute integrity, and excellence to our customers through innovative leadership in providing products and services, while establishing our value to them in a long-term relationship; our employees/shareholders through opportunities for every individual



to set and achieve goals that fulfill their unique purpose while they contribute to the long-term financial stability of J. Smith Lanier & Co.; our suppliers through access to our customers and information in the development and marketing of their products and service; our community through...participation in each of the communities we serve."

5	HYLANT GROUP INC.
	TOLEDO, OHIO
	EMPLOYEES: 608

Celebrating 75 years in business, Hylant Group is a full-service insurance brokerage with 12 offices in Ohio, Michigan, Illinois, Indiana and Tennessee. Hylant offers complete risk management services, employee benefits consultation, loss control, 401(k) and financial services, health care management and insurance solutions for businesses and individuals.



What makes the company a great place to work? "Hylant's employees are the most valuable asset in the organization and they feel it. It is evidenced by the firm's commitment to training and personal and professional development goals for each employee, and they are empowered to make decisions that are in the best interest of their clients."

6	INSURANCE OFFICE OF AMERICA
	LONGWOOD, FLA.
	EMPLOYEES: 335

Insurance Office of America is a full-service agency handling all lines of insurance including commercial and personal lines, bonds, life and health.



What makes the company a great place to work? "It boils down to the culture of the organization...It is family, faith and IOA in that order of importance. Within this culture, there is also a strong desire to reach beyond our company's ordinary business goals to meet the needs of the community..."



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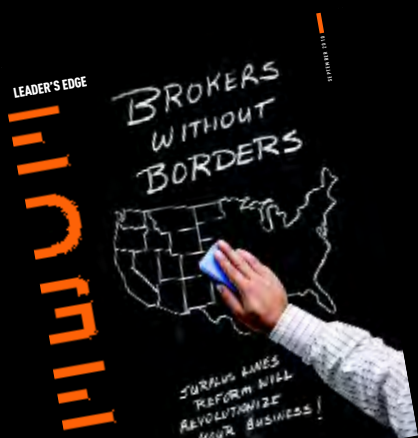
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LARGE AGENTS/BROKERS

RANK	LOCKTON COS. L.L.C.
1	KANSAS CITY, MO.
	EMPLOYEES: 2,484

In repeating this year as the top-ranked company among large agents/brokers in the *Business Insurance* Best Places to Work in Insurance, the story of Kansas City, Mo.-based Lockton Cos. L.L.C.'s success as a high-quality workplace is basically unchanged from last year, said John Lumelleau, Lockton's president and CEO. "We're trying to be terribly consistent about those things that define Lockton," Mr. Lumelleau said. "When we talk about ourselves and our industry, we don't talk about what differentiates us. We talk about what defines us." And the broker sees itself defined by its focus on doing what's good for its

clients, good for its associates and good for the community, Mr. Lumelleau said. Lockton has grown from a one-man brokerage to become the world's largest privately held broker and the 10th-largest broker overall, advising clients worldwide on commercial insurance, risk management and employee benefits. The company prides itself on an entrepreneurial culture and in empowering the people it's chosen to hire to serve customers without interference from company bureaucracy. "We're very proud to receive this accolade again," Mr. Lumelleau said. "We're very proud that our associates believe in our company and believe in our value system."



SMALL PROPERTY/CASUALTY INSURERS

RANK	KENTUCKY EMPLOYERS' MUTUAL INSURANCE
1	LEXINGTON, KY.
	EMPLOYEES: 201

A focus on family—at home and in the workplace—is key to the approach that led to Kentucky Employers' Mutual Insurance being ranked as the top small property/casualty insurer in the 2010 *Business Insurance* Best Places to Work in Insurance program. "Even though we are...a large insurance company, our No. 1 priority is family," said Ryan Worthen, the Lexington-based insurer's communications manager. "We treat each other as family members and we place a strong focus on family." "Our employees tell us all the time that they look forward to coming to work each day because they are not being asked to put the company above their

family," Mr. Worthen said. The company's top executives meet regularly with employees to discuss issues such as the company's performance, but also to recognize employees for their personal achievements ranging from completing an advanced degree to attaining U.S. citizenship. "One of the things that KEMI has been proud of for years is not having a sick leave policy," Mr. Worthen said. The company wants employees to feel they're trusted. "If one of your kids is sick, stay home," he said. "When you have balance, you can be a more productive employee and that has truly paid dividends at KEMI," Mr. Worthen said.



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2	FALVEY CARGO UNDERWRITING LTD.
	NORTH KINGSTOWN, R.I.
	EMPLOYEES: 37

Founded in 1995, North Kingstown, R.I.-based Falvey Cargo Underwriting specializes in underwriting technology and life tech products for clients of all sizes—startups to Fortune 100 companies—providing global coverage with local service from offices in Rhode Island, San Francisco and London. Falvey issues policies, settles claims and provides loss-prevention services.



What makes the company a great place to work? "Our company's values statement is, 'At Falvey, employees are highly valued, appreciated and supported within a climate that fosters family-oriented values and flexibility. Teamwork and cooperation are demonstrated through mutual problem-solving and sharing of competencies. Continuing education and internal career development are actively encouraged and supported for all employees....We all care about each other, work together as well-coordinated teams, and respect each other's capabilities and strengths. Our new state-of-the-art office is located directly on beautiful Narragansett Bay."

3	ARAG INSURANCE CO.
	DES MOINES, IOWA
	EMPLOYEES: 135

ARAG is a privately held, global leader of legal insurance. Based on a traditional health care preferred provider organization model, legal insurance



provides people with quality, affordable and accessible resources to resolve everyday legal matters often referred to in the industry as "legal life events." As the pioneer of the legal insurance category, ARAG has more than 70 years of experience and protects 15.5 million people and their families worldwide.

What makes the company a great place to work? "ARAG's employees are genuine. We foster a family-like atmosphere with an open culture that doesn't involve politics or false pretenses. Employees embrace their responsibilities at ARAG because they are proud of the products and services we provide to our customers. To our employees, working at ARAG is not just a 'job,' rather it's where individuals feel empowered to create and grow a career and provide value to the organization."



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4 ISLAND INSURANCE CO. LTD.
HONOLULU
EMPLOYEES: 185

Founded in 1939 by Masayuki Tokioka, Island Insurance Co. Ltd. is Hawaii's largest locally owned and managed property/casualty insurance company. Recognized as a top 50 property/casualty insurance company in the nation by Ward Group for two consecutive years, Island Insurance provides personal automobile, homeowners, renters, condominium, dwelling fire, flood and umbrella insurance, as well as insurance for business and surety bonds.



What makes the company a great place

to work? "Island works very hard to sustain an open culture, emphasizing communication, recognition and growth for its employees. Each employee's talent and superior quality service are the heart of the company's success."

5 AMERICAN SAFETY INSURANCE SERVICES INC.
ATLANTA
EMPLOYEES: 189



ASI is focused on providing customized insurance products and solutions for small- to medium-size businesses that are underserved by the standard insurance market. ASI's products include specialty programs,

primary casualty, excess liability, environmental liability, commercial property, surety bonds, funded alternative programs, general and professional liability, health care and alternative risk transfer solutions.

What makes the company a great place to work? "Recent employee engagement survey results: Management has done a great job of creating and communicating our vision, engaging employees by connecting what they do to our mission; communicating job expectations and empowering them to achieve results....Employees feel their skills are being fully utilized and managers ask for their input in decisionmaking. They love the support and encouragement they receive to develop their skills....They love the work perks, benefits and feeling like they make a difference and part of a "family.""

6 COMPWEST INSURANCE CO.
SAN FRANCISCO
EMPLOYEES: 142

CompWest Insurance is a dynamic provider of workers compensation insurance in western U.S. states, providing what the company calls Workers Compensation with Care.



CompWest believes "doing the right thing" is good business and built the company on that foundation.

What makes the company a great place to work? "Our employees love our product, Workers Compensation with Care. Every day they make a positive difference in the lives of injured workers

and their employer; collaborating to achieve success through the diverse talent and ethnicity our staff represents; the passion our CEO shows for the business every day; our practice of promoting talent from within; public recognition for their hard work; giving back to their community through company-supported volunteer efforts and donations; availability of our financial information at our companywide monthly town hall meetings; access to management at all levels to share ideas and opinions."

7 TIP NATIONAL INC.
OKLAHOMA CITY
EMPLOYEES: 32

TIP National is a managing general agent program manager that provides commercial lines coverage to long-haul motor carriers. TIP National offers a variety of products that are tailored to fit the insured company for which it is underwriting. Transportation insurance products are TIP National's "niche market."



What makes the company a great place to work? "TIP National operates on a vertical structure. We all are expected to perform our job and perform to the best of our ability. We are not micromanaged, but allowed to operate in our own capacity and at our speed, so long as it meets the expectations of our clients. From our president down, people are treated with integrity and respect."

MEDIUM-SIZE PROPERTY/CASUALTY INSURERS

RANK	RSUI GROUP INC.
1	ATLANTA
	EMPLOYEES: 349

At Atlanta-based RSUI Group Inc., there's a recognition that employees who feel connected to the company provide superior performance, and the company strives to make that connection.

"I really believe that our employees feel connected to our business and what we do," said



Sheree Knowles, vp human resources at RSUI, the top-ranking medium-size property/casualty insurer in this year's *Business Insurance* Best Places to Work in Insurance. "I believe that when you feel your role is important and fits into the big picture, you're happier."

"Our company treats our employees well," Ms. Knowles said. RSUI offers a benefits package that's "second to none," she said. "We pay well. We go out of our way to show our appreciation on a regular basis."

RSUI underwrites specialty insurance and provides a wide range of products, including property/casualty, professional liability, and directors and officers liability, insuring thousands of companies ranging from nonprofit organizations to Fortune 500 companies.

RSUI conducts that insurance business through approximately 151 independent wholesale insurance brokers nationwide and 31 managing general agents.

The company has sought to base its culture on entrepreneurial spirit and

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employee relations, and provides superior technology and in-house and outside education programs to help employees best serve RSUI clients.

Acknowledging that an employee survey represented 75% of Best Places to Work in Insurance companies' scores, Ms. Knowles said, "As a company we are grateful to the employees for recognizing us in this fashion."

2 FCCI INSURANCE GROUP
SARASOTA, FLA.

EMPLOYEES: 674

FCCI uses a regional focus to provide property/casualty coverage for the commercial business owner. The company sells its products through a



network of independent agents. FCCI offers a

variety of policies for agriculture, automotive, crime, general liability, inland marine, property, umbrella and workers compensation.

What makes the company a great place to work? "At FCCI, we support values important to our employees, have an unwavering commitment to the communities we live in, and strict adherence to the highest ethical values and integrity in our business dealings."

3 BERKLEY MID-ATLANTIC GROUP L.L.C.
GLEN ALLEN, VA.

EMPLOYEES: 259

Berkley Mid-Atlantic Group L.L.C. is a commercial property/casualty insurer protecting a wide range of



businesses and market segments. Policies are issued exclusively through independent agents, who serve the company's

policyholders throughout the Mid-Atlantic region. Berkley Mid-Atlantic is part of the W.R. Berkley Corp.

What makes the company a great place to work? "Employees of BMAG share in setting the direction of the organization. All employees from hire on to retirement are entrusted to make decisions that are aligned with our core values of trust, integrity, agility and excellence. Relying on these shared values allows our employees to fulfill our commitments to one another, our customers, our shareholders and our communities. Employees are a part of an open and honest culture that values their contributions. We offer our employees a multitude of personal and professional development opportunities."

4 PENN NATIONAL INSURANCE
HARRISBURG, PA.

EMPLOYEES: 806

Penn National sells personal auto and homeowners insurance and business insurance through independent insurance agencies, doing business in nine states.



What makes the company a great place to work? "As

a mutual company, we value long-term stability and, as a result, have been a

provider of long-term careers for an unusually long-tenured workforce. Our family atmosphere, commitment to a rewarding compensation and benefits program, and to funding employees' educational development has inspired loyalty and high performance."

5 ACCIDENT FUND INSURANCE CO. OF AMERICA

LANSING, MICH.

EMPLOYEES: 675

Accident Fund provides workers compensation insurance coverage for



businesses of all sizes. As "The WorkSafe

People," the company partners with its

customers and agents to keep customers' workers safe and their costs down. Accident Fund provides customers access to loss-control services and online safety materials, and its WorkSafe consultants advise and assist them in creating a safe work environment.

What makes the company a great place to work? "Employees have said that Accident Fund is a highly organized company that is committed to achieving its goals and clearly articulates those goals to everyone. The company truly cares about its employees, and they continue to offer a rich benefit package and numerous wellness programs despite the current business climate. Accident Fund also recognizes the need to change to continue to thrive, which provides career growth opportunities for our employees."

6 UNITED HEARTLAND
MILWAUKEE

EMPLOYEES: 256

United Heartland applies managed care techniques to the workers compensation markets in which it does business, partnering with companies dedicated to providing their employees a safe workplace.



What makes the company a great place to work? "Our employees take pride in being part of an industry leader

organization grounded in an entrepreneurial philosophy and invested in their personal journey. This is reaffirmed not only internally but

externally, through daily interactions with our customers. Most importantly, each teammate shares in our success today and understands how what they do each day has an impact on our future."

7 ALLIANZ GLOBAL CORPORATE & SPECIALTY AMERICAS

CHICAGO

EMPLOYEES: 953

Allianz Global Corporate & Specialty, part of the global Allianz Group,



provides risk solutions for property, casualty,

Continued on next page

The forces of nature can strike at any time. Let's discuss how to plug our defenses.

As the Earth's climate is changing, so are the frequency and intensity of floods and storms. What's the answer: retreat from the most hazardous locations? Protect vulnerable areas with sea walls, drainage systems and better building codes? Or take measures to transfer the financial risk and rebuild? All we know at Swiss Re is that, as our climate changes, we must adapt apace. Which is why we're helping countries and communities develop strategies to protect themselves against the forces of nature. Risk is the raw material we work with; what we create for our clients is opportunity.

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aviation, energy and marine risks as well as international insurance programs.

What makes the company a great place to work? "Allianz Global Corporate & Specialty Americas is a diverse, globally recognized company providing a multitude of opportunities for its employees. Our company values our clients, brokers and employees and believes in having fun. We have been ranked in the top group as it pertains to providing the best overall compensation and benefits to our employees as well."



LARGE PROPERTY/CASUALTY INSURERS

RANK	WEST BEND MUTUAL INSURANCE CO.
1	WEST BEND, WIS.
	EMPLOYEES: 1,051

At West Bend Mutual Insurance Co., the top-ranked large property/casualty insurer in this year's *Business Insurance* Best Places to Work in Insurance, the company strives to provide employees opportunities to grow professionally, offers attractive benefits and amenities, and tries to create an environment in which employees can have fun.



But what really sets the company apart as an employer is trust, said Kevin Steiner, the West Bend, Wis.-based company's president and CEO.

"What it really gets down to in making organizations great places to work, you create an environment of trust and openness and fairness," Mr. Steiner said.

A mutual insurance company founded in 1894, West Bend writes business in Wisconsin, Illinois, Iowa, Indiana, Minnesota,

Ohio and Missouri, providing commercial property/casualty insurance as well as personal lines.

First, "what we strive for is to provide an environment where our associates can grow professionally," Mr. Steiner said. "Second, we've really worked to create an environment that's all about serving others, helping others. Third, we want to have fun doing that."

"We have a wonderful wellness program. We have some wonderful education programs for our associates," he said. Beyond that, though, "at West Bend, I like to say that all the officers hang their egos at the door," Mr. Steiner said.

"We have a lot of fun at West Bend. We have our officer team get dressed up and do crazy things, and we get laughed at a lot, but to me that creates an environment of trust," the president and CEO said. "We're all in it together."

2	PHILADELPHIA INSURANCE COS.
	BALA CYNWYD, PA.
	EMPLOYEES: 1,568

Philadelphia Insurance designs, markets and underwrites commercial property/casualty and management and professional liability insurance products



tailored for the unique exposure of niche markets, providing competitively priced policies, local service relationships and differentiated coverage features.

What makes the company a great place to work? "PHLY is all about camaraderie, giving back and healthy, balanced lifestyles. We foster open communication and have many policies in place and provide many benefits to support these characteristics. By putting so much time and effort into these areas, PHLY employees really feel like a family. We promote a culture of respect and teamwork where each person's contributions are welcomed. PHLY is committed to providing its employees with opportunities and resources to grow and be rewarded."

3	THE HANOVER INSURANCE GROUP INC.
	WORCESTER, MASS.
	EMPLOYEES: 4,325

Hanover offers a wide range of P/C products and services through a network of independent insurance



agents. For nearly 160 years, the company and its agent partners have provided customers with the security, protection and peace of mind that comes with insurance. It is committed to help customers recover as much and as quickly as possible.

What makes the company a great place to work? "This is a special institution committed to delivering on our promises—to our agents, to our customers, to our community and to each other. Our employees have significant growth and development opportunities, challenging work and we...reward employees for their contributions."

SMALL GROUP LIFE/HEALTH INSURERS

RANK	EQUITABLE LIFE & CASUALTY INSURANCE CO.
1	SALT LAKE CITY
	EMPLOYEES: 136

For the top-ranked small group life/health insurer in this year's *Business Insurance* Best Places to Work in Insurance, the company's mission



carries over to the way it treats its employees.

The result is that the Salt Lake City-based Equitable Life & Casualty Insurance Co. is a great place to work.

"Our mission is to do well by doing good because we care," said Susan Perham, human resources officer at Equitable Life & Casualty. "We do things

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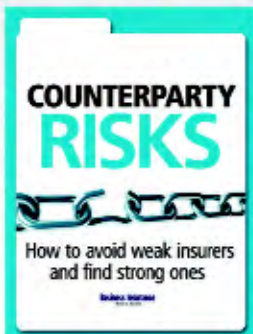


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because we care, and that really contributes to the family environment we have and culture."

A 75-year-old company, Equitable is among Utah's largest insurers and holds certificates of authority to do business in 45 states and the District of Columbia.

Equitable seeks to nurture what it calls an "employee-powered innovative culture" open to the ideas and contributions of all, as well as a culture of growth and learning among its employees, where employees welcome "ownership of responsibility" and understand their roles and how they contribute to the company's goals.

"We really have a very flat organization. Lots of open doors," Ms. Perham said. "It's very easy to communicate, walk into the president's office and give him your thoughts about something. I'd like to think we have very open, transparent communications."

Ms. Perham also credited Equitable's employees for their contribution to a high-quality workplace. "Really, overall it's our employees that make it such a great place to work," she said.

2 ADVOCARE GROUP

CLEVELAND

EMPLOYEES: 99

Advocare Group provides workers compensation, vocational rehabilitation, third-party administration, group health, wellness and related services to employers, injured workers, insurance companies, trust officers and attorneys. Founded by clinicians,

the AdvoCare Group of companies focuses on effective procedures and protocols to help employers with return injured and disabled workers to productive lives.

What makes the company a great place to work? "Employees love our organization because they are able to make a difference by means of their work performed in an environment that is flexible, supportive, challenging and fun. Our company's culture supports autonomy in decisionmaking, provides training and internal growth opportunities and rewards and recognizes for exemplary work....We have an abundance of unique cultural aspects in the organization for employees...and have access to on-site conveniences. We offer a generous paid-time-off policy and have created an excellent benefits package."

LARGE GROUP LIFE/HEALTH INSURERS

RANK UNUM GROUP

1 CHATTANOOGA, TENN.

EMPLOYEES: 8,830

As one of the world's leading employee benefits providers—and a large employer—it could be easy for Unum Group employees to become



"isolated" in their own areas of the business.

But an emphasis on effective communications from the Chattanooga, Tenn.-based company's senior management helps keep employees engaged and aware of

how their efforts fit into the company's overall goals and strategies. Those communication efforts are among the factors that made Unum the top-ranked company among large group life/health insurers in this year's *Business Insurance* Best Places to Work in Insurance.

"The communication between senior management and all levels of employees—there's a great open line of communications," said Sharon Johnson, director, HR Response Team, for Unum. Those communications take various forms, including written information, town hall meetings "and getting out there face to face with our employees," Ms. Johnson said.

"Something really new this year is we have really started focusing more on global, international business," Ms. Johnson said. Those same

communication efforts help employees see how their roles fit into Unum's efforts elsewhere in the world.

Unum helps protect more than 25 million working people and their families in the event of illness or injury, offering comprehensive insurance to help protect against the financial effects of accidents, illness or death.

The company's own benefits offerings are another element making it a high-quality workplace.

"The benefits package is excellent," Ms. Johnson said. "In addition to that, what I've seen in the last couple of years is a larger investment in the training and development of our employees."

The company also prides itself in offering a positive work environment for its employees while emphasizing a healthy work/life balance.

SMALL THIRD-PARTY ADMINISTRATORS

RANK

1

SCRIPNET INC.

LAS VEGAS

EMPLOYEES: 52



A great working environment and management that cares about the company's employees are among key factors in making Las Vegas-based ScripNet Inc. the top-ranked small third-party administrator in this year's *Business Insurance* Best Places to Work in Insurance.

"We have a great working environment," said Sharon Planchunas, ScripNet's human resources director. "We have management that cares about their people."

The company also has managed to maintain the level of its employee benefit offerings despite changing economic conditions. "Good times, bad times, we've kept the benefits up," said Ms. Planchunas. "We've never had to cut back."

ScripNet is one of the fastest-growing pharmacy benefit management firms in North America, serving more than 2 million employees through pharmacies across the country.

Continued on next page

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The company electronically processes prescription drug claims for workers compensation claimants, which allows insurers, large self-insured companies, municipalities, managed-care organizations and other third-party administrators to achieve better control of costs and increase efficiency for pharmacists while offering greater convenience for injured workers.

ScripNet also offers a drug utilization review program that improves patient care, reduces fraud and abuse, manages utilization and cuts administrative costs.

As ScripNet's employees offer those services, they do so in a team-based fashion, regardless of age or tenure. "Age doesn't matter," said Ms. Planchunas. "It's about how hard we work, and we work as a team and a family."

2 DISCOVERY BENEFITS INC.
FARGO, N.D.
EMPLOYEES: 170

Discovery Benefits offers employee benefits administration services to clients in all 50 states. Discovery



Benefits focuses on providing innovative

solutions and customer service delivered by empowered and knowledgeable employees.

What makes the company a great place to work? "The feedback we have received from our employees is they find our organization to be very family-oriented and that Discovery Benefits

puts their employees first. Also, leadership is something that Discovery Benefits takes seriously and the company strives to make sure that every employee feels they are a leader. Discovery Benefits is continuously trying to better the company for their employees and customers and constantly has their best interests in mind."

3 THE MGIS COS. INC.
SALT LAKE CITY
EMPLOYEES: 76



The Mgis Cos. Inc. has provided insurance products and services to health care providers since 1969. The company provides life, disability and employee

benefit product design and administration. MGIS Property & Casualty Insurance Services Inc. provides brokerage services nationwide. MGIS Underwriting Managers Inc. provides underwriting and insurance management services on behalf of insurers for health care professional liability coverages.

What makes the company a great place to work? "MGIS is an employee-friendly company. In addition to fun activities on a regular basis, we have a great benefits package to give employees a sense of security. By taking a self-funded approach to our health plan, MGIS has had the flexibility to offer a unique focus on wellness with our alternative treatment coverage....Most employees enjoy every other Friday off, in addition to paid holidays and vacation time. Employees are paid each year for the value of their

profit-sharing units giving them ownership to the company's success."

4 CARL WARREN & CO.
PLACENTIA, CALIF.
EMPLOYEES: 175

Carl Warren & Co. delivers customized claim management solutions including investigation, litigation management, case analysis



and information systems. Carl Warren's claims adjusters have experience in diverse industries including banking, hospitality, construction, retail/consumer products and services, as well as government/public entities.

What makes the company a great place to work? "Carl Warren offers its employees an ownership interest in the company via our employee stock ownership program to supplement their retirement income, along with a generous employer 401(k) plan match. We also provide life insurance and long-term disability at no cost to the employee. Aside from benefits, we have renovated/upgraded several of our locations to provide a pleasant office environment. We also offer our employee-owners stability due to the longevity of our client base."

MEDIUM-SIZE THIRD-PARTY ADMINISTRATORS

RANK	GILSBAR INC.
1	COVINGTON, LA.
	EMPLOYEES: 324

At Covington, La.-based Gilsbar Inc., a culture of caring is an important part of the high-quality workplace.

The top-ranked medium-size third-party administrator in this year's *Business Insurance* Best Places to Work in Insurance recognizes the importance of caring for employees and their



families, doing so through such offerings as

a health and lifestyle management program that has created a culture of wellness at Gilsbar and an environment that supports healthy lifestyles.

Gilsbar's expertise in the insurance and benefits administration markets has led employers, brokers and consultants, affinity groups, insurers and professionals across the country to rely on Gilsbar. Clients cite the company's innovation, ingenuity, knowledge and excellent service as the reasons they choose and stay with the TPA.

The company also emphasizes giving back to the community, supporting numerous causes through its employee-led Stewardship Committee. The commitment to community ranges from Gilsbar leadership's involvement on various boards and foundations, financial support of nonprofit organizations and rallying the company's employees to participate in local charitable events.

"We couldn't be more pleased to receive this kind of honor," said Doug Layman, executive vp and chief sales and marketing officer at Gilsbar. "Being a Best Places to Work nominee and award recipient speaks to the culture at Gilsbar," Mr. Layman said. "It validates our philosophy that we are a great place to work for great people."

"Kudos to our team members at Gilsbar who made this possible, and to our clients who make our work so rewarding," he said.

LIVE announcement of the 2010 Readers Choice & Silver Circle honorees



NOVEMBER 3, 2010

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6pm Networking Reception | 7pm Awards Program and Dinner

For information on attending, please contact Becky Briggs
Tel: 212-210-0132 E-mail: RBriggs@BusinessInsurance.com

For information on available partnership opportunities, please contact Martin Ross
Tel: 212-210-0228 E-mail: MRoss@BusinessInsurance.com

Business Insurance

IN-DEPTH ANALYSIS, MONTHS OF EVALUATION HELP DECIDE BEST PLACES

Months of in-depth evaluation led to 54 insurance industry companies recognized in this year's *Business Insurance* Best Places to Work in Insurance program.

The companies recognized as among the best workplaces in the U.S. insurance industry earned that distinction on the basis of an in-depth assessment of workplace benefits, policies and practices as well as an evaluation of their employees' engagement and satisfaction. The effort that resulted in this second Best Places to Work in Insurance was a joint project of *Business Insurance* and the Harrisburg, Pa.-based Best Companies Group. The program was open to all publicly or privately held property/casualty insurers, group life/health insurers, agents and brokers, reinsurers and third-party administrators with at least 25 employees working in the United States and serving the commercial insurance market.

Among the 54 companies recognized in this second Best Places to Work in Insurance list were 17 repeat honorees. All 54 of the companies recognized this year are on the list because they demonstrated a level of excellence distinguishing them as an elite group of employers that have created high-quality workplaces that

encourage employees to thrive in a work environment they can love.

Best Companies Group, *Business Insurance's* partner in the Best Places to Work in Insurance program, is an independent workplace excellence research firm that manages other regional and industry programs in the U.S. and Canada. BCG managed the registration process, conducted the surveys, evaluated the data and ultimately selected the firms that made the cut.

The assessment was a two-part process. Part one—responsible for 75% of a company's score—involved a confidential, 76-question Employee Engagement & Satisfaction Survey that was used to evaluate employees'

workplace experience and the company culture. The second part of the assessment, responsible for the remaining 25% of a company's score, was an employer questionnaire, which collected information about each company's benefit programs, policies, practices and other general information.

Using the two sets of data, BCG experts conducted an in-depth analysis of the strengths and opportunities at each company.

To make the Best Places to Work in Insurance list, each company had to demonstrate a minimum standard of excellence, and the companies honored this year "are indeed innovators and the ones other companies use as benchmarks," said Peter B. Burke,

president of Best Companies Group.

Once BCG determined the companies that met the standard, the next step was a comparative analysis that ranked those companies against one another.

Within each of the five categories of insurance industry employers included in this year's program, companies were divided by size into small companies (those with 25 to 249 employees), medium-size companies (those with 250 to 999 employees) and large companies (those with 1,000 employees or more).

As part of the program, BCG provides participating companies with a participation report outlining information about employees' workplace experience in eight categories: leadership and planning, corporate culture and

communications, role satisfaction, work environment, relationship with supervisor, training and development, pay and benefits, and overall engagement.

Participation in the program was free, though participating companies can purchase the "BCG Employee Feedback Report" summarizing the data collected in the employee survey process. In addition to the employee opinion data, the report also includes employee comments, as well as the insurance industry benchmarking data from the participating companies.

To sign up to be notified when information is available about the 2011 Best Places to Work in Insurance program, go to www.bestplacestoworkins.com.

SMALL REINSURERS

RANK	MAIDEN REINSURANCE CO.
1	MOUNT LAUREL, N.J.
EMPLOYEES: 127	

As a customer service-focused company, Mount Laurel, N.J.-based Maiden Reinsurance Co. sees fostering a great workplace and achieving a high level of employee satisfaction as an essential part of its business approach.

"I think it starts with just recognizing that the main asset the company has is its employees," said Karen Schmitt,



Maiden Re's president. "We're very customer-

focused, but the reason we can be customer-focused is because of the employees."

That approach also positioned Maiden Re as the top-ranked small reinsurance company in this year's *Business Insurance* Best Places to Work in Insurance program.

Maiden Re focuses primarily on reinsuring regional and super-regional insurance companies. The bulk of the company's revenue comes from property/casualty treaty reinsurance, written on a quota-share and excess-of-loss basis. Maiden Re also writes facultative reinsurance, accident and health reinsurance, and excess property insurance.

The company looks to treat employees well, make sure they know their contributions are recognized and appreciated, and provide opportunities for development. Among other benefits, a generous time-off policy allows employees to balance work and family obligations.

Maiden Re's senior management also maintains an open-door policy, welcoming employee opinions. "We're a small enough organization that everyone in the company has access to me as the president," Ms. Schmitt said.

"They're a terrific group," Ms. Schmitt said of Maiden Re's employees. "If I was putting this group together from scratch, I couldn't put together a better team."

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Fall
Broker
Report

SPOTLIGHT

**BI RANKING: MOST
PRODUCTIVE AGENTS
AND BROKERS OVERALL**
PAGE 26

**BI RANKING: MOST
PRODUCTIVE AMONG
LARGEST U.S. BROKERS**
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**BI RANKING: MOST
PRODUCTIVE AMONG
WORLD'S LARGEST**
PAGE 28

**PROFILES OF SELECT
HIGHLY PRODUCTIVE
BROKERS**
PAGE 29

Agents, brokers look to boost profits

*High productivity
often combines cuts,
a sharpened focus*

By **RUSS BANHAM**

In an uncertain economy, several of the most productive insurance agents and brokers are pursuing tactics to grow their business profitably in the coming year.

Their plans are based on each broker's particular market strengths, strategic objectives and, most importantly, unique services.

While a few brokers continue to trim expenses, many of the most productive agents and brokers already have pared them to the bone, experts say. The emphasis now is on building the top line—by improving loss prevention and other value-added services, narrowing their focus to larger accounts, centralizing and sharpening sales processes, and bulking up the number of services provided.

Some of the most productive agents and brokers in revenue per employee (see chart, page 26) are emphasizing organic growth while others are hungry to buy it through acquisitions.

Aside from the dour economy, property/casualty prices continue to be soft and are pressuring brokers' compensation. So they are devising new ways to make money, but the task is not an easy one, experts say.

"Given the state of the economy and the insurance marketplace, most brokers, by necessity, have had to trim their expenses, with the more prudent ones ahead of this process," said Tim Cunningham, a partner at OPTIS Partners L.L.C., a Chicago-based consulting firm. "Building the top line in this environment is a lot tougher."

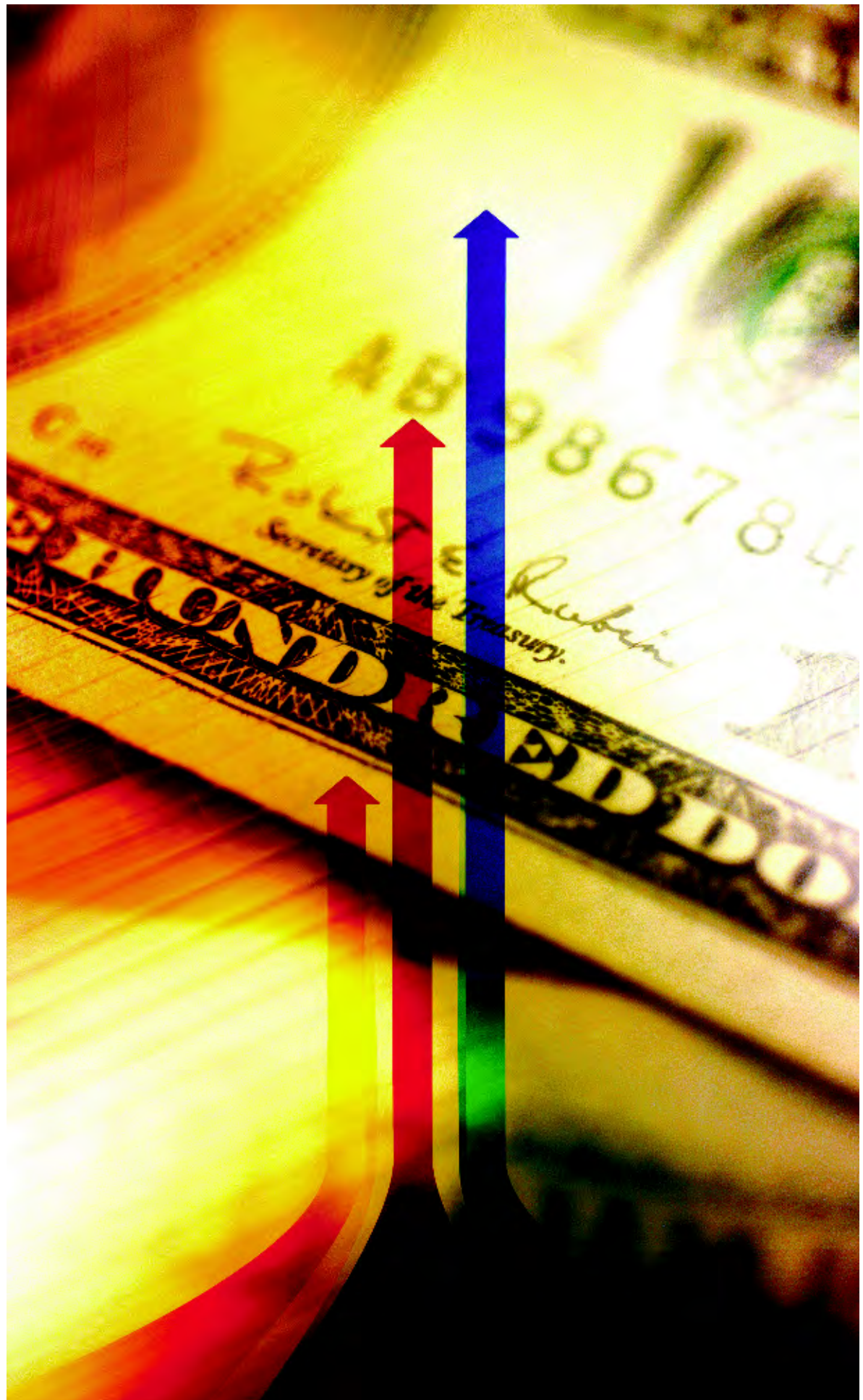
It may be difficult but not impossible, said Patrick T. Linnert, executive vp at Marsh, Berry & Co. Inc., a Willoughby, Ohio-based consulting firm.

"We hosted a summit on organic growth (in September) with 75 of our clients—average size \$27 million (in revenue)—and the overriding message was one of leadership," Mr. Linnert said. "Firms were investing in the tools and resources to grow sales and setting expectations and accountability for this anticipated growth."

Several brokers are upbeat about sales prospects in the coming year.

"We're fired up about the new products that the industry is developing to address the privacy laws that 46 states have now implemented," said Mike Daigle, president and CEO of DataRisk L.L.C., a Portsmouth, N.H., firm that is No. 7 in the latest *Business Insurance* most productive agents and brokers ranking.

The laws penalize companies that collect private information on individuals if this data is made public either inadvertently or intentionally.



"New forms have been developed by the industry to absorb the costs of noncompliance with the laws," Mr. Daigle said. "This is where the environmental impairment liability market was 20 years ago, and we see this as an occasion to provide both upfront loss-control analyses and an insurance solution to new and existing customers."

Mid American Group Inc., which

is No. 1 in the *BI* productivity ranking, sees a similar opportunity.

"The Patient Protection and Affordable Care Act signed into law in March is both a boom and a boon—boom in the sense of the prospective customers that are concerned about compliance next year, and boon in the opportunity for us to help them navigate this," said Jim Lill, CEO of the Westmont, Ill.-

based broker. "We had a seminar on the health care reform legislation in September and more than 200 companies attended. We see these services as a new source of revenue well into the future."

On the other hand, Mesirow Insurance Services Inc., No. 10 in the *BI* productivity ranking, sees its

See **BROKERS** page 27

LIU SPECIALTY LINES

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Most productive agents and brokers

Intermediaries ranked by 2009 brokerage revenues per employee*

Rank	Company	Revenue/employee			Brokerage revenues			Employees		
		2009	2008	% Change	2009	2008	% Change	2009	2008	% Change
1	Mid American Group Inc. ¹	\$349,870	\$367,892	-4.9%	\$4,898,173	\$4,414,700	11.0%	14	12	16.7%
2	T&H Benefits L.L.C.	\$318,084	\$297,000	7.1%	\$18,448,848	\$17,225,971	7.1%	58	58	0.0%
3	Alliant Insurance Services Inc.	\$311,507	\$308,519	1.0%	\$352,314,100	\$333,200,600	5.7%	1131	1080	4.7%
4	Frank Crystal & Co. Inc.	\$304,282	\$297,059	2.4%	\$129,320,000	\$126,250,000	2.4%	425	425	0.0%
5	Western Benefit Solutions L.L.C.	\$299,500	\$298,438	0.4%	\$4,792,000	\$4,775,000	0.4%	16	16	0.0%
6	Benefit Controls Cos.	\$297,458	\$298,246	-0.3%	\$17,550,000	\$17,000,000	3.2%	59	57	3.5%
7	DataRisk L.L.C.	\$296,667	\$318,900	-7.0%	\$1,780,000	\$1,913,400	-7.0%	6	6	0.0%
8	T&H Group Inc.	\$293,527	\$298,267	-1.6%	\$64,576,013	\$66,215,229	-2.5%	220	222	-0.9%
9	Capacity Group of Cos.	\$289,331	\$294,938	-1.9%	\$55,262,173	\$52,499,034	5.3%	191	178	7.3%
10	Mesirow Insurance Services Inc. ²	\$282,655	\$281,151	0.5%	\$89,036,480	\$89,968,189	-1.0%	315	320	-1.6%
11	BKCW L.P. dba Bigham Kiewer Chapman & Watts Insurance	\$255,314	\$221,871	15.1%	\$6,382,847	\$4,881,153	30.8%	25	22	13.6%
12	Bollinger Inc.	\$253,279	\$258,128	-1.9%	\$106,123,953	\$103,767,372	2.3%	419	402	4.2%
13	Conner Strong Cos. Inc.	\$249,066	\$227,044	9.7%	\$68,244,000	\$77,422,000	-11.9%	274	341	-19.6%
14	Kinloch Holdings Inc.	\$243,800	\$220,000	10.8%	\$36,570,000	\$38,500,000	-5.0%	150	175	-14.3%
15	Risk Strategies Co.	\$234,914	\$235,248	-0.1%	\$28,424,600	\$27,994,500	1.5%	121	119	1.7%
16	Associated Financial Group L.L.C.	\$234,439	\$227,497	3.1%	\$52,045,467	\$55,281,833	-5.9%	222	243	-8.6%
17	Frenkel & Co. Inc.	\$231,605	\$244,725	-5.4%	\$54,427,247	\$55,063,220	-1.2%	235	225	4.4%
18	R.C. Knox & Co. Inc.	\$229,068	\$238,038	-3.8%	\$23,594,000	\$25,232,000	-6.5%	103	106	-2.8%
19	Woodruff-Sawyer & Co.	\$227,907	\$211,307	7.9%	\$58,800,000	\$59,800,000	-1.7%	258	283	-8.8%
20	William Gallagher Associates Insurance Brokers Inc.	\$227,352	\$238,089	-4.5%	\$44,333,721	\$47,617,737	-6.9%	195	200	-2.5%
	Average	\$271,582	\$269,218	-0.9%	\$60,846,282	\$60,451,197	-0.7%	323	325	-0.9%

*Reflects U.S. agents and brokers deriving a majority of revenues from commercial retail brokerage or employee benefits. 1 Fiscal year ending Jan. 31. 2 Fiscal year ending March 31.

Source: BI survey

Researched by Kevin Edison

Additional charts on brokers are available at www.businessinsurance.com. Visit www.businessinsurance.com/directories for more information and to access the full searchable Directory of Agents & Brokers. *Business Insurance* offers the option to purchase the entire online directory as an Excel file or as a PDF.

Brokers: Productivity gains tap cuts, sharpened focus, acquisitions

CONTINUED FROM PAGE 24

2011 growth materializing, in part, through acquisitions.

"We're focusing on acquiring firms in southern Florida, Atlanta and San Francisco," said Richard Price, president of the Chicago-based firm. "We have plenty of cash, operating with \$300 million in equity capital, and are totally unleveraged to build out our presence."

Mesirow also plans to grow its employee benefits practice, currently 30% of revenues, by cross-selling it to its existing property/casualty accounts.

Woodruff-Sawyer & Co. in San Francisco, which is No. 19 in the productivity ranking, has similar plans to grow through acquisitions in 2011, in addition to building organically through new business and client retention initiatives that require producer talent.



'With everyone competing on price, you need to have better offerings than your competitors, and you get that by having the best loss control experts, risk managers, access to legal and wellness programs and other service propositions that indicate you're first tier. This requires improving recruiting processes.'

Patrick T. Linnert,
Marsh, Berry & Co. Inc.

"We are looking to bring people on board who have specific expertise in the markets and businesses we serve, either on a one-by-one basis or an entire team of people that we might acquire," said Charles Rosson, the firm's CEO.

The broker did just that in the past year, acquiring the Western region practice of Carpenter Moore Insurance Services Inc. from NASDAQ OMX Group Inc. The unit has an established directors and officers liability business serving more than 60 clients, primarily on the West Coast. "Our strategy is to build out our existing footprint on the West Coast before we expand eastward," Mr. Rosson said.

Other brokers such as Alliant Insurance Services Inc., which is No. 3 in the productivity ranking,

are emphasizing organic growth.

"We're an organic growth story and our primary focus is building out our teams organically," said Greg Zimmer, president of the Newport Beach, Calif.-based firm. "This doesn't mean we don't plan to acquire other firms, and I expect we'll do three to five deals this year, but our strategic emphasis is not to buy revenue for the sake of revenue. Rather, we want to build expertise and combine this with a better product. The way you do that is by accumulating volume in a particular industry, which gives you the ability to go to the marketplace and drive a better deal for

clients."

To attain this volume, Alliant is seeking "seasoned, well-respected risk management and brokerage professionals" with experience serving public agencies, health care institutions and real estate enterprises to join its staff, he said.

With brokers acquiring and hiring, it would seem that the days of expense management initiatives have ended. But Mid American, for example, recently outsourced its information technology functions to a third-party organization that maintains its server and manages its website.

DataRisk's Mr. Daigle said the

firm is an "expense hawk" and last year linked staff compensation to client retention and new-business metrics.

Woodruff-Sawyer also is "right-sizing compensation, linking more pay to performance, and making sure in our processes that there are no redundancies," Mr. Rosson said.

These strategies resonate with consultants.

Mr. Cunningham advises brokers to expand their use of insurer service centers and paperless transactions to pare costs, and to put non-core back-office functions in a central location where overhead is cheaper.

Mr. Linnert suggests weeding out the "nonperformers."

"With everyone competing on price, you need to have better offerings than your competitors, and you get that by having the best loss control experts, risk managers, access to legal and wellness programs and other service propositions that indicate you're first tier. This requires improving recruiting processes."

"If you say you have a better offering and can't execute on this service-to-price proposition, then you may have the wrong people"—wrong, as in, "You're fired," Mr. Linnert said.

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Most productive among top producers of U.S. business

Intermediaries ranked by 2009 brokerage revenues from U.S. based clients*

Rank	Company	Revenue/employee			Brokerage revenues			Employees		
		2009	2008	% Change	2009	2008	% Change	2009	2008	% Change
1	Alliant Insurance Services Inc.	\$311,507	\$308,519	1.0%	\$352,314,100	\$333,200,600	5.7%	1131	1080	4.7%
2	Frank Crystal & Co. Inc.	\$304,282	\$297,059	2.4%	\$129,320,000	\$126,250,000	2.4%	425	425	0.0%
3	T&H Group Inc.	\$293,527	\$298,267	-1.6%	\$64,576,013	\$66,215,229	-2.5%	220	222	-0.9%
4	Capacity Group of Cos.	\$289,331	\$294,938	-1.9%	\$55,262,173	\$52,499,034	5.3%	191	178	7.3%
5	Mesirow Insurance Services Inc. ¹	\$282,655	\$281,151	0.5%	\$89,036,480	\$89,968,189	-1.0%	315	320	-1.6%
6	Bollinger Inc.	\$253,279	\$258,128	-1.9%	\$106,123,953	\$103,767,372	2.3%	419	402	4.2%
7	Conner Strong Cos. Inc.	\$249,066	\$227,044	9.7%	\$68,244,000	\$77,422,000	-11.9%	274	341	-19.6%
8	Kinloch Holdings Inc.	\$243,800	\$220,000	10.8%	\$36,570,000	\$38,500,000	-5.0%	150	175	-14.3%
9	Risk Strategies Co.	\$234,914	\$235,248	-0.1%	\$28,424,600	\$27,994,500	1.5%	121	119	1.7%
10	Associated Financial Group L.L.C.	\$234,439	\$227,497	3.1%	\$52,045,467	\$55,281,833	-5.9	222	243	-8.6%
	Average	\$269,680	\$264,785	1.8%	\$98,191,678	\$97,109,876	1.1%	346	350	-1.1%

*Reflects U.S. agents and brokers deriving a majority of revenues from commercial retail brokerage or employee benefits. 1 Fiscal year ending March 31.

Source: BI survey

Researched by Kevin Edison

Most productive among world's 10 largest brokers

Intermediaries ranked by 2009 brokerage revenues per employee*

Rank	Company	Revenue/employee			Brokerage revenues			Employees		
		2009	2008	% Change	2009	2008	% Change	2009	2008	% Change
1	BB&T Insurance Services Inc.	\$231,631	\$215,628	7.4%	\$1,081,485,400	\$962,134,200	12.4%	4,669	4,462	4.6%
2	Wells Fargo Insurance Services Inc.	\$210,592	\$220,501	-4.5%	\$1,560,908,000	\$1,743,062,000	-10.5%	7,412	7,905	-6.2%
3	Gras Savoye & Cie.	\$205,645	\$215,443	-4.5%	\$754,719,600 ¹	\$786,368,400 ²	-4.0%	3,670	3,650	0.5%
4	Aon Corp.	\$204,696	\$193,660	5.7%	\$7,410,000,000	\$7,301,000,000	1.5%	36,200	37,700	-4.0%
5	Marsh & McLennan Cos. Inc. ³	\$202,057	\$210,422	-4.0%	\$10,507,000,000	\$11,447,000,000	-8.2%	52,000	54,400	-4.4%
6	Lockton Cos. L.L.C. ⁴	\$197,393	\$190,443	3.6%	\$765,885,000	\$733,206,000	4.5%	3,880	3,850	0.8%
7	Willis Group Holdings P.L.C.	\$188,823	\$197,764	-4.5%	\$3,210,000,000	\$3,362,000,000	-4.5%	17,000	17,000	0.0%
8	Brown & Brown Inc.	\$185,336	\$178,951	3.6%	\$964,862,833	\$965,982,617	-0.1%	5,206	5,398	-3.6%
9	Arthur J. Gallagher & Co.	\$173,951	\$173,952	6.5%	\$1,711,683,000	\$1,611,302,000	6.2%	9,840	9,863	-0.2%
10	Jardine Lloyd Thompson Group P.L.C.	\$157,123	\$180,911	-13.1%	\$957,983,370 ⁵	\$992,843,665 ⁶	-3.5%	6,097	5,488	11.1%
	Average	\$195,725	\$196,710	-0.5%	\$2,892,452,720	\$2,990,489,888	-3.3%	\$14,597	\$14,597	-2.5%

* Reflects U.S. agents and brokers deriving a majority of revenues from commercial retail brokerage or employee benefits. 1 Converted at applicable rate euro=\$1.3935 (2009) fiscal year ending Dec. 31. 2 Converted at applicable rate euro=\$1.4711 (2008) fiscal year ending Dec. 31. 3 Revenues do not include HSBC Insurance Brokers Ltd. purchased April 2010. 4 Fiscal year ending April 30. 5 Converted at applicable rate British pound=\$1.5661 (2009) fiscal year ending Dec. 31. 6 Converted at applicable rate British pound=\$1.8545 (2008) fiscal year ending Dec. 31.

Source: BI survey

Researched by Kevin Edison

Woodruff-Sawyer boosts revenue via acquisitions

It's been a good year for Woodruff-Sawyer & Co.: Revenues so far are up 15% over 2009 at this time, in part because of the new business delivered by the professional liability team from Carpenter Moore Insurance Services Inc., which Woodruff-Sawyer acquired in November.

"We're proud to be doing as well as we're doing in what is still a very difficult environment," said CEO Charles Rosson. "Growing the top line in a very soft insurance market and weak economy is quite an accomplishment."

Mr. Rosson chalks up the firm's success during the past year to holding onto existing clients, which he attributes, in part, to the broker's specialty resources.

"We have people on staff like attorneys who specialize in the professional liability services we provide in (directors and officers), employment practices (liability) and employee benefits," he said. "We've built our business around our specialties, and we go very deep in certain industries like technology and its subsectors, life sciences, biotechnology, construction, real estate and other industries. Our structure allows us to not be distracted by bureaucracy, to provide value-added services seamlessly and expeditiously. And for an independent firm that has a regional footprint,

we've been very successful building a large international presence and capability."

These various features are helping Woodruff-Sawyer go "up market" to larger accounts, a strategy Mr. Rosson embraces entirely.

"We're gaining a reputation as a known player at the highest levels," Mr. Rosson said. "We're winning business against much larger competitors because we bring the capabilities of a large institutional firm without the bureaucracy and distractions. We're a strong alternative to the megaplayers."

Profit margins also have been aided by cost-cutting, although Mr. Rosson said the firm, which is No. 19 in the latest *Business Insurance* ranking of the most productive agents and brokers, was able to make many of the tough decisions prior to the start of the recession in December 2007.

"We were fortunate to get out in front of the bad economy and make some adjustments before things got worse," Mr. Rosson said. "We're being very careful about controllable expenses, having reduced process and system redundancies, and are doing a better job when it comes to making compensation here more incentive-based."

—By Russ Banham



'We were fortunate to get out in front of the bad economy and make some adjustments before things got worse.'

Charles Rosson, Woodruff-Sawyer & Co.

Mid American's success sticks to the basics

Mid American Group Inc.'s success in growing productively in the past year can be boiled down to old-school basics, said CEO Jim Lill.

"Frankly, we had a solid understanding of the economy and what we needed to do, which included making more calls to existing customers, making more calls to prospective customers and simply working harder," Mr. Lill said.

The Westmont, Ill.-based firm has made a name for itself as a service provider in the employee benefits space, a value proposition it expanded upon during the past year. It also is No. 1 in the *Business Insurance* most productive agents and brokers ranking based on 2009 revenue per employee.

For example, it beefed up its expertise to provide training to clients on the new mental health parity



Mr. Lill

requirements within the Paul Wellstone Mental Health and Addiction Equity Act of 2008. The law prohibits group health plans that offer mental health coverage from imposing greater limits on copayments, coinsurance, numbers of visits and/or number of days covered for mental health conditions than other medical treatments.

"We're recognized as being extremely knowledgeable in health care, which is also one of our vertical markets," Mr. Lill said. "Traditional brokers focus on the insurance brokerage component, whereas our niche is assisting (human resources) staff in COBRA administration, flexible spending accounts, and Family and Medical Leave Act and (Health Insurance Portability and Accountability Act) compliance and training. This, in turn, has led us in the past year to sell new products like long-term care insurance and supplemental life and disability insurance."

Specializing in verticals, he said, has many offshoots.

—By Russ Banham

Mesirow zeroes in to provide better service

A jack-of-all-trades philosophy doesn't sit well with Richard Price, president of Mesirow Insurance Services Inc. in Chicago.

Rather than play broker to every business in every region, Mesirow targets specific classes and areas.

"In the past, we were focused on everything," Mr. Price said. "No more."

In the past year, Mesirow deployed the strategy to enhance its productivity, making it No. 10 in the latest *Business Insurance* ranking of the most productive agents and brokers.

"Given the state of the insurance market with declining premiums, sales and payroll down, an unpredictable economy and the tide of bankruptcies in its wake, we focused our energies on developing new business in the middle-market sector," Mr. Price said.



Mr. Price

Mesirow is part of the larger Mesirow Financial Holdings Inc., which has units that provide investment advice to middle-market clients. Mr. Price said the insurance brokerage component, which represents 20% of the parent firm's revenues, is reaching out to the owners and senior executives of the parent's middle-market clients—most of them high-net-worth individuals—to serve their personal insurance needs.

The cross-selling effort seeks to provide loss prevention and risk management services addressing the clients' technology, travel, liability and other singular financial exposures, and providing the specialized insurance products to mitigate these risks.

As for trimming expenses to widen profit margins last year, Mr. Price said, "We look at ways to do it all the time, but we're not about to squeeze the last dollar out. We're a brokerage that provides a premium service and superb client service. We're not about to toss the baby out with the bath water."

—By Russ Banham

ADVERTISER

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LEGAL NOTICE

UNITED STATES BANKRUPTCY COURT - SOUTHERN DISTRICT OF NEW YORK

Chapter 15
Case No. 10-14990 (SMB)
Jointly Administrated

NOTICE OF FILING AND HEARING ON PETITIONS UNDER CHAPTER 15 OF THE UNITED STATES BANKRUPTCY CODE
PLEASE TAKE NOTICE that on September 22, 2010, David McGuigan, (the "Petitioner"), as the duly appointed foreign representative, as defined in section 101(24) of title 11 of the United States Code (the "Bankruptcy Code"), of Allianz Global Corporate & Specialty (France), Allianz WAO, Delvåg Luftfahrtversicherungs-AG, and Nürnberger Allgemeine Versicherungs-AG (collectively, the "Scheme Companies") filed a Verified Petition Under Chapter 15 For Recognition Of Foreign Proceedings And Motion For Permanent Injunction (the "Petition and Motion"), pursuant to chapter 15 of the Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").

PLEASE TAKE FURTHER NOTICE that, among other things, the Petition and Motion seeks the entry of an order granting recognition in the United States to a jointly administered adjustment of debt proceeding (the "English Proceedings") pursuant to Part 26 of the Companies Act 2006 and the schemes of arrangement of the Scheme Companies (the "Schemes") sanctioned by the High Court of Justice of England and Wales (the "English Court") on July 9, 2010 for the Scheme Companies, and providing for a permanent injunction and related relief. Details of the business included in the Schemes and the former names in which the Scheme Companies wrote business can be found in the Scheme documents which are on the Scheme website at www.CNAL-Scheme.co.uk.

PLEASE TAKE FURTHER NOTICE that the Bankruptcy Court has scheduled a hearing with respect to the Petition and Motion for **November 9, 2010 at 10:00 am (Eastern Time)** before The Honorable Stuart M. Bernstein in Courtroom 723 of the Bankruptcy Court located at The Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004-1408, to consider the Petition and Motion, and any motion, answer, objection or other response thereto made in accordance with this Notice.

A copy of the Schemes and related notice regarding the submission of claims has been sent to each person or entity of which the Petitioner is Scheme Manager is aware and which he believed was or might be a Scheme Creditor, and in which he term a last known contact address provided to him by Whittington Insurance Services Limited. Copies of the (i) Notice, (ii) Official Form Chapter 15 Petition of each Scheme Company, (iii) Petition and Motion (without the exhibits thereto), (iv) Memorandum of Law, (v) List submitted pursuant to Bankruptcy Rule 1017(a)(4), (vi) Statement of Foreign Representative required pursuant to 11 U.S.C. § 1515, and (vii) Proposed Order Requesting Recognition of the Schemes and Foreign Proceedings, are available to parties-in-interest on the Bankruptcy Court's website at <http://www.uscourts.gov> (a PACER login and password are required), on the Scheme website at www.CNAL-Scheme.co.uk (in addition to the Schemes themselves) or upon written request to the Petitioner's United States counsel (including by facsimile or email) addressed to: Sidley Austin LLP, 787 Seventh Avenue, New York, New York 10019, (212) 839-6500 (facsimile); Attention: Lee S. Atanasiu and Alex R. Povira, latanasiu@saolny.com, arpovira@saolny.com.

PLEASE TAKE FURTHER NOTICE that any party-in-interest wishing to submit a response or objection to the Petition and Motion or the relief requested by the Petitioner must do so in accordance with the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure, and electronically with the Court by registered users of the Court's electronic case filing system in accordance with General Order M-242, (a copy of which may be viewed on the Court's website at www.uscourts.gov) and by all other parties-in-interest, on a 3.5 inch disc, preferably in Portable Document Format (PDF), Word Perfect or any other Windows-based word processing format, which disk shall be sent to the Office of the Clerk of the Court, Room 614, One Bowling Green, New York, New York 10004-1408. A hard copy of such response or objection to be sent to the Chambers of the Honorable Stuart M. Bernstein, United States Bankruptcy Judge, and served upon Sidley Austin LLP, 787 Seventh Avenue, New York, New York 10019 (Attention: Lee S. Atanasiu and Alex R. Povira), United States counsel to the Petitioner so as to be received on or before 4:00 p.m. (Eastern Time) on **November 1, 2010**.

PLEASE TAKE FURTHER NOTICE that if no response or objection is timely filed and served as provided above, the Court may grant the recognition and relief requested in the Petition and Motion without further notice.

PLEASE TAKE FURTHER NOTICE that the hearing with respect to the relief requested in the Petition and Motion may be adjourned from time to time without further notice other than as announced in open court or the adjourned date or dates at the hearing or any other further adjourned hearing.

Dated: September 27, 2010, New York, New York

Sidley Austin LLP, 787 Seventh Avenue, New York, New York 10019, (212) 839-6500 (fax), (212) 839-6599 (fax), Lee S. Atanasiu, Alex R. Povira, Debra W. Minoff, Attorneys for the Petitioner



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UP Comings & Goings CLOSE



JACK ASPEN

NEW JOB TITLE: Vp of risk control services for Blue Bell, Pa.-based PMA Cos.

PREVIOUS POSITION: Blue Bell, Pa.-based assistant vp of risk control services for PMA Cos.

GOALS FOR NEW POSITION: The first thing is to take a couple months to assess where we are as an organization and then put into place changes. We are in the midst of business planning for 2011. We are looking at how we can contribute to the overall profitability of the company. We want to improve client services, help our shareholders and employees. Our key is to help our underwriters with account selection or client selection. We conduct risk assessments and evaluate companies, taking a look at their overall risk management programs to determine how to best help that client control losses. We are trying to prevent the claims from occurring in the first place. We are trying to identify best practices using our expertise.

INDUSTRY CHALLENGES: One of the challenges is the aging

workforce....There are a lot of people who have been in the loss prevention industry for 20 to 30-plus years. The question is: Where is the next generation of risk experts coming from? Many years ago, a lot of the bigger carriers used to do a lot of recruiting out of colleges and had very robust training programs. That's still the case, but not to the extent that it was. It's not at the same level. The challenge is: Where are we going to find and develop that next generation?

FIRST MARKET EXPERIENCE: Right out of Penn State (University) I went to work for Liberty Mutual Insurance Co. I was an engineering major and had a test the same day as my interview. I ran right from the test, grabbed my suit, ran back to the interview center on campus...grabbed a Liberty Mutual brochure, read it and went to my interview. They were looking for engineers to work as loss-prevention representatives. That's what opened the door for me.

FAVORITE BOOK: "All I Really Need to Know I Learned in Kindergarten" by Robert Fulghum.

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Panelists

Eugene W. Bader
Director, Corporate Risk Management, Abbott Laboratories

John Beckman
Senior Vice President and Chief Risk Officer, CNA

Shawn E. Kelly
President and Chief Executive Officer, U.S. Operations, Transstate Services, Inc.

John L. Linnell
President and Chief Executive Officer, Lockton Companies, LLC

Moderator

Rodd Zoltos
Special Projects Editor, Business Insurance

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Publishing: October 25
Classified Ad Close: Oct. 19

Contact Monique Murray at 212-210-0129 For Details

Comings & Goings ONLINE

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

TO SUBMIT ITEMS

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

Mike Tsikoudakis
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360 N. Michigan Ave.
Chicago, Ill. 60601-3806
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- ASSOCIATIONS:**
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- BROKERS:**
- Aon Risk Solutions
 - Brown & Brown Inc.
 - Marsh France S.A.
- INSURERS:**
- Hartford Financial Services Group Inc.
 - Lancashire Insurance Co. Ltd.
 - Lloyd's of London
- OTHER PROVIDERS:**
- Active Captive Management L.L.C.
- REINSURANCE:**
- Guy Carpenter & Co. L.L.C.

E-discovery: Policies advised in advance

CONTINUED FROM PAGE 1

dollars and even jail terms for company executives, say observers. In addition, improper document retention also has forced firms to settle cases “long before the merits of the case are ever visited,” said Peter G. Gronvall, managing director of Washington-based consulting firm AdamsGrayson Corp.

In addition, failure to produce documents can lead to an adverse inference ruling, in which a jury is instructed to view the missing material in a light favorable to the plaintiff, experts say.

Complying with orders to produce e-documents can be a challenge. The vast amount of data available has “actually made complying with discovery requests more difficult, more time consuming and more expensive in many cases,” said Daniel V. Ward, an associate with law firm Cozen O’Connor in Seattle.

According to Kroll Ontrack Inc.’s fourth annual “ESI Trends Report,” more than half of the respondents reported that their companies do not have an inventory listing where all data is stored, or said that they are unaware of such an inventory.

It is important for a company to have a data map, which outlines its information systems and processes and permits the quick identification of important sources of potential electronically stored information, according to J. Jason Straight, New York-based vp of legal technologies business development at Kroll Ontrack, a Kroll Inc. unit.

Mergers or systems upgrades can further complicate the process of providing e-documents, said Mark Scroggins, an attorney with Hammerle Finley P.L.C. in Lewisville, Texas.

Companies should have a thorough policy on e-discovery practices, observers say.

Firms should establish a protocol to follow when litigation is filed, a fundamental component of which is data preservation, said Mr. Gronvall. It should specify when the duty to preserve the data kicks in, the scope of the data preservation, implementation of the preservation process, and ways to ensure that relevant files are not deleted, he said.

If an organization can demonstrate that it has taken steps to com-

ply with discovery requests, it can protect itself against sanctions, said Mr. Ward.

“It’s about having a system in place that’s defensible, that demonstrates a strong effort to comply with the discovery obligations, and basically makes it clear that the company isn’t just making it up as it goes along, because that’s not going to look very good,” he said.

Observers say companies should form an e-document interdisciplinary team made up of representatives from the risk management, legal, information technology and

savings in the long term, because you have that one firm that is very familiar with everything that is going on” within the company, he said.

When companies are notified in the course of litigation of the duty to preserve documents, “take immediate steps to preserve the data,” said Leonard Deutchman, general counsel and administrative partner at consulting firm LDiscovery in Philadelphia. Relevant data should be copied to another location to avoid the “tremendous temptation” for staff to tamper with the material, he said.

Eric J. Sinrod, a partner with law firm Duane Morris L.L.P. in San Francisco, said it is critical once litigation begins that opposing counsel “try to work out a meaningful and logical discovery plan that provides access to important electronic information” without creating a significant cost burden.

Companies should be strategic in the electronic documents they produce because of the costs involved, experts say. Focusing proportionately on what is at stake in the litigation and what is reasonable can save hundreds of thousands of dollars, said Mr. Keteltas. Finding every potentially relevant document “comes at a significant cost that’s rarely in line with what’s at stake in the litigation,” he said.

Focus on the entire case, Mr. Keteltas said. “You might make some decisions that seem to make economic sense at the beginning of the case to preserve data in a certain way, but not realize that decision will create greater costs down the road,” he said.

Christopher J. Spizzirri, an associate with law firm Morris James L.L.P. in Wilmington, Del., said introducing and enforcing a policy of destroying all e-mail after a certain period of time, rather than leaving that to individual users’ discretion, will help cut down the risk of whatever may be found, as well as the cost of document review by attorneys. An organization that faces litigation for an event that occurred three years ago will be provided with some protection if its e-mails go back only one year, Mr. Spizzirri said.

Copies of the Kroll survey are available at www.krollontrack.com/library/esitrends4_krollontrack2010.pdf.

E-DISCOVERY GUIDELINES

Key elements of an effective program to retrieve electronically stored information requested as part of the litigation discovery process should include:

- Establishing a protocol of how to handle documents
- Setting up an interdisciplinary task force that includes the risk manager, in-house counsel and information technology personnel
- Meeting with opposing counsel to work out a reasonable e-document retrieval plan
- Copying critical documents to an additional location
- Developing a cost-effective strategy as to what documents to produce
- Establishing an e-mail deletion policy

Source: Legal experts

regulatory departments. The in-house counsel, in particular, should be familiar with the federal rules of civil procedure and applicable state law, Mr. Ward said.

Mr. Scroggins said these groups should meet monthly to discuss matters and update document retention requirements, protocols and technologies.

One trend that has become popular is to designate a particular law firm as a firm’s national e-discovery counsel, even if the same firm does not necessarily litigate the case, said Mr. Scroggins. This “really promotes accuracy and efficiency and is a cost



Webcast discusses e-discovery

Electronic data discovery during the litigation process has become the norm and can be costly for companies that aren’t prepared, said participants in a *Business Insurance* webcast last week.

Recently revised federal rules set out strict requirements to preserve electronic data during discovery—the process of gathering, reviewing and producing documents in various electronic formats in preparation for trial—that poses organizational risks.

The challenge for the risk manager is identifying an electronic discovery strategy, said John McCarrick, partner in the commercial litigation department of White & Williams L.L.P. in Pleasantville, N.Y., during the *BI* webcast “Dangerous Data: Perils of eDiscovery and How to Manage Them.”

An institutional e-discovery approach, which standardizes the collection of digital data across multiple litigations and technology platforms, can have a higher initial cost but lower overall litigation costs. A case-by-case approach, where digital information is extracted using outside providers’ technology and processes, can have a lower initial cost but boost overall litigation expenses, he said.

“The risk manager plays a significant role in balancing short-term costs and exposures with long-term institutional risk management goals,” Mr. McCarrick said.

“We really need risk management,” said Ann Longmore, New York-based executive vp of the executive risk practice for Willis Group Holdings P.L.C.

While an organization’s legal counsel believes discovery readiness is crucial in defending a company during litigation, the company’s actual ability to produce e-discovery materials may lag due to cost constraints, Ms. Longmore said.

“Risk management is potentially the bridge between some of the problems and some of the solutions,” she said.

Risk-transfer options such as liability insurance should cover the defense of a claim as part of a loss, she said.

Many organizations use third-party providers to comply with federal e-discovery, which may cause “sticker shock” among insurers reviewing defense costs, Ms. Longmore said. She also said companies also can tap insurers’ loss-control services to evaluate an organization’s e-discovery plan.

Mr. McCarrick offered six steps risk managers can follow in e-discovery risk management plans: identify needs and risks, devise a plan, leverage control, execute the plan, and sustain the plan.

BI Editor Regis Coccia moderated the webcast, which is available at www.BusinessInsurance.com/Webcasts.

—By Mike Tsikoudakis

Lloyd's: Large claims cut Lloyd's of London pretax profits in half

CONTINUED FROM PAGE 3

reinsurance sector, said Mark Coleman, an analyst at Standard & Poor’s Corp. in London.

Lloyd’s year-end underwriting results likely will be in line with peers’, he said.

If one or more major hurricanes makes landfall in the United States before the end of the year, Lloyd’s profits could be severely dented, Mr. Coleman added.

Overcapacity in the global insurance and reinsurance markets continues to put pressure on rates, which are flat or falling in most of the lines of business that Lloyd’s syndicates underwrite, said Mr. Ward.

U.K. auto business is one of the few areas where rates are increasing, Lloyd’s noted in its results statement.

Casualty a concern

Casualty business is an area of concern for insurers, according to Lloyd’s Franchise Performance Director Tom Bolt, who singled out U.S. casualty business as a particularly challenging area for underwriters. He said annual rate decreases since 2002 coupled with claims inflation meant that Lloyd’s franchise performance directorate would closely scrutinize the business plans of syndicates intending to underwrite U.S. casualty business

LLOYD’S TAKES A HIT

Pretax profits at Lloyd’s of London fell by more than half for the first six months of the year

Gross written premiums at June 30, 2010: **£13.49 BILLION (\$21.29 BILLION)**
Gross written premiums at June 30, 2009: **£13.46 BILLION (\$21.25 BILLION)**

Profit before tax at June 30, 2010: **£628 million (\$991.2 MILLION)**
Profit before tax at June 30, 2009: **£1.32 billion (\$2.08 BILLION)**

Combined ratio at June 30, 2010: **98.7%**
Combined ratio at June 30, 2009: **91.6%**

Source: Lloyd’s of London

next year.

But despite the challenging

underwriting environment, Lloyd’s continues to see interest from new

entrants seeking to set up syndicates, Mr. Ward said. He declined to name any of the potential new entrants.

The market is not “pulling up the drawbridge” and is open to new syndicates, but the proposed business plans of those syndicates will be examined very closely, he said.

Typically, new syndicates are permitted to underwrite only a small amount of business during their first year of operation, he said.

Among those businesses that have publicly stated their intention to increase their participation at Lloyd’s are Paris-based reinsurer SCOR S.E. and London-based brokerage BMS Group Ltd.

AIG: Bailout plan lauded

CONTINUED FROM PAGE 1

largest, most diversified property and casualty companies in the world, a leading U.S. life insurance and retirement savings operation, and other businesses that enhance this nucleus," AIG President and CEO Robert Benmosche said in the statement.

"As our results this year underscore, AIG's core businesses are financially strong, well-managed enterprises that are well-positioned to deliver long-term value to all of our stakeholders. With this plan under way, we can concentrate our full attention on managing our businesses for the benefit of all of our stakeholders," Mr. Benmosche said.

AIG's plan "dramatically accelerates the timeline for AIG's repayment and puts taxpayers in a considerably stronger position to recoup our investment in the company," Treasury Secretary Tim Geithner said in a statement last week shortly after AIG's announcement. "While there is a lot of work ahead to execute the terms of this agreement, today we are much closer to seeing a clear path out. AIG's board of directors and new management team deserve credit for the substantial progress they've made to lower the company's risk profile, refocus it around core insurance businesses and put it in a better position to pay back taxpayers," he said.

To date, AIG said it has sold assets with a value of \$25 billion to \$30 billion (see box).

Analysts said the planned exit from government ownership should reassure Chartis' policyholders.

"With respect to what it does for Chartis policyholders or Chartis in general, it will probably give it a boost of confidence in the marketplace, from a client perspective, from a broker perspective and an employee retention perspective," said Dan Ryan, a vp at A.M. Best Co. Inc. in Oldwick, N.J.

"What it really does, and I think Mr. Benmosche has made this public, it simplifies AIG's balance sheet so that it can, in essence, reaccess the capital market," said Mr. Ryan. It gives everyone a very clear understanding as to the path by which AIG will come out from under government ownership eventually.

D&O: Investor suit proceeds

CONTINUED FROM PAGE 1

failed to disclose its expansive underwriting of credit-default swaps in 2005, the scope of its exposure to mortgage-backed securities and the weakening of risk controls at AIG Financial Products Corp.; that AIG falsely claimed that it could hedge its credit-default swaps portfolio and had performed extensive due diligence on its swap contracts; and expressed confidence in its swap portfolio assessment and loss estimates despite internal and external warnings to the contrary.

AIG and the defendants contend

AIG lays out three-step government repayment plan

NEW YORK—American International Group Inc.'s plan to repay the federal government involves three major components.

The first is to repay and terminate the Federal Reserve Bank of New York's revolving credit facility with AIG. As of last week, AIG said it owed the New York Fed approximately \$20 billion in senior secured debt under the credit facility.

"AIG expects to repay this entire amount and terminate the (New York Fed) senior secured credit facility with resources from the parent as well as proceeds from a variety of asset dispositions under way, including the initial public offering of its Asian life insurance business, American International Assurance Co. Ltd. and the pending sale of its foreign life insurance company American Life Insurance Co. to MetLife, Inc.," AIG said in a statement last week.

The second component is "facilitating the orderly exit of the U.S. government's interests in two special-purpose vehicles" that hold AIA Group Ltd. and ALLCO, AIG said in the statement. As of last week, AIG said the New York Fed held preferred interests in two AIG-related SPVs totaling approximately \$26 billion.

"Under the plan, AIG will draw down up to \$22 billion of undrawn Series F funds available to the company under the Troubled Asset Relief Program to purchase an equal amount of the (New York Fed's) preferred interests in the SPVs," AIG said in the statement. Then, AIG said, it will "immediately" transfer the preferred interests to the U.S. Treasury as part of its consideration for the Series F preferred shares.

In addition, AIG said it will apply proceeds from future asset monetizations, including the announced sales of the AIG Star Life Insurance Co. and AIG Edison Life Insurance Co., to retire the rest of the New York Fed's SPV preferred interests. "When these transactions are completed, AIG expects that it will have repaid the (New York Fed) in full," AIG said.

The third component is to retire AIG's remaining TARP support and Series C preferred shares. AIG said it had about \$49.1 billion of TARP preferred shares outstanding as of last week.

Under the plan, the U.S. Treasury would receive about 1.655 billion shares of AIG common stock in exchange for the \$49.1 billion of TARP Series E and F preferred shares and the Series V preferred shares held by the AIG Credit Facility Trust. AIG also would issue up to 75 million warrants with a strike price of \$45 per share to existing common shareholders. Upon the exchange, the U.S. Treasury would own 92.1% of the common stock of AIG.

AIG noted that the stock exchange will not happen until the New York Fed is repaid in full. AIG said that after the exchange is completed, "it is expected that over time the U.S. Treasury will sell its stake in AIG on the open market."

AIG said it expects to repay and terminate the New York Fed credit facility and complete issuing common stock to the Treasury Department by the end of the first quarter of 2011, subject to regulatory approval and other conditions.

—By Mark A. Hofmann

That ultimately lends a more favorable perception of the long-term viability of Chartis and SunAmerica—the two core assets that remain in the AIG group of companies." SunAmerica Financial Group is AIG's U.S. life insurance and retirement unit.

"We clearly think this removed cloud of uncertainty has a positive effect for both Chartis and Sun America," said Kevin Ahern, a senior director at Standard & Poor's Corp. in New York. Chartis has done a fair job of restoring its competitive position and the plan should "enhance the existing competitive position of Chartis," he said.

"A client or agent or broker can look at this restructuring plan and have a better sense of the long-term prospects of AIG," Mr. Ahern said.

A Chartis policyholder welcomed the move.

"I see it as good news," said Wayne Salen, director of risk management at Labor Finders International Inc., in Palm Beach Gardens, Fla. He noted that the stock market

reacted favorably to the news.

"From the policyholder point of view, it's generally neutral to slightly positive," said John L. Ward, CEO of Cincinnati Partners L.L.C. in Cincinnati. "The policyholders, I believe, are pretty well-protected already and, to the extent that it removes some uncertainty going forward, that helps."

While welcoming the plan, some analysts said this is not yet a done deal. "For the company as a whole, they have a plan in place and that's Step 1," said Clark Troy, a senior analyst at Aite Group L.L.C. in Chapel Hill, N.C. "Making the plan work is another matter altogether. AIG is still dependent on wide array of market contingencies."

Mr. Troy said the holding company faces "substantial risks" in the future, but said the decision to pay down the New York Fed credit line and draw down TARP money to buy out the SPVs, cutting the number of federal stakeholders to one from two, will make "things simpler for AIG."

Mr. Troy noted that former AIG

leader Maurice R. Greenberg said the process could take a decade, while AIG officials indicated it would be sooner. "I think between two and 10 years is more rational expectation than 12 to 18 months," he said.

"I think overall, it's a positive move for AIG," said Marc Steinberg, a senior analyst at Best. "The A.M. Best position is a little more neutral on this. This is the last step of a plan to stabilize AIG. From that perspective, there are still a lot of pieces in this last phase that the company has to go through," such as working with the government to eliminate the New York Fed credit line.

"I think the confidence that the market is expressing in AIG as a whole bodes well for AIG's ability to fund Chartis' needs in the capital markets going forward," said Mr. Troy. "I think Chartis' operating results over the past couple of quarters spoke well for themselves."

"Again, a lot of things can go wrong and I think patience is called for in the government exit," Mr. Troy said.

AIG ASSET SALES

Since the federal government rescued American International Group Inc. with more than \$180 billion in assistance, the New York-based holding company said it has sold off an estimated \$25 billion to \$30 billion in assets. The larger transactions include:

NOVEMBER 2008: AIG closed the sale of its 50% stake in Brazilian joint venture Unibanco AIG Seguros S.A. to joint venture partner Unibanco-Uniao de Bancos Brasileiros S.A. for \$820 million.

MARCH 2009: AIG closed its sale of HSB Group Inc., parent of Hartford Steam Boiler Inspection & Insurance Co., to Munich Re Group for \$739 million and the assumption of \$75 million of outstanding HSB capital securities.

MAY 2009: AIG completed the sale of its Tokyo headquarters to Nippon Life Insurance Co. for about \$1.2 billion in cash.

JULY 2009: AIG generated \$1.9 billion in closing the sale of its U.S. auto insurance business, 21st Century Insurance Group, to Farmers Group Inc. It also completed the sale of a majority of AIG Credit Corp.'s and A.I. Credit Consumer Discount Co.'s U.S. life insurance premium finance business for \$680 million, including \$230 million held in escrow and an additional \$61.2 million if certain future conditions are met.

MARCH 2010: AIG announces a definitive agreement to sell American Life Insurance Co. to MetLife Inc. for approximately \$15.5 billion, including \$6.8 billion in cash and the rest in equity securities, to MetLife Inc., subject to closing adjustments.

APRIL 2010: AIG and International Lease Finance Corp. say ILFC entered into an agreement to sell 53 aircraft for nearly \$2 billion to Macquarie Aerospace Ltd., an indirect subsidiary of Macquarie Group Ltd.

SEPTEMBER 2010: AIG announces a definitive agreement to sell its Japan-based life insurance subsidiaries, AIG Star Life Insurance Co. Ltd. and AIG Edison Life Insurance Co., to Prudential Financial Inc. for \$4.8 billion.

Sources: Business Insurance; American International Group Inc.

supported by specific statements of fact, or if the speaker does not genuinely or reasonably believe them."

The judge also found that the plaintiffs satisfied the requirement that their allegations support a compelling conclusion that the defendants acted with intent. The judge cited various indicators that belied the company's confident public statements, including a warning from PricewaterhouseCoopers L.L.P.

After the February 2008 disclosure that AIG had underestimated its credit-default swap portfolio losses by billions of dollars, the firm's stock price fell more than 11% in one day, according to the plaintiffs' complaint.

AIG and the executives had argued that the drops in stock price

were due to a general decline in the stock market.

In her ruling, the judge said AIG may prevail on this point ultimately, but she also said the allegations were enough to overcome the motion to dismiss at this point in the case. A pretrial conference is set for Nov. 5.

Peter Taffae, a directors and officers liability insurance expert at Los Angeles-based wholesale brokerage Executive Perils Insurance Services Inc., said he thought the case was being watched closely because of its potentially exorbitant cost to the defendants. In the past, derivative suits were filed more as a backup to securities class actions, he said, but derivative suits have become more lucrative for plaintiffs in

recent years.

"Historically, the derivative (suit) was a shot in the dark," Mr. Taffae said. "Recently, there's a trend starting to form where the plaintiffs bar is actually leading with the derivative suit."

Paul Sparks, an Atlanta-based senior executive vp with McGriff, Seibels & Williams Inc., a subsidiary of broker BB&T Insurance Services Inc., said he doubted the AIG case would affect the wider D&O market because the surplus of capacity is so large.

"Short of just a major systemic meltdown in D&O claims, I don't think anything's going to change (the market) over the next 24 months," Mr. Sparks said. "Even (financial institution) business—that market is really softening up."

News In Brief

CONTINUED FROM PAGE 1

RIMS honors Ontario risk manager

Tina Gardiner, manager of insurance and risk at the Regional Municipality of York, Ontario, has been awarded Canada's highest honor in risk management, the Risk & Insurance Management Society Inc. said. Ms. Gardiner received the Donald M. Stuart Award from RIMS' Ontario chapter at this year's RIMS Canada Conference in Edmonton, Alberta. The award has been given annually since 1979 to acknowledge Canadians who have made outstanding contributions in the field of risk management, according to RIMS.

Ohio, MMC settle bid-rigging suit

The state of Ohio has settled its antitrust suit against Marsh & McLennan Cos. Inc. for \$4.75 million, Ohio Attorney General Richard Cordray said. The suit, filed in Cuyahoga County Court in 2007, had accused Marsh of participating in a scheme with several insurers and their subsidiaries "by using false statements, artificially high price quotes and other artifices to feign competition among themselves while raising premiums above competitive levels" to the detriment of Ohio commercial casualty insurance buyers. In a statement announcing the settlement, the attorney general's office said it had recovered more than \$27 million as a result of the lawsuit against Marsh and the insurers.

Swiss Re shake-up includes chief risk officer

Swiss Reinsurance Co. has named a new chief risk officer as part of a senior leadership shake-up that the Zurich-based reinsurer said will strengthen its core capabilities. Swiss Re also said it is rebranding its insurance offerings for large industrial risks, other commercial and specialty accounts under the "corporate solutions" name. The reinsurer said it is adjusting its senior management structure to elevate the importance of its corporate solutions, reinsurance and Admin Re units. Among the executive changes, Swiss Re said Chief Risk Officer Raj Singh will leave for personal reasons effective Feb. 28, 2011. David Cole, chief financial officer and CRO at ABN AMRO Bank N.V. in Amsterdam, will join Swiss Re as Mr. Singh's successor, Swiss Re said in the statement.

Aon completes \$4.9B purchase of Hewitt

Aon Corp. last week completed its acquisition of Hewitt Associates Inc., a transaction that will boost

Aon's resources as a benefit consulting and outsourcing provider. In the biggest deal ever involving a benefit consultant, Aon acquired Hewitt in a cash-and-stock deal valued at \$4.9 billion based on the July 9 close of Aon shares. Chicago-based Aon now is integrating Hewitt and its Aon Consulting unit and has changed its name to Aon Hewitt Inc. Aon Hewitt's chairman and CEO is Russ Fradin, who held the same titles at Lincolnshire, Ill.-based Hewitt. A decision has not been made yet on where Aon Hewitt will be based, an Aon spokesman said. Aon Hewitt will have revenues of \$4.3 billion and 29,000 employees. Based on fiscal 2009 figures, 49% of Aon Hewitt's revenues would be from consulting services, 40% from benefit outsourcing and 11% from human resources business process outsourcing.

Novae to transfer liabilities to Lloyd's unit

Novae Group P.L.C. has been granted permission to transfer the liabilities of its insurance company, Novae Insurance Co. Ltd., to its Lloyd's of London syndicate 2007. After the transfer of insurance liabilities, NICL's surplus capital will be available to be redeployed or returned to shareholders, Novae said in a statement. Novae said it would announce proposals for any return of capital to shareholders in early December, after the Nov. 29 deadline for the Lloyd's Franchise Board to assess the capital position and business plans of syndicates in the market.

Business groups sue SEC over shareholder rule

Business groups last week sued the Securities and Exchange Commission to prevent a new rule that gives shareholders more power from going into effect. The proxy access rule, approved by a divided SEC in August, gives shareholders in certain circumstances the ability to nominate corporate directors. The U.S. Chamber of Commerce and Business Roundtable asked the regulator to delay implementing the rule, set to take effect in mid-November, pending the outcome of the legal challenge. The Dodd-Frank financial overhaul law affirmed the SEC's authority to adopt such rules.

Noted

ACE Group Holdings Inc. has named former Hartford Financial Services Group Inc. executive Juan Andrade as division president of global personal lines and small commercial insurance, effective Dec. 1....**The U.S. Transportation Department** will continue offering war risk insurance to commercial airlines under a memorandum signed by President Barack Obama....**Standard & Poor's Corp.** has entered into an agreement with Health Index Advisors, a joint Aon Consulting and Milliman Inc. venture, to develop and publish a family of indices tracking changes in the cost of health care services in the United States.

Tennessee: Whistle-blower sues pool

CONTINUED FROM PAGE 3

with those provided to the board by Ms. Crawford.

"Dawn Crawford had provided estimates on what the premiums should be," Mr. Street said. "When it looked like they were going to be greater than what she predicted," Ms. Jungmichel was asked to manipulate the rating formulas to save face for Ms. Crawford, he charged.

Doing so would have lowered by at least \$3 million the amount of premiums rightly due from pool members renewing for the last five months of the policy year, according to court documents. At the same time, members that had completed renewals would be denied the benefit of the amended rating formulas, the suit says.

Such rate discrimination would violate Tennessee's Consumer Protection Act, the complaint charges.

Ms. Jungmichel expressed to Ms.

Crawford her concerns about the "unethical and illegal nature" of changing rating formulas, the suit says. She also spoke privately with several pool employees and others about Ms. Crawford's alleged requests and made plans to approach the pool's board of directors with her allegations, according to the complaint.

When Ms. Crawford learned of those plans, Ms. Jungmichel claims, the executive director accused her of insubordination, the reason given for her termination.

The suit claims Ms. Jungmichel was fired because she wouldn't remain silent concerning the alleged illegal activity at the pool. Mr. Street says termination on those grounds is a violation of the Tennessee Public Protection Act, the state's whistle-blower statute.

The complaint also claims Ms. Jungmichel's firing was a retaliatory move and the TML Risk Manage-

ment Pool breached her employment contract. In addition, the suit says Ms. Crawford and Mr. Holland defamed Ms. Jungmichel by publishing a statement to the pool's board of directors saying the plaintiff was terminated for insubordination.

The suit seeks payment of past and future wages and compensation for pain, suffering and other alleged damages.

According to its website, the TML Risk Management Pool has averaged \$105 million in assets and \$61 million in liabilities over the past five years. The pool maintains surplus of \$41 million.

Since leaving the pool, Ms. Jungmichel has begun offering consulting services to public entities in Tennessee. She said in an e-mail that the coverage and exposure audits she conducts are, to her knowledge, unlike services provided to municipalities by the TML Risk Management Pool.

Retiree: Guidance details exclusions

CONTINUED FROM PAGE 3

that participating employers must distribute to enrollees in their early retiree health care plans.

The notice provides basic information about the reimbursement program, including the requirement that an employer receiving government reimbursement use the money to reduce or offset enrollees' costs and/or to offset or reduce its own costs in providing the coverage.

Previous guidance details procedures employers must follow in sending lists of early retirement health care plan participants who have incurred at least \$15,000 in claims and whose claims now are eligible for reimbursement.

In all, "Some pretty extensive guidance has been issued," said Rich Stover, a principal with Buck Consultants L.L.C. in Secaucus, N.J.

But key additional guidance, said Todd Delahanty, a senior consul-

tant with Aon Hewitt Inc. in Lincolnshire, Ill., has yet to be issued: the application form employers must use to obtain reimbursement, and filing instructions for the form.

Observers expect that form to be released soon, with the first government reimbursement checks issued by the end of October.

The Employee Benefit Research Institute in Washington has estimated the \$5 billion fund will be depleted next year.

Business Insurance Webcasts & Webinars

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

Eyes on the Road: Using Telematics to Improve Fleet Safety

Live Online: Oct. 13, 2010 | 2 p.m. Eastern | Free Of Charge

Reckless behavior or a miscalculation by a driver can be costly—not just to your employee and others on the road, but also to the company's safety record and reputation. Advances in fleet technology, including GPS and sophisticated vehicle monitoring systems, give risk and fleet managers valuable new tools in their efforts to keep a close eye on driver behavior and to boost fleet safety and performance.

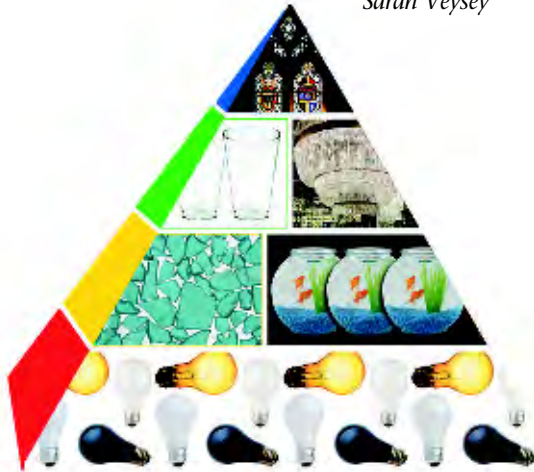
To help understand how the use of such telematics tools can help protect your company—its drivers, vehicles and other assets—and the public, please join **Herbert Mayo**, vp, senior loss control consultant-specialist in transportation and general industry safety with Lockton Cos. L.L.C., and **Jim Anderson**, vp of safety with Florida Rock & Tank Lines Inc., for this live online webcast. *Business Insurance* Associate Editor Jeff Casale will moderate.

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Contributing:
Jeff Casale,
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Couple not the sharpest glass in the food

A Massachusetts woman faces up to 143 years in prison for her guilty plea last week in an insurance fraud scheme in which she and her husband ingested glass and alleged bogus injuries over a period of at least eight years.

The pair asserted various glass-related injuries after being served food at restaurants, supermarkets and hotels in three states and the District Columbia.

Through their fraudulent scheme, the couple netted more than \$200,000 and racked up more than \$100,000 in medical bills that remain unpaid, according to the U.S. attorney's office in Boston.

Mary and Ronald Evano were accused of conspiracy and multiple counts of mail fraud, wire fraud, identity fraud, Social Security fraud and making false statements on health care matters.

Mr. Evano pleaded guilty in the case in 2007 and was sentenced to 63 months in prison.

Ms. Evano, who had been a fugitive until her arrest earlier this year, pleaded guilty last week and faces as much as 143 years in prison. Her sentencing is set for Dec. 21.

The couple pleaded guilty rather than attempting to defend their actions as being due to hyalophagia, a pathological disorder that is associated with eating glass, or even pica, an abnormal craving for items that are not food.

Business Insurance END PAGE



LLOYD'S OF LONDON

The first building Lloyd's owned opened in 1928 on Leadenhall Street; its second opened in 1958 on Lime Street, the same street as its latest.

Take inside-out look at Lloyd's

Television viewers got to see the Lloyd's of London building from a new angle last week as part of a BBC series "Climbing Great Buildings." Architectural historian Jonathan Foyle scaled the Lloyd's building and rappelled down its atrium as part of a series examining the architecture and history of some of the United Kingdom's most iconic structures.

The latest Lloyd's building, completed in 1986, is known by some as the "inside-out" building. Mr. Foyle told viewers, because service functions such as elevators, waste pipes and staircases are on the outside to give more space inside for the market's trading floor.

The Lloyd's building, the first in

the United Kingdom to have this "inside-out" design, was an early example of "high-tech" architecture exemplified by the Centre Pompidou in Paris. Lord Richard Rogers built both structures, which were viewed as controversial when first built.

Interviewed by Mr. Foyle, Lord Rogers said his mission in designing the Lloyd's building was simple: that the building would last until into the next century and there should be enough space inside for the market to function and expand.

The first building Lloyd's owned opened in 1928 on Leadenhall Street and its second opened in 1958 on Lime Street, the same street as its latest structure.

Tsunami of fake Twitter messages for good cause

Some Facebook and Twitter users might have gotten a surprise last week when their devices told of a tsunami off the coast of California.

The messages were clearly marked as fake, although they were bogus for a good cause—a test run by experts at San Diego State University to see how social media would be used to respond to a crisis.

According to the university, Exercise 24—X24—was run by the school's Immersive Visualization Center.

A statement issued on the eve of the exercise said: "X24 will simulate an earthquake off the coast of

facebook

California, which will generate a tsunami, oil spill and other disasters requiring immediate response. Participants, including the Red Cross, the U.S. and Mexican navies, and the United Nations will be able to test their responses to various situations that might occur up to a year after the earthquake."

According to the release, VizLab Director Eric Frost also noted that the exercise "gives participants the chance to build and enhance essential relationships before a real disaster strikes."

Looked at from that vantage point, X24 turned social networks into social safety nets that would be of great value if a real—rather than virtual—disaster did strike.

Paris, Hallmark settle hot suit over simple phrase

It appears that Hallmark may be sending greeting cards stuffed with money to Paris Hilton, known for her catch phrase, "That's hot."

The socialite and hotel heiress reportedly settled her lawsuit against Kansas City, Mo.-based Hallmark Cards Inc., which she sued after a greeting card featured the quote that Ms. Hilton made famous during her reality television show "The Simple Life."

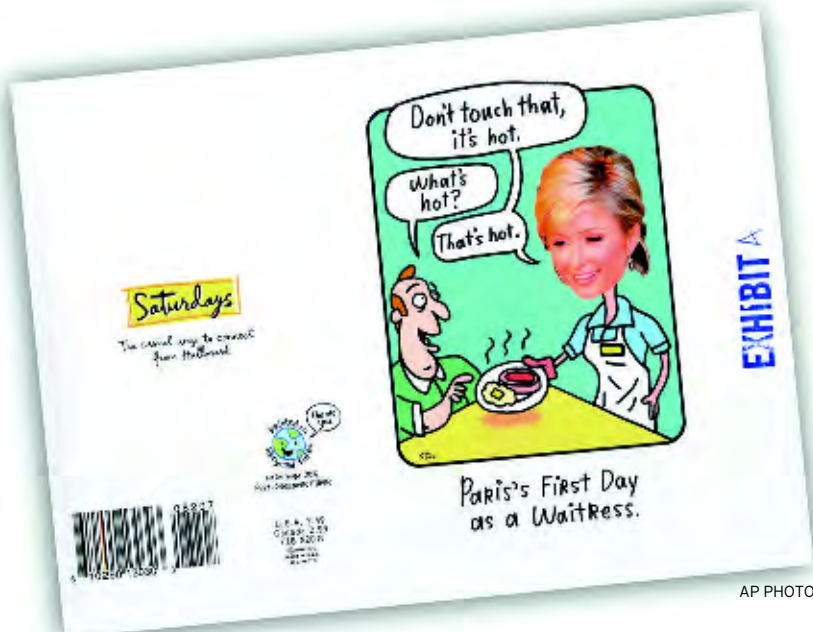
The card read "Paris's First Day as a Waitress" and made a pun on her trademark catch phrase, "That's hot," according to reports. Ms. Hilton sued Hallmark in 2007 and alleged that

her publicity rights had been violated as Hallmark did not consult her before the card was made.

Hallmark responded with a First Amendment argument, according to reports. However, the 9th U.S. Circuit Court of Appeals rejected Hallmark's argument and remanded the case to the lower court for a decision.

But last week, attorneys for Ms. Hilton and Hallmark told a California judge that they had reached an undisclosed settlement of the case.

The judge still must approve the settlement of the not-so-simple suit.



AP PHOTO



uh oh.

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