

CATASTROPHES



AP PHOTO

High tides and flood water fill part of downtown Charleston, South Carolina, Oct. 2.

Significant losses likely after storm

Extensive flooding hits Bahamas, Carolinas

BY MATTHEW LERNER

Emergency personnel focused on safety issues as adjuster teams moved into the Carolinas last week after up to 2 feet of rain caused massive flooding, destruction and at least a dozen deaths, with insured losses being tallied only slowly.

“It appears to be an absolute certainty that the final damage bill is going to be above \$1 billion, and most likely a multibillion-dollar economic cost,” said Steve Bowen, Chicago-based associate director of analytics at Impact Forecasting, part of Aon Benfield.

“A key piece to this final cost is going to be infrastructure. We often lose sight of the fact that this type of damage can sometimes be just as costly as property damage,” he said.

See WEATHER page 40

HEALTH CARE REFORM

POLITICAL FOES UNITE IN FIGHT TO REPEAL ‘CADILLAC TAX’

Employers proceed with health plan adjustments



AP PHOTOS

Democratic presidential candidate Bernie Sanders (from left); Sen. Sherrod Brown, D-Ohio; Rep. Paul Ryan, R-Wis.; and Democratic presidential candidate Hillary Clinton oppose the excise tax.

BY JERRY GEISEL

Fueled by employer and labor union lobbying, Congressional support to repeal the health care reform law’s highly unpopular 40% excise tax has grown rapidly in recent weeks, but the push faces several obstacles.

Coincidentally, the effort comes as a study by the International Foundation of Employee Benefit Plans released this month found that nearly 60% of employers and other health care plan sponsors expect to trigger the 40% tax on the portion of premiums above \$10,200 for individual coverage and \$27,500 for family coverage.

See CADILLAC page 41

AVOIDING THE CADILLAC TAX

Among employers that intend to change their health plan offerings to avoid triggering the 40% excise tax in 2018, steps they have already taken or intend to take include:

Strategy	% using
Shifting costs to employees	46%
Moving to a high-deductible plan	39%
Reducing benefits	33%
Dropping higher cost plans	31%
Adopting wellness, preventive care efforts	26%

Source: International Foundation of Employee Benefit Plans

LIABILITY & LITIGATION

Wal-Mart sues insurers over crash deal

Six have not paid in Morgan settlement

BY JUDY GREENWALD

Bad-faith litigation Wal-Mart Stores Inc. has brought against several commercial excess insurers is likely to focus on whether the insurers consented to settlements the retailer reached in the 2014 accident that injured comedian Tracy Morgan.

The Bentonville, Arkansas-based retailer sued six insurers in Benton County, Arkansas, on Sept. 30, alleging they failed to pay their portion of settlements in the case. Other insurers have paid Wal-Mart’s claims (see box page 41).

In the June 2014 crash on the New Jersey Turnpike, a Wal-Mart Transportation L.L.C. driver reportedly fell asleep at the wheel, rear-ending a limousine in which Mr. Morgan, comedian James McNair and others were riding. Mr. Morgan and two others were seriously injured, and Mr. McNair was killed.

According to the National Transportation Safety Board, the Wal-Mart driver routinely commuted 700 miles from home in Georgia to work in Delaware and had only 4 hours of sleep in the previous 33 hours when the crash happened.

In May, Wal-Mart said it had settled a lawsuit with representatives of Mr. Morgan and the two others seriously injured. A settlement

See WAL-MART page 41



Q&A: NICOLAS AUBERT

Willis GB’s CEO discusses challenges and opportunities for Willis, Towers Watson

PAGE 12

COMMENTARY

New Jersey appeals court ruling on casino cocktail waitresses’ weight doesn’t quite fit

PAGE 14

IN BRIEF

Volkswagen’s U.S. chief ducks corporation’s responsibility in diesel emissions scandal

PAGE 8



Berkshire Hathaway
Specialty Insurance



Berkshire Hathaway
Specialty Insurance



When the name on the door is Berkshire Hathaway, it stays Berkshire Hathaway.

In a rapidly changing industry, Berkshire Hathaway Specialty Insurance provides welcome certainty, with the enduring strength of Berkshire Hathaway's top-rated balance sheet and 70 year insurance industry track record. Look no further for stable capacity, creative solutions, and stellar service. We'll be here, year after year.

A++ A.M. Best

AA+ Standard & Poor's

\$201.7 billion total admitted assets*

\$119.1 billion policyholder surplus*

Atlanta | Boston | Chicago | Fort Lauderdale | Houston | Los Angeles | New York | San Francisco | San Ramon
Stevens Point | Auckland | Hong Kong | Melbourne | Singapore | Sydney | Toronto

*Balance sheets as of 12/31/14 for the Berkshire Hathaway National Indemnity group of insurance companies.

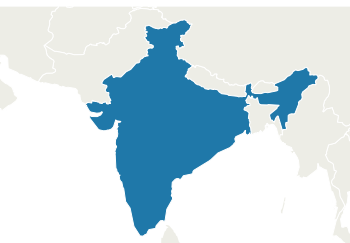
www.bhspecialty.com

10/12/15

CONTENTS

FEATURES

INTERNATIONAL



Profile: India

Earthquakes, cyclones with their attendant flooding, and animus with neighboring Pakistan are threats facing this populous nation. **10**

PERSPECTIVES

Trade pact will open markets



The 12-nation Trans-Pacific Partnership free-trade pact will provide opportunities to U.S. insurers in formerly closed markets, Leigh Ann Pusey of the American Insurance Association writes. **15**

OFF BEAT



Tort museum finally opens

Consumer advocate Ralph Nader has opened his long-envisioned American Museum of Tort Law in Winsted, Connecticut. **42**

SECTIONS

INTERNATIONAL **10**

PEOPLE **12**

OPINIONS **14**

PERSPECTIVES **15**

MARKET PULSE **36**

OFF BEAT **42**

NEWS

AVIATION

AIRLINER TRACKING EFFORTS EXPECTED TO REDUCE RISKS

More frequent contact, floating 'black box' among fixes

BY DONNA MAHONEY

Requiring commercial aircraft to report their positions every 15 minutes to avoid a repeat of the massive area search over 16 months for a missing Malaysia Airlines flight should improve airlines' risk profile in the eyes of underwriters.

However, the new Global Aeronautical Distress and Safety System also could pose some risks that aren't necessarily insurable, experts say (see story, page 39).

Malaysia Airlines Flight 370 disappeared in March 2014; two months later, the Montreal-based International Civil Aviation Organization decided that improving global tracking should be a priority. That led to its decision to reduce the time commercial aircraft must report their position to 15 from 30 minutes with a November 2016 deadline for commercial airlines to comply with the requirement.

The goal of the global safety system, which is being built in phases, is to ensure that search and rescue, recovery and accident investigation teams get information faster when there's an incident.

While backers say new technology to support the more frequent communications and other aspects of the global safety system will add



AP PHOTO

A Royal Australian Air Force officer searches the southern Indian Ocean for missing Malaysia Airlines flight MH370 in March 2014.

costs for commercial airlines, experts say the goal can be achieved now with existing technology.

Canberra, Australia-based air navigation service provider Airservices Australia and London-based satellite service provider Inmarsat P.L.C. in September said they had completed their evaluation, finding that technology in place on 90% of transoceanic aircraft could achieve the 15-minute reporting requirement via satellite.

See **TRACKING** page 39

FUTURE PLANS

The International Civil Aviation Organization's safety system goals for commercial aircraft, which the United Nations-affiliated agency says account for 60% of aviation fatalities worldwide, include:

- Developing systems to send distress signals manually and automatically if an aircraft fails to report within a 15-minute period.
- Developing a flight recorder that would float and deploy automatically if a commercial craft crashes into the ocean.
- Implementing by 2027 advanced safety oversight systems that include predictive risk management.

PROPERTY/CASUALTY INSURERS

Zurich perseveres through tough period

BY JUDY GREENWALD

Zurich Insurance Group Ltd. has hit some choppy waters that could encourage competitors. But despite withdrawing from its deal to acquire RSA Insurance Group P.L.C. and the recent exit of several top executives, the insurer remains financially strong.

In late September, the insurer called off its tentative £5.6 billion (\$8.79 billion) bid for RSA, just one day before the deadline to make a formal offer and said it was undertaking a review of its property/casualty business.

Zurich said it expected a \$275 million loss from a series of August



AP PHOTO

Zurich said it expects losses from the August explosions at the port of Tianjin, China, and other events.

explosions at the port of Tianjin, China, and other adverse third-quarter developments, including the need to strengthen its U.S. auto

liability and U.S. construction reserves by about \$300 million. It said it expected a \$200 million quarterly loss in its nonlife insurance segment.

In early October, Zurich said Kristoff Terryn had replaced Michael Kerner as head of its main general insurance business. Zurich also named Paul Horgan as head of the global corporate business in North America, replacing Daniel Riordan, who Zurich said in a statement had left "to pursue professional opportunities outside of the company."

And sources say Zurich is a lead

See **ZURICH** page 39

RISK MANAGER OF THE YEAR 2016

Calling top risk managers

We're looking for the best and brightest risk managers. If you know someone who deserves recognition as an outstanding risk management practitioner, you can nominate him or her for the 2016 *Business Insurance* Risk Manager of the Year® Award.

The Risk Manager of the Year® and Risk Management Honor Roll® awards are presented annually by *Business Insurance*. Next year's awards will be presented in April during the Risk & Insurance Management Society Inc.'s annual Conference & Exhibition in San Diego.

The Risk Manager of the Year® Award was first presented in 1978 to increase recognition of the risk management profession and to recognize outstanding performance in the risk management field. The Risk Management Honor Roll® awards were introduced in 1983 to recognize other exceptional risk managers.

Nominations are open to anyone involved in risk management for an organization. The individual need not be a full-time risk management practitioner, for example a CFO or treasurer that also carries out the risk management function would be eligible, but the candidate must be a full-time employee of the organization.

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

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

The deadline for nominations is Dec. 2.

To make a nomination, use the Risk Manager of the Year® nomination form online at www.BusinessInsurance.com/RMOYNominate.

10/12/15

ONLINE
FEATURES

VIDEO

In Focus: 2015 Cyber Summit

Risk managers and others discuss the state of cyber security at the *Business Insurance* 2015 Cyber Risk Summit in San Francisco.

www.BusinessInsurance.com/InFocus

VIDEO



Hurricane preparedness

The strengths and weaknesses of hurricane forecasting.

www.BusinessInsurance.com/HurricaneSafety

GALLERY

2015 Cyber Summit in photos

Photos from the *Business Insurance* 2015 Cyber Risk Summit held in San Francisco.

www.BusinessInsurance.com/CyberGallery

RESEARCH & DATA

Surplus lines & wholesalers



2015 Directory of Excess & Surplus Lines plus Wholesalers: Everything you need to know about the

U.S. excess and surplus lines insurance sector.

www.BusinessInsurance.com/ExcessSurplus

BUSINESS INSURANCE (ISSN 0007-6864)
Vol. 49, No. 21, is published biweekly by Crain Communications Inc., 150 N. Michigan Ave., Chicago, IL 60601-7620. Periodicals postage is paid at Chicago and at additional mailing offices.

POSTMASTER: Email address change to customerservice@businessinsurance.com or mail to Business Insurance Circulation Department, 1155 Gratiot Ave. Detroit, MI 48207-2912. \$10 a copy and \$149 a year in the U.S. \$169 in Canada and Mexico (includes GST). All other countries, \$249 a year (includes expedited air delivery). Canadian Post International Publications Mail Product (Canadian Distribution) Sales Agreement No. 40012850. GST No. 136760444. Canadian return address: 4960-2 Walker Road, Windsor, ON N9A6J3. Printed in USA. Copyright © 2015 by Crain Communications Inc.

NEWS

HEALTH CARE BENEFITS

WORKPLACE FLU SHOTS
BATTLE ABSENCES

Employee takeup often rests on communication

BY SHELBY LIVINGSTON

Flu shots often don't work, but providing workers with convenient access to the vaccines is still employers' best chance of avoiding an office-wide outbreak of influenza.

The flu season, which according to the U.S. Centers for Disease Control and Prevention typically runs from October through May, can lead to substantial costs in worker absences and lost productivity, but bringing a flu shot provider on-site or offering vouchers for free flu shots elsewhere can help mitigate that risk.

"There is definitely a return on investment for employers," said Aon Hewitt Senior Vice President Stephanie Pronk, who is based in Minneapolis. "The convenience factor (of) bringing

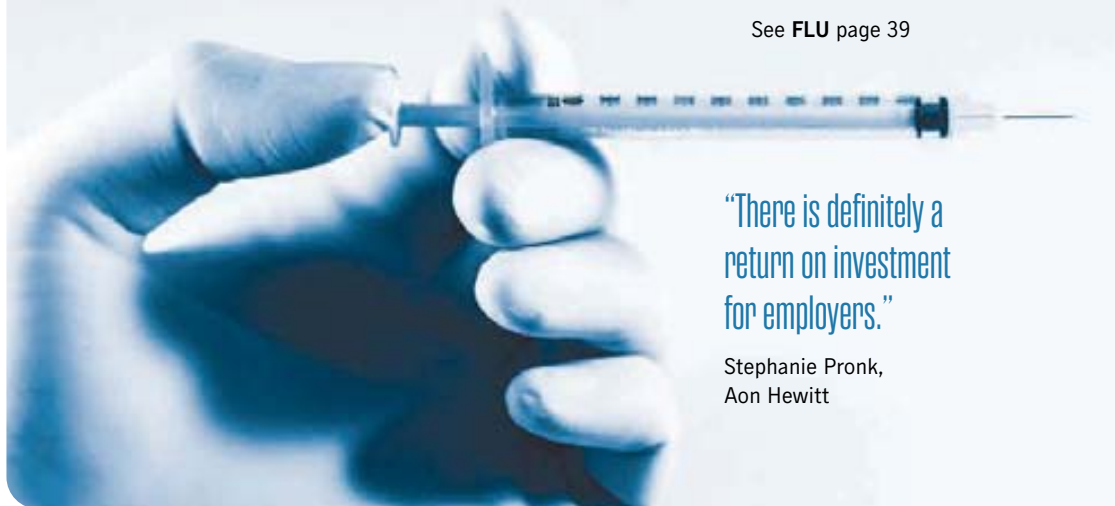
them on-site makes a difference" in how many employees participate, but having multiple options is best.

There is limited data on the number of employers offering free flu shots to employees, but according to a 2015 Society for Human Resource Management Inc. study, 61% of employers offer on-site flu vaccinations. The survey did not ask how many offer vouchers.

When it comes to the number of people who get the shot, the CDC said just 43.6% of U.S. adults got vaccinated during last year's flu season.

For many, the shot didn't work. Last year's vaccine was poorly matched with the predominant flu strain and only 19% effective overall. But the CDC, which estimates that flu vaccines typically are 50% to 60% effective, expects

See FLU page 39



"There is definitely a return on investment for employers."

Stephanie Pronk,
Aon Hewitt

AGENTS & BROKERS

Evolving cyber risks top broker, insurer concerns

BY MARK A. HOFMANN

COLORADO SPRINGS, Colorado — The changing nature of cyber liability is a key issue for insurance agents and brokers.

"Cyber is definitely the hot topic," said Richard Hylant, executive vice president of Toledo, Ohio-based Hylant Group.

"Cyber's on everyone's mind. It's an emerging and evolving risk," said Mike Foley, CEO of North America commercial and regional chairman of Zurich North America.

He said that as recently as two years ago, it was hard to get customers to think about cyber liability. Now, they are far more aware of their risks, he said.

But cyber was far from the sole area of discussion during the Washington-based Council of Insurance Agents & Brokers' Insurance Leadership Forum last week in Colorado Springs, Colorado.

Continued industry consolidation, a softening property/casualty market and the never-ending search for new business opportunities also triggered conversation at the event. Of course, concern remains on how the insurance industry, on the underwriting and brokerage sides, can attract the talent it needs (see story, page 40), said attendees.

For underwriters and brokers, cyber presents opportunities and risks, participants said.

Cyber is "the new EPL," Steve Brockmeyer, president and CEO of the Bolton Co. in Pasadena, California, and immediate past chairman of the council, said in referring to employment practices liability coverage.

Cyber is "morphing a little bit," said Peter Gilbertson, executive vice president of Wells Fargo

See COUNCIL page 40

HEALTH CARE BENEFITS

Colleges wary
of student
health coverageSchools drop subsidies
due to reform law rules

BY MATT DUNNING

The University of Missouri's decision to discontinue, and then quickly reinstate, health insurance subsidies for graduate students brought national attention to the lack of clarity in regulators' application of rules for colleges and universities.

Several schools have stopped offering health insurance to undergraduates — some due to minimum coverage requirements under the Patient Protection and Affordable Care Act and others because of religious objections to the mandate in the health care reform law to provide cost-free prescription contraceptive coverage.

At the University of Missouri, administrators said their August decision was based on informal IRS guidance classifying graduate teaching and research assistants as employees, meaning the university could have been fined up to \$36,500 per student per year for subsidizing individual-market health insurance, which includes school-sponsored plans.

The university reversed itself a week later, telling graduate students it would "defer implementation" of its decision while a task force develops a longer-term solution.

"Most of the schools at this point are waiting to see what the IRS' final ruling will be before decisions are made," said Karen Kline, manager of student health insurance at Pennsylvania State University in State College, Pennsylvania, and chairwoman of the American College Health Association's Student Health Insurance/Benefit Plans Coalition. "We're trying to get them to understand that these are students, not employees."

Colleges and education lobbyists have been pushing the IRS and Congress to allow schools to continue subsidizing health coverage for graduate teaching and research assistants, many of whom are older than 26 and no longer eligible for coverage under their parents' health insurance plans.

"We think that this informal guidance is based on a

See STUDENTS page 41

**At the heart of your
success is a passion
for excellence.**



**Congratulations to this
year's 40 Under 40 winners.**

When you have passion for what you do, there's no telling how far you can go. This year, it's taken you to the top. Liberty Mutual Insurance is proud to recognize the 2015 40 Under 40 winners. Congratulations on your exceptional client service, leadership, and expertise; we look forward to seeing where these qualities take you next.

  @LibertyB2B

CYBER LIABILITY

CYBER RISK MANAGEMENT REQUIRES RANGE OF EXPERTS

Cooperation needed to combat the growing threats

BY JUDY GREENWALD

SAN FRANCISCO — Effectively addressing cyber risk requires close collaboration among companies' internal units as well as cooperation between industry sectors and with the government.

Craig Maccubbin, vice president and chief technology officer of Dallas-based Southwest Airlines Co., was a key participant when the airline bound its first cyber insurance in 2014.

**BUSINESS INSURANCE
CYBER RISK
SUMMIT 2015**

**IT vulnerability
a major challenge.
Page 38**

"I felt that the insurance for cyber coverage was so important that I wanted to be involved personally. I wanted to make sure the risk team had all the support it needed and accurately conveyed what was going on," said Mr. Maccubbin.

"Craig's involvement almost had an immeasurable impact on the initial placement, and probably on the renewal even more so," said Lauri L. Floresca, senior vice president and a partner at Woodruff Sawyer & Co. in San Francisco and Southwest's insurance broker.

While some underwriters ask "deep technological questions" about the systems you are using, "others are much more focused on people and processes," so "having people who can speak to both audiences is very useful," Ms. Floresca said during *Business Insurance's* Cyber Risk Summit last month in San Francisco.

Some network security people do not have a "business presence," she said. But Mr. Maccubbin presents to Southwest's board regularly. He



RODGER ALLEN

Shawn Ram of Crystal & Co. moderates a Cyber Risk Summit panel that features Lauri L. Floresca of Woodruff Sawyer & Co. and Kristy Harris and Craig Maccubbin of Southwest Airlines Co.

"understands business objectives, but can also get in-depth with underwriters," she said.

Find a senior company leader with technical expertise and develop a good rapport with them, said Kristy M. Harris, Southwest's manager of corporate insurance.

Several years ago technical experts considered it "almost insulting" for risk managers to be involved in buying cyber insurance. But in light of major data breaches since then, there is

"now more humility" among technical experts, Ms. Floresca said. "I think there's an acknowledgment that nobody is 100% secure, and that risk management is totally reasonable."

There is also an internal governance dimension of internal communications, speakers said.

Scott Corzine, managing director at New York-based FTI Consulting Inc., said if

See **CYBER** page 38

RISK MANAGEMENT

Operating in a new climate

Environment exposures
in the forefront

BY GLORIA GONZALEZ

QUEBEC CITY — Risk managers need to be on the front lines of preparing their organizations to deal with climate change, including keeping up on emerging environmental risks and case law.

By his own admission, Tim East, director of risk management at The Walt Disney Co. in Burbank, California, is no expert on climate change or environmental issues.

"I am, like you, a risk management professional," he told the RIMS Canada conference in Quebec City last month. "We have a unique role to play within our organizations because our fundamental responsibility is preparing our organizations to accept risk, to prepare for risk, to prepare for threats and to make our organizations more robust and sustainable over time. Rather than being afraid of this issue, this is something we can and should embrace."

Knowing the organization's flood exposure, for example, starts with flood maps, which are often spotty and out of date, said Louis Gritzko, Boston-based vice president and manager of research at FM Global, which is developing a worldwide, low-resolution but detailed and frequently updated flood map based on geospatial data to be released next year.

"In a changing climate, maps being up to date is vital," Mr. Gritzko said. "If you're looking at maps from the '70s or '80s, they're too old."

Key risk management steps include elevating the company's operations and equipment and having a plan to deal with the threat of rising water levels, which can include physical protection measures such as temporary water gates developed in the wake of Superstorm Sandy, though these measures can protect against up to only 1 meter (39.4 inches) of water, Mr. Gritzko said. Flood waters from Sandy topped 8 feet in some places, according to the according National Oceanic and Atmospheric Administration.

Risk managers also need to be aware of recent environmental



RISK MANAGEMENT

Spotlight falls on risk managers in changing world

Rapid developments in business create resiliency concerns

BY SARAH VEYSEY AND GAVIN SOUTER

VENICE, Italy — Risk managers are gaining more influence in their organizations but they, and the insurers and brokers that provide risk management services, must adapt their strategies as they grapple with rapidly evolving risks.

Greater emphasis on governance has increased the spotlight on risk management, said Julia Graham, outgoing president of Federation of European Risk Management Associations.

"We must be able to live up to greater scrutiny," Ms. Graham

said. Risk managers have the opportunity not simply to observe but to help lead their organizations, she said.

Today's risk managers are involved more in strategic decision-making, she said during FERMA's Risk Management Forum 2015 last week in Venice, Italy.

"If you are a risk manager, your role is becoming more important as we speak," said Thomas Hurlimann, CEO of global corporate at Zurich Insurance Group Ltd. "The role of the risk manager is to make their company more resilient —

that is true business."

As organizations become more concerned about the risks they face, the role of the risk manager is becoming more important, said David Batchelor, president of Marsh International, a unit of Marsh L.L.C. "Creating value and remaining relevant is key to the risk manager's role," he said.

To demonstrate "the value of what we do," risk managers need to focus on collaboration inside and outside their organizations, said Alexander Mahnke, CEO of

See **FERMA** page 38



FERMA

Julia Graham, outgoing FERMA president, said risk managers have the opportunity help lead their organizations.

See **RIMS CANADA** page 38

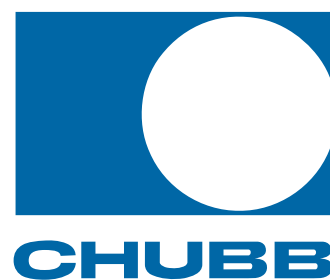


I'VE GOT SOME
REGRETS, BUT
INSURING
WITH CHUBB
ISN'T
ONE OF
THEM.

INSURANCE AGAINST REGRET™
TALK TO YOUR CLIENTS ABOUT CHUBB.

PROPERTY / LIABILITY / EXECUTIVE PROTECTION / WORKERS COMPENSATION / MARINE
SURETY / HOMEOWNERS / AUTO / YACHT / JEWELRY / ANTIQUES / ACCIDENT & HEALTH

www.chubb.com



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 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. © 2015 Chubb & Son, a division of Federal Insurance Company.

Volkswagen's U.S. chief blames emissions scandal on 'individuals'

■ Volkswagen's cheating on emissions with the use of software in diesel cars was not a corporate decision, but something that "individuals did," its U.S. chief executive told lawmakers last week. Michael Horn, Volkswagen's U.S. president and CEO, testified under oath to the House of Representatives Oversight and Investigations panel about the emissions scandal that has wiped away more than a third of the company's market value. "This was a couple of software engineers who put this in for whatever reason," Mr. Horn said about the software code called defeat devices, which the company put in diesel cars since 2009 to cheat government tests of emissions harmful to human health. "Some people have made the wrong decisions in order to get away with something that will have to be found out," he said. Rep. Chris Collins, R-N.Y., said at last week's hearing that he categorically rejected Mr. Horn's statement that using defeat devices was not a corporate decision. "Either your entire organization is incompetent when it comes to trying to come up with intellectual property, and I don't believe that for a second, or they are complicit at the highest levels in a massive cover-up that continues today," Rep. Collins said.

Reuters

California wildfire insured losses top \$1 billion

■ California wildfires caused more than \$1 billion in insured damage last month, according to a report released by the Impact Forecasting team at Aon P.L.C.'s Aon Benfield Group. According to "Global Catastrophe Recap: September 2015," last month's Valley Fire that burned large portions of California northwest of San Francisco, resulted in estimated insured losses in excess of \$925 million. The Butte Fire near Sacramento caused about \$250 million insured losses.

Towers Watson shareholder says Willis merger 'destroys' value

■ Driehaus Capital Management L.L.C., a leading Towers Watson & Co. shareholder, said last week in a filing with the U.S. Securities and Exchange Commission that the merger agreement between Willis Group Holdings P.L.C. and Towers Watson "destroys substantial shareholder value." The investment firm says the merger is "highly value-destructive" and takes issue with the fact that Towers Watson did not negotiate a "go shop" period in which to seek a superior offer from the marketplace. Driehaus, which in its filing said it owns 1,000,113 shares of Towers Watson, is urging shareholders to vote against the proposal. "We remain confident in the significant value creation potential of the Willis/Towers Watson merger, which is expected to deliver approximately \$4.7 billion in incremental value to shareholders," a Towers Watson spokesman said in an email.

Sandy Hook wrongful death suits head back to state court

■ A judge in U.S. District Court in Hartford, Connecticut, has sent back to state court a wrongful death lawsuit filed by 10 Newtown, Connecticut, families against Bushmaster

Firearms. Families of nine people killed in the shooting at Sandy Hook Elementary School in 2012 can continue their wrongful death suit in state court, a Connecticut federal judge ruled. *Soto et al v. Bushmaster Firearms International L.L.C. et al.*, originally filed Jan. 14, 2015, was returned to state court by U.S. District Judge Robert Chatigny. The lawsuit claims Bushmaster AR-15, the assault rifle used to kill 20 first-graders and six teachers at Sandy Hook Elementary School in December 2012, is too dangerous to sell to the public. In addition to Windham, Maine-based Bushmaster Firearms International L.L.C., the defendants include firearm distributor Camfour Inc., based in Westfield, Massachusetts, and Riverview Sales Inc. store where the gunman's mother legally purchased the rifle in 2010.

Ace crosses regulatory hurdle in acquisition of Chubb

■ The Federal Trade Commission has given its approval to Ace Ltd.'s acquisition for Chubb Corp. In a document filed with the Securities and Exchange Commission, Ace said that it had "received notice from the U.S. Federal Trade Commission that it had granted early termination, effective immediately of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 for Ace's pending acquisition of the Chubb Corp. Ace noted that while the FTC's action satisfied one of the conditions to the closing of the transaction, the deal must meet other customary closing conditions, including shareholder and regulatory approvals. Ace announced in July that it would buy Chubb for \$28.3 billion in cash and stock and that the new company would take the Chubb name.

Lockton executives take on bigger duties

■ Three senior executives at Lockton Cos. have assumed expanded roles, the Kansas City, Missouri-based broker announced. Glenn Spencer has been named chief operating officer of Lockton Inc. and president of Lockton Cos. in the United States. He previously served as Lockton's U.S. chief operating officer. He is based in Kansas City. Neil Nimmo will succeed Mike Hammond as CEO of both Lockton Cos. L.L.P. in the United Kingdom and Lockton International Holdings Ltd, succeeding Mike Hammond on May 1, 2016. He is currently deputy CEO for Lockton's international operations, based in London. Mr. Hammond has been appointed executive chairman of Lockton International Holdings Ltd., the operating business for all of Lockton's businesses outside the United States, assuming responsibilities currently held by David Lockton, who remains as executive chairman of Lockton globally.

Teamsters pension fund seeks to cut benefits

■ The Teamsters Central States, Southeast & Southwest Areas Pension Fund, Rosemont, Illinois, is seeking permission to cut benefits for participants, including retirees, as part of a proposed rescue plan awaiting approval from the Treasury Department. The pension fund had assets of \$17.8 billion as of Dec. 31, and is projected to become insolvent in 2026. The plan is painful but "the only realistic way possible to save the fund," which pays out \$2 billion more than it takes in each year, Executive Director Thomas Nyhan said in a statement. Despite a

recovering economy and investment returns comparable to similar-size pension funds, "there is simply no way to make up for the lost employer contributions" from the hundreds of employers that have closed their doors or gone bankrupt, Mr. Nyhan said. Under the proposed Central States rescue plan, terminated participants with less than 20 years of service credit would get the largest benefit cut, compared with retirees, active participants and terminated participants with 20 or more years of service.

N.M. sets reimbursement limit for medical marijuana

■ The New Mexico Workers' Compensation Administration has proposed a maximum reimbursable amount for medical marijuana. In the state's 2016 health care provider fee schedule, which would take effect Jan. 1, the administration suggests setting the maximum payment that injured workers could be reimbursed for medical cannabis at \$12.02 per gram. The maximum reimbursement is listed as 8 ounces, or 226.8 grams, per calendar quarter, in the fee schedule. In July, the New Mexico Workers' Compensation Administration proposed a rule that would make medical marijuana a "reasonable and necessary medical treatment only where an authorized health care provider certifies that other treatment methods have failed."

FAA hands drone operator record fine for photography flights

■ The Federal Aviation Administration handed out its largest-ever penalty to a drone operator for "endangering the safety of our airspace," the Administration said in a statement Tuesday. Part of The U.S. Department of Transportation, The FAA hit Chicago-based SkyPan International Inc. with a \$1.9 million civil penalty for the 65 "unauthorized operations in some of our most congested airspace and heavily populated cities," between March 21, 2012 and Dec. 15, 2014, the FAA said in its statement. "These operations were illegal and not without risk," the FAA statement said. According to the Administration, SkyPan conducted 65 unauthorized commercial drone flights over various locations in New York City and Chicago between March 21, 2012, and Dec. 15, 2014. "SkyPan has been conducting aerial photography above private property in urban areas for 27 years in full compliance with published FAA regulations," the company said in an email statement.

Council of Insurance Agents & Brokers elects officers

■ Bill Henry, chairman and CEO of Dallas-based MHBT Inc., a Marsh & McLennan Agency L.L.C. company, has been elected as the 2016 chairman of the Council of Insurance Agents & Brokers, the council announced. Mr. Henry was elected during the council's annual Insurance Leadership Forum in Colorado Springs, Colorado, last week. He succeeds Steve Brockmeyer, president and CEO of Bolton & Co. in Pasadena, California. Other leaders named during the council's meeting include Vice Chairman Robert Cohen, chairman and CEO of Denver-based IMA Financial Group Inc.; Treasurer David Eslick, chairman and CEO of Marsh & McLennan Agency, New York; and Secretary Martin P. Hughes, chairman and CEO of Chicago-based Hub International Ltd.

BUSINESS INSURANCE®

Publisher:
Frank Quigley (Chicago)

Editor:
Gavin Souter (Chicago)

Editor-at-Large:
Jerry Geisel (Washington)

Managing Editor:
Mary Jane Grandinetti (Chicago)

Assistant Managing Editors:
Charmain Benton (Chicago);
Aranya Tomseth (Chicago)

Art Editor:
William Murphy (Chicago)

Senior Editors:
Gloria Gonzalez (Washington);
Judy Greenwald (San Jose);
Mark A. Hofmann (Washington);
Sarah Veysey (London)

Associate Editors:
Matt Dunning (New York);
Stephanie Goldberg (Chicago);
Sheena Harrison (Chicago);
Matthew Lerner (New York)

Staff Reporters:
Shelby Livingston (Chicago);
Donna Mahoney (Chicago)

Copy Desk Chief:
Katherine Downing (Chicago)

Copy Editor:
Dave Roknic (Chicago)

Copy Editor/Video Producer:
Jewell C. Washington (Chicago)

Editorial Assistant:
Joyce Famakinwa (Chicago)

Editorial Cartoonist:
Roger Schillerstrom (Chicago)

Advertising Sales Director:
Peter Oxner (Chicago)

Northeast Regional Sales Manager:
Ron Kolgraf (Boston)

Mid-Atlantic Advertising Manager:
Mark Krawiec (New York)

Midwest/West Advertising Manager:
Spencer Moysey (Chicago)

Custom Media Business Development Director:
Kimberly Jackson (Boston)

Account Executive, Sponsorship Sales:
Holly Klokis (New York)

Marketing Director:
Clifton Simmons (Chicago)

Marketing Graphic Designer:
Alissa Byrne (Chicago)

Sales & Marketing Specialist:
Katie Kett (Chicago)

Media Services Manager:
Victoria Edwards (Chicago)

Associate Group Publisher - Conferences & Marketing Services:
Nikki Pirrello (New York)

Director of Conference Programming:
Joanne Wojcik (Denver)

Events Manager:
Julie Ford (Chicago)

Director, Digital and Audience Development:
Sherry Skalko (Chicago)

Digital Product Manager:
Christina Kneitz (Chicago)

Digital Marketing Manager:
Kate Lichnerska (Chicago)

Digital Marketing Coordinator:
Claire Bohrer (Chicago)

Reprint Sales Manager:
Lauren Melesio (New York)

EDITORIAL:
Chicago: 312-649-5200;
London: 44-207-457-1400;
New York: 212-210-0100;
San Jose: 408-774-1500;
Washington: 202-662-7200

ADVERTISING:
Boston: 617-261-8459;
Chicago: 312-649-5224;
New York: 212-210-0136

SUBSCRIPTIONS & SINGLE COPY SALES:
1-877-812-1587 (U.S. & Canada)
1-313-446-0450 (All other locations)

Business Insurance is published by
Crain Communications Inc.

Crain Communications Inc. Board of Directors
Chairman: Keith E. Crain
President: Rance Crain
Treasurer: Mary Kay Crain
Cindi Crain

Executive Vice President/Operations:
William A. Morrow

Executive Vice President/ Director of Strategic Operations:
Christopher Crain

Senior Vice President/Group Publisher:
David Klein

Chief Financial Officer:
Thomas Stevens

Vice President/Group Publisher:
Chris Battaglia

Vice President/Production & Manufacturing:
Dave Kamis

Chief Information Officer:
Anthony DiPonio

G.D. Crain Jr.:
Founder (1885-1973)

Mrs. G.D. Crain Jr.:
Chairman (1911-1996)

Merrilee P. Crain:
Secretary (1942-2012)

S.R. Bernstein:
Chairman-executive committee (1907-1993)



We've worked hard to become a stronger partner for you.

Your business demands attention like never before, so we've beefed up to be more aligned with your needs. Our Broker Sales Professionals are now 100% dedicated, trained and accountable for working side-by-side with brokers like you to provide the solutions you expect. And brokers across the nation rely on the support of our nearly 350 on-site benefits consultants. We've listened, and we're committed to being a stronger partner who helps you provide the best value for your clients. Because good partners don't just look out for each other, they look *to* each other in order to succeed. **Visit [Aflac.com/broker](https://aflac.com/broker) to learn more.**



Critical Illness



Accident



Hospital

Aflac SmartClaim®
One Day Pay™

One Day PaySM available for most properly documented, individual claims submitted online through Aflac SmartClaim[®] by 3 PM ET. Aflac SmartClaim[®] not available on the following: Short-Term Disability (excluding Accident and Sickness Riders), Life, Vision, Dental, Medicare Supplement, Long-Term Care/Home Health Care, Aflac Plus Rider and Group policies. Processing time is based on business days after all required documentation needed to render a decision is received and no further validation and/or research is required. Individual Company Statistic, 2015. **Coverage is underwritten by American Family Life Assurance Company of Columbus. In New York, coverage is underwritten by American Family Life Assurance Company of New York.** Worldwide Headquarters | 1932 Wynnton Road | Columbus, GA 31999

Warren Buffett cuts Munich Re stake

■ Warren Buffett has cut his stake in Germany's Munich Reinsurance Co. after warning earlier this year that prospects for the reinsurance industry had turned gloomier. Mr. Buffett's Berkshire Hathaway Inc. and National Indemnity Co. cut their combined holding to 9.7% from around 12%, Munich Re said in a statement. It was unclear whether Mr. Buffett plans further reductions in his stake, which he built from less than 3% to more than 10% in 2010. In May, he told Berkshire Hathaway shareholders that the reinsurance business was "unlikely to be as good as it was."

Reuters

European insurers expanding cautiously

■ European insurers continue to expand their overseas operations in a focused fashion, according to a report by A.M. Best Co. Inc. While several midsize reinsurers have used excess funds to engage in merger and acquisition activity recently, their large primary insurers have been less driven by a desire for greater scale. Rather, according to "European Insurers Continue Overseas Expansion Drive but More Focused in Approach," industry consolidation between primary companies has been driven by the desire to grow faster in emerging markets, such as Central and Eastern Europe and Turkey and to achieve higher margins and more capital efficiency. Domestic European insurance markets typically are stagnant with only muted premium growth in 2014, according to Best,

E.U. to ease capital rules for banks, insurers

■ The European Union will ease capital rules it has imposed on banks and insurers since the financial crisis to help markets raise more funds for reviving sluggish economic growth. The bloc's financial services chief, Jonathan Hill, announced his "action plan", made up of 33 measures and legislative initiatives that will put in place the building blocks of "capital markets union" or CMU by 2019. European companies tap banks for up to 80% of the funds they need to grow, and Brussels hopes its planned reforms will switch some of this heavy lifting to markets. It would be the first instance of regulators rowing back on regulation introduced during the financial crisis in a sign of how policymakers concern has switched to reviving

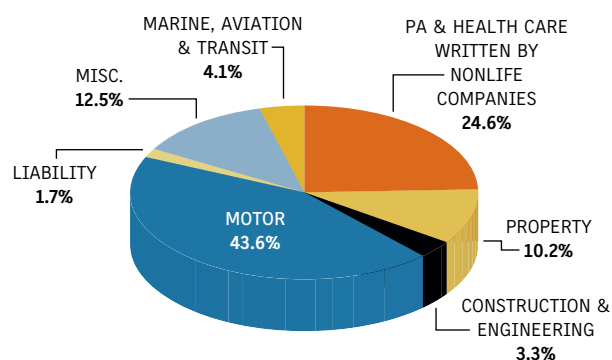
PROFILE: INDIA

\$9.87
BILLION

Severe earthquakes are a major natural threat throughout India, and cyclones with their attendant flooding vex the southern states and coast along the Bay of Bengal. Animus with its neighbor Pakistan, factions of which have been blamed for major terror attacks in Mumbai and elsewhere, is the other major threat facing the country with a relatively stable political situation and solid economy.

◀ 2014 P/C gross premiums

MARKET SHARE



Source: Axco Global Statistics/Industry Associations and Regulatory Bodies



AREA

1.18 million square miles

POPULATION

1.21 billion

GLOBAL P/C MARKET RANKING

20

2015 GDP CHANGE (PROJECTED)

7.3%

MARKET DEVELOPMENTS

UPDATED MAY 2015

- The Insurance Laws (Amendment) Act 2015, passed in March, raises the allowable percentage of foreign direct investment in locally licensed insurance companies to 49% from 26% with the approval of the Foreign Investment Board. This is seen as a way to pour an estimated \$3 billion to \$8 billion into what's considered a "cash-starved" sector.
- Further, the act allows reinsurers to establish branches in India, with regulations for the registration and operation of their offices (excluding Lloyd's of London) being developed. Among the considerations are funding and credit rating requirements.
- Under the Civil Liability for Nuclear Damage Act of 2015, the government has established an insurance pool to cover nuclear risks. General Insurance Corp. will manage the pool with a \$240 million capacity.
- A new regulation requires auto insurers to underwrite a minimum percentage of auto third-party business to avoid supply-side constraints, and it prohibits them from refusing to write any proposal for third-party auto coverage only.

COMPULSORY INSURANCE

- Auto third-party liability
- Third-party liability for manufacturers of hazardous materials
- Professional indemnity for direct brokers, reinsurance brokers, stockbrokers, mutual fund managers and insurance marketing firms
- Aviation carriers' liability
- Shipowners' liability for marine oil pollution

Some coverage also is mandated locally, including that for residents' associations in Mumbai.

NONADMITTED

Unauthorized insurers cannot carry on insurance activity in India, with some limited exceptions, including international marine cargo and risks in special economic zones. Also some policies held by Indian residents while living abroad are grandfathered when they return home.

INTERMEDIARIES

Agents and brokers have to be authorized and cannot place business on a nonadmitted basis.

MARKET PRACTICE

In practice, things are a little looser. Multinational companies, for example, are known to rely on global programs rather than national coverage. It's also not uncommon to find local policies written for less than needed with offshore policies covering the balance.

Information provided by Axco Insurance Information Services.
www.axcoinfo.com

growth. Early initiatives include making it cheaper for banks to sell high quality securities based on the pooling of loans such as mortgages — known as securitization — to institutional investors. Reviving Europe's securitization sector to pre-crisis levels would raise €100 billion to €150 billion (\$112-\$168 billion), the European Commission said.

Reuters

Insurers, reinsurers back new MGA

■ London-based managing general agent European Property Underwriting Ltd. has entered into an exclusive capacity arrangement with HDI-Gerling Industrie Versicherung A.G. with major reinsurance participation from

Liberty Mutual Insurance Co. and Swiss Re Corporate Solutions Ltd., Global Risk Partners Ltd., which owns EPU with its management, announced. The new arrangement will allow EPU to write line size in excess of £300 million (\$455.4 million), EPU managing director Ian Dopson said in a statement announcing the arrangement. EPU specializes in a range of insurance products for property owners via brokers. It was established in October 2013 following the sale of Towergate Underwriting Commercial Property to Global Risk Partners.

European storm damage estimate lowered

■ Windstorm Mike-Niklas caused about €826 million (\$925.0 million)

in insured property losses, catastrophe insurance data firm Perils A.G. said. The storm struck Austria, Belgium, Germany, the Netherlands, Switzerland and the United Kingdom from March 29 through April 1 and caused widespread damage in Germany, in particular. Perils said in a statement that it had revised its loss estimate downward from a previous estimate of about €895 million (\$999.45 million). A fourth loss estimate will be published on March 29, 2016.

Insurance bosses call for climate change push

■ Lloyd's of London and other insurers called for collective action to address climate change after a report from the U.K. regulator

highlighted risks to their industry from global warming. In an open letter to Bank of England Gov. Mark Carney, 15 senior insurance executives said they welcomed the Prudential Regulation Authority's report, which said the insurance industry could be hit by climate change in "diverse, complex and uncertain" ways. The UN's climate boss warned last month that national promises to cut emissions so far would cap warming at an unacceptably high level, heightening concerns in the insurance industry about politicians' lack of resolve. "The insurance leaders are also calling for the PRA's report to lead to more urgent collective action to reduce the risks of climate change impacting society, and ultimately the insurance industry," the insurers said in a statement. They included Lloyd's of London's Chief Executive Inga

Beale and RSA Insurance Group P.L.C. CEO Stephen Hester. In their letter to Mr. Carney, they also said they wanted a regulatory environment that “allows our industry to fulfill its full potential as society’s risk manager and to help maintain risk exposure within insurable levels.”

Reuters

Axis to pull out of retail in Australia, cut 100 jobs

■ Pembroke, Bermuda-based Axis Capital Holdings Ltd. said that it plans to withdraw from the retail market in Australia and will also cut a total of 100 positions, or about 8% of its work force, primarily in its corporate and select insurance operations. The specialty insurer and reinsurer said in a statement that following an operations review, it has decided to wind down its retail insurance operations in Australia, and continue to serve the Australian market through its international wholesale and global reinsurance platforms. Axis had a total of 1,254 employees as of its latest annual report.

ERIMS Ontario chapter honors risk manager

■ Tino Brambilla, manager of insurance services for Manitoba Hydro, was awarded the 2015 Donald M. Stuart Award from the Risk & Insurance Management Society’s Ontario, Canada, chapter. The award, given to Mr. Brambilla at the recent 2015 RIMS Canada conference, has been bestowed every year since 1979 to a Canadian making outstanding contributions to the risk management profession. Mr. Brambilla is a board member of RIMS Manitoba Chapter and previously served as the chapter’s president for four years. He has held several positions, including chapter delegate, treasurer and chair of the RIMS Canada Council.

FERMA appoints CEO to lead organization

■ Typhaine Beauperin-Holvoet will replace Florence Bindelle as the leader of the Federation of European Risk Management Associations. Ms. Beauperin-Holvoet most recently was senior European affairs adviser at Eurochambres, the association of European chambers of commerce and industry in Brussels. She will take on the new title of CEO. Ms. Bindelle, the organization’s executive director, was FERMA’s first employee, and is leaving after 16 years.

Global regulators finalize capital rules for insurers

■ The world’s nine biggest insurance companies will have to hold more capital under new rules finalized by global regulators that aim to prevent taxpayer bailouts of the industry in a crisis. Regulators decided to look at the multi-trillion dollar insurance industry following the massive public rescue of

insurer American International Group Inc. in the United States during the 2007-2009 financial crisis after a foray into risky credit default swaps. At the request of the Group of 20 economies, the International Association of Insurance Supervisors has designed a two-part capital requirement for the nine companies, whose collapse could wreak havoc in global markets. They include AIG, Prudential Financial Inc. and MetLife Inc. from the United States, Allianz

S.E. from Germany, Britain’s Aviva P.L.C. and Prudential, Ping An Insurance Co. of China Ltd., Italy’s Assicurazioni Generali S.p.A., and Axa S.A. of France.

Reuters

Port fire, quake cause Validus millions in losses

■ Validus Holdings Ltd. said that it will report a loss of \$63.9 million

due to the recent earthquake in Chile and a series of explosions at the Port of Tianjin in China. The Aug. 12 explosions at the port will result in \$43.9 million in losses, with its Validus Reinsurance Ltd. shouldering \$32.7 million and Talbot Holdings Ltd. shouldering \$11.2 million, the insurer and reinsurer said in a statement. The Sept. 16 quake in Chile will cost the company \$20.0 million, with Validus Re seeing a net impact of \$15.3 million and Talbot, \$4.7 million.



The changing healthcare industry brings new worries and risks. We can help you keep them under control.

To meet the increasing demand for cost-efficient healthcare, you may be among the healthcare providers expanding your offices or merging with others. With the transition come new risks as you combine or add staff, build facilities with new equipment, and take on new patients. Having an insurer who understands your challenges can help keep your facility running smoothly so you can stay focused on your patients and their quality care.

At Travelers, we have years of experience working with healthcare providers, helping them uncover and manage their risks so they can avoid disruptions, reduce loss costs, and keep their businesses – and reputations – healthy.

Visit us at ASHRM Booth #622. Travelers is a proud sponsor of the Cyber Café.

TRAVELERS
It's better under the umbrella®

travelers.com

© 2015 The Travelers Indemnity Company. All rights reserved. Travelers and the Travelers Umbrella logo are registered trademarks of The Travelers Indemnity Company in the U.S. and other countries. BCMAD.000B-P New 8-15

WILLIS UNIT LEADER POISED FOR TOWERS WATSON SYNERGIES

Q What are the current opportunities and challenges for Willis in the United Kingdom?

A Our clients' needs are changing, and we need to adapt our business to stay relevant, competitive and continue to meet these needs. Our vision is clear: We want to be the best global risk advisory, broking and solutions provider. Going forward you'll see a bigger focus on the value we can provide our clients across a whole range of products and services — not just traditional insurance.

Q How will the upcoming merger with Towers Watson & Co. help Willis?

A In July, the Willis board together with the board of Towers Watson, unanimously recommended a merger of our two companies. ... Together, we will be greater than the sum of our parts. We have complementary business lines, capabilities and geographic reach. Our consultative approaches to client service are both underpinned by industry-leading data analytics and technology. We

Q&A

believe that the united Willis and Towers Watson will be able to bring our clients an even stronger, more comprehensive offering to address the ever-changing and broadening set of risks facing businesses.

Q What do you see as the major challenges for risk managers and insurance buyers in the United Kingdom currently, and how can Willis help them?

A We know that the insurance industry is only covering about 20% of the risks that our clients

report. There may not be insurance solutions for the remaining 80%. But with the data we hold, we can provide analytical solutions to help companies understand risk and mitigate it.

Recently, Willis has built a new political risk model, called VAPOR (Value at Political Risk), launched in collaboration with our partners Oxford Analytica. This unique approach to political risk modelling allows global companies to assess and compare the financial implications of exposure to a suite of political risks — in individual countries, regionally or globally. By giving our clients an ability to compare the financial impact of political risk exposure (in dollar-value terms) they can make better decisions about where to invest.

Q What about your last role has helped prepare you for this one?

A I think, given my experience of more than 25 years on the carrier side, I am in a unique position to help us to define what it means to be a broker of the future and to evolve what the insurance market is capable of offering its clients



NICOLAS AUBERT

WILLIS GB, A UNIT OF WILLIS GROUP HOLDINGS P.L.C.

recently with *Business Insurance* Senior Editor Sarah Veysey. Edited excerpts follow.

Nicolas Aubert was appointed CEO of Willis GB, the unit of Willis Group Holdings P.L.C. that includes retail insurance business in the United Kingdom and facultative and specialty London business, in January 2015. He previously was COO of American International Group Inc. in Europe, the Middle East and Africa, and held other leadership roles at AIG in Europe prior to that. He discussed challenges and opportunities for Willis

through the best relationships with capital providers.

I also bring experience of transforming businesses to generate significant and persistent profitable growth. I have done this in the United Kingdom, southern Europe and France over the last 20 years.

Q What are the most important lessons from your career so far?

A To be successful as an organization you need to be able to lever-

age the skills and expertise of everyone. Success is about teamwork. It is also about creating an inclusive workplace where people's individual contribution is valued, where we leverage their diverse talents and where they can succeed in achieving their full potential. Willis is committed to fostering diversity and inclusion in the marketplace. Another key learning is that people thrive when leaders build a transparent, honest but challenging environment so that we go for real ambitions.

COMINGS & GOINGS

UP CLOSE: DAVID MARINO

NEW YORK-BASED U.S. CONSTRUCTION LEADER
Marsh L.L.C.

PREVIOUS POSITION: Jericho, New York-based executive vice president for Aon Risk Solutions

LOOKING FORWARD TO: Employing my skills and experience gained over a 20-year insurance career. Helping contractors, developers and users of construction services develop most efficient insurance and risk financing programs for project and program risk.

CHALLENGES FACING INDUSTRY: An uptick in activity creates challenges for an organization to build high-quality projects in a timely and safe manner. I think firms with organizational focus can have excellent opportunities to excel in the face of these challenges. Another challenge is technology is pushing building higher, tunnels deeper, transit systems faster, so best-in-class contractors need to stay focused on emerging delivery methods and technology to stay ahead.

INDUSTRY OUTLOOK: I'm bullish on the industry. The U.S. economy is driving a lot of capital from overseas,



particularly in real estate development.

FIRST INDUSTRY JOB: I started with (American International Group Inc.) ... I was first exposed to the construction industry while working at AIG.

WHAT SURPRISED ME: The construction industry is very generous with charitable giving. ... This industry plays an important role with local and regional causes.

OUTSIDE THE INDUSTRY, A DREAM

JOB: A ski instructor at a world-class ski resort.

HOBBIES: Hiking, biking and boating.

THING MOST PEOPLE DON'T KNOW ABOUT ME: I'm a particularly good sailor, but I have been frostbiting, which is winter sailing in dry suits. I've done that the last two seasons, racing 16-foot Hobie Cats.

WHEN I RETIRE: Somewhere near the water.

FAVORITE MEAL: The company is as important as any meal. I enjoy a good family barbecue.

Professional Moves & Promotions

Visit www.businessinsurance.com/ComingsandGoings for a full list of this week's personnel moves and promotions. Check our website daily for additional postings and sign up for the weekly email.

BROKERS

Willis Group Holdings P.L.C.	Paula Bernal
Marsh L.L.C.	Thomas Fuhrman
Worldwide Facilities L.L.C.	Bill Craane
HUB International Ltd.	Kevin Eggleston
Lockton Cos. L.L.C.	Jeff Schermerhorn

INSURERS

All Risks Ltd.	Ken Hashberger
Endurance Specialty Holdings Ltd.	Christopher Gallagher
Victor O. Schinnerer & Co. Inc.	Brian Hanuschak
ArgoGlobal S.E.	Gabriel Rodrigues

REINSURANCE

Aon Benfield	Colin Dutkiewicz
JLT Re	Patrice DeHaney
Markel International Ltd.	Hu Qianhai

OTHER

Missouri Department of Insurance	Angela Nelson
----------------------------------	---------------

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: Joyce Famakinwa, *Business Insurance*, 150 N. Michigan Ave., Chicago, Ill. 60601-7524. jfamakinwa@businessinsurance.com.



Insurance for businesses, families and individuals | acegroup.com/us

We are  insured.

What does it mean to be ACE insured?

It means businesses, families and individuals are protected by an 'AA' rated insurer, one of the largest and strongest in the world. The people of ACE truly understand our risks and go out of their way to help us. We can rest assured knowing ACE is there when we need them.

EDITORIAL

COMMUNICATE, COOPERATE ON CYBER RISK

One of the unfortunate side effects of constant reminders that communication is important is that sometimes they merely become part of the background noise. That's too bad, because it remains a critical issue for risk managers, particularly with regard to cyber risks. This was one of the refrains articulated by several speakers during last month's *Business Insurance* Cyber Risk Summit.

For instance, the cooperative communication between Southwest Airlines Co.'s risk manager, Kristy M. Harris, and the airline's vice president and chief technology officer, Craig Maccubbin, was critical to its success in obtaining cyber coverage.

As broker Lauri L. Floresca discussed during the conference, Mr. Maccubbin's expertise in technology and his ability to "talk the talk" with technically inclined underwriters was crucial.

While more companies are embarking on efforts to break down the isolated silos that exist within company units, the tendency to protect individual turf is only human. The cooperation between risk management and technology at Southwest Airlines should serve as an example, and perhaps a goal, for other companies as well.

Of course, communication should be handled strategically.

As speakers at the conference warned, because chief information officers' goal is to get the information out fast while chief information security officers' concern is that the information be secure, there is an inherent conflict of interest, and the two functions should have different reporting paths.

Communication between companies as well as between companies and law enforcement can be valuable as well.

Clearly, a company's efforts to combat cyber attacks can be enhanced only if companies work together toward the same goal by sharing information rather than having firms struggle separately. We can only hope that Congress will finally approve long-awaited, effective legislation that will encourage this cooperation.

And finally, keep in mind FBI agent M.K. Palmore's advice to Cyber Risk Summit attendees to establish communication with law enforcement before there is a cyber attack.

"You do not want your first interaction with the FBI to be your response to an internal breach," he said, providing some wise guidance for risk managers to follow.

Business Insurance welcomes letters to the editor. The section is intended to be a forum for readers' opinions and comments. We reserve the right to edit letters for clarity or space. We will not publish unsigned letters.

Please send your letters to:

Letters to the Editor, *Business Insurance*,
150 N. Michigan Ave., Chicago, Ill. 60601-7524

Fax: 312-280-3174; email: gsouter@businessinsurance.com

SCHILLERSTROM



COMMENTARY

WEIGHTY ISSUE UNDERLIES COCKTAIL WAITRESS CASE

Some court rulings just don't sit right. That's the case with a recent ruling by a New Jersey appeals court, which held, with some exception, an Atlantic City casino did not violate state discrimination law when it enforced a weight standard for its scantily clad "BorgataBabes" cocktail waitresses.

A total of 21 women who were current or former employees of the Marina District Development Co. Ltd., which operates as the Atlantic City-based Borgata Casino Hotel & Spa, contended a requirement that the BorgataBabes could not increase their baseline weight, as established when hired, by more than 7% — which is considered the equivalent of a bigger dress size — violated the state's discrimination law, according to last month's ruling by the New Jersey appellate division court in *Jacqueline Schiavo et al. v. Marina District Development Co. L.L.C.*

The recruiting brochure as described in the ruling reflects all the fake glamour of Las Vegas: "They're beautiful, they're charming. And they're bringing drinks ... But once you can breathe again, prepare to be taken to another level by the BorgataBabe attitude. The memory of their warm, inviting upbeat personalities will remain with you long after the vision has faded from your dream."

No mention there of anything to do with their weight.

There were more than 4,000 applicants for 200 placements when the casino opened in 2003, according to the court ruling. Female BorgataBabes were to have "natural hourglass shape," hair that was "clean and naturally styled" and "tasteful, professional makeup." All this to deliver drinks.



JUDY GREENWALD
SENIOR EDITOR

Far from being sexy, the court case seems to reflect a hard reality. The plaintiffs in the case charged the casino with sexual harassment, hostile work environment, disparate treatment, disparate impact and gender stereotyping. Perhaps tellingly, although there were also male "BorgataBabes," none were suspended for failure to comply with the weight standard.

In largely upholding a state court in Atlantic City on the weight standard, a three-judge panel — two of whom were women — held that "the evidence fails to present a cognizable claim of facial discrimination."

The appeals court, however, at least reinstated some plaintiffs' charges, holding that the record does include adequate evidence that the weight policy was applied to some plaintiffs in a discriminatory, harassing manner in targeting women returning from maternity or medical leave.

By 1994, most major airlines had dropped their weight standards for flight attendants, according to news reports. That year, for instance, USAir reached a settlement in a court case on the issue that was filed by the U.S. Equal Employment Opportunity Commission.

But now, more than 20 years later, New Jersey apparently remains blissfully content in its own little time warp.

Trans-Pacific Partnership opens underserved insurance markets

Years in the making, the 12-nation Trans-Pacific Partnership free-trade pact reached Monday promises to provide wide opportunities to U.S. insurers in formerly closed markets. Leigh Ann Pusey, president and CEO of the American Insurance Association, discusses the possibilities.

When most Americans think about trade agreements such as the pending Trans-Pacific Partnership, provisions that open overseas markets to U.S. manufacturers and their goods usually come to mind. But TPP will be just as much of a boon to American service providers, especially insurers.

The reason is simple: When countries' economies grow, creating a solid middle class, businesses spring up to provide residents with goods and services, all of which need to be insured. But many of these potential markets have been closed to American multiline insurers or have been too unpredictable for them to thrive.

More than that, multiline insurers are crucial to American multinational companies that seek to reach into the world's emerging economies.

The TPP, a regional trade pact between Asia-Pacific countries that the U.S. began negotiating in 2009, will change this.

It will open or improve conditions in the 11 other TPP nations — Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam — for American insurers.

The opportunities for American insurers are almost limitless with TPP. Micro-, small- and medium-size businesses are leading growth and development throughout Asia. Their success is well known. American companies that specialize in insuring these often single-person operations will be able to provide them with coverage and peace of mind.

For business insurers, the benefits of TPP would be manifold. U.S. insurers would no longer be subject to discriminatory regulations in TPP countries that have hampered their ability to operate in those markets. The right to sell, offer and utilize reinsurance and some other types of business insurance across the borders of TPP countries — even without a local presence — would be guaranteed. U.S. insurers would be able to establish local operations in TPP countries as a branch, subsidiary or joint venture.

And business insurance products from U.S. companies would be approved with more ease and transparency in TPP markets.

Because of trade barriers and unfavorable regulations in most developing



economies, American insurers' presence overseas has been concentrated in the European Union and Japan. Taken together, the U.S., the E.U. and Japan comprise 71% of the world's insurance market, but account for only 13% of the world's population. TPP will open a notable portion of the remaining 87% of the world's potential customers to American insurers.

These new frontiers represent enormous growth potential for insurers, their stakeholders and investors. Insurance premium growth rates are nominal in the U.S., E.U. and Japan. But in Africa, Latin America and other Asian nations, premiums are growing at a more robust 9%-10% annually.

Further, unlike in long-developed nations, insurance penetration in these markets is low. Compared to the Organization for Economic Cooperation and Development average of 8.4%, Malaysia, for example, has an insurance penetration rate of 5%; Mexico's is 2.1%; in Vietnam, Brunei and Peru, it is less than 2%.

Though these countries offer tremendous opportunities, many have challenging political, legal and regulatory environments. Insurers need fair and predictable legal and regulatory systems to make it possible and worthwhile to enter the markets.

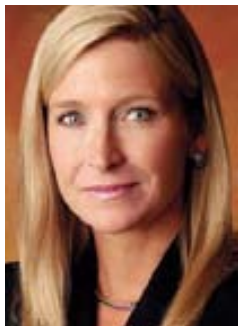
Trade agreements such as TPP alter this equation. In addition to bringing down barriers that have blocked U.S. companies, these pacts promote regulatory transparency and fairness agreed upon by all participants. This means that an American insurer can enter a new market with confidence, able to understand its regulations and assured that the rule of law applies.

TPP will protect insurance investments from government seizure, reduce the home-field advantage of many government-owned insurers, guarantee companies the ability to offer reinsurance across national borders and let insurers structure their overseas operations efficiently.

The U.S. International Trade Commission has said that eliminating trade barriers will result not only in U.S. insurers investing overseas, but it also will mean new jobs in the U.S. as insurers expand to handle the extra business.

The AIA welcomes the agreement and looks forward to reviewing the details once the text is released.

As the debate moves from the negotiating table to Capitol Hill, it is essential that the insurance industry speak loudly about the importance of this deal to our industry's growth. Our insurance market is already open to foreign insurers. It is time for markets in this important region to be more open to U.S. insurers.



Leigh Ann Pusey is president and CEO of the American Insurance Association. Contact her at 202-828-7100 or lpusey@aiaadc.org.

BUSINESS INSURANCE®

40 UNDER 40 BROKER AWARDS 2015

Top young brokers poised as next generation of leaders

BY MARK A. HOFMANN

Where will the insurance industry find the leaders of tomorrow? That's been an ever-more-urgent question as baby boomers retire in increasing numbers. The insurance industry has to compete with other industries, some of which appear to be considerably more interesting and glamorous in the public eye, for the talent without which no industry can prosper or even survive.

Fortunately, the leaders of tomorrow — and some of today — have already entered the ranks of the insurance brokerage business. Finding and cultivating such people isn't easy. Brokerages and those they hire must take the time and make the commitment necessary to cultivate the next generation of leaders.

And there's no single source for the pool of talent from which the leaders arise. As this year's profiles attest, some come directly out of college, often from risk and insurance programs or from other academic disciplines. Others come from within the insurance industry, both from competitors or from the underwriting side of the business.

Still others start in outside industries.

The most outstanding among the new talent bring new perspectives to dealing with brokerage issues of all sorts, whether traditional insurance placement services or those involving new challenges such as cyber security.

Truly standout performers among these emerging leaders are being recognized by *Business Insurance's* 40 Under 40 Broker Awards program, which was launched in 2013.

Business Insurance readers nominated young brokers from four regions of the United States: Northeast, South, Midwest and West. The nominations underwent a thorough review by a panel of *Business Insurance* senior editors. They considered a series of criteria in evaluating the nominations, including recent professional achievements, influence in the marketplace and leadership qualities, and spoke with clients and managers who endorsed the nominations.

The honorees, who are broken out by region, all had to meet the age requirement of being 40 or younger on Oct. 1 and will be honored at a series of regional receptions.

Each individual recognized has unique

qualities and experiences that helped earn him or her the recognition as being a 40 Under 40 broker. Many of those recognized have developed a considerable store of specialized knowledge over their careers, making them in-house experts within their organizations. Of course, such specialized knowledge translates into the highest client service, which anticipates and meets clients' needs in a way no one else can.

In addition, many of the young brokers recognized this year demonstrate a commitment to continuing education and participating in professional groups. Such a commitment can lead to earning professional designations such as the chartered property and casualty underwriter or becoming involved with local or national industry groups.

Such qualities, combined with a commitment to the highest ethical standards, mark the young broker destined to become an industry leader.

It's a safe bet that most if not all of the young brokers recognized in the 40 Under 40 Broker Awards program today will play key roles in charting the course of the brokerage industry for decades to come. The brokerage industry should be well-served by their leadership abilities.

40 UNDER 40 BROKER PROFILES

Broker honoree* Page

Robin Amstutz	26
Russell Bank	17
Billy Bray	20
Ryan W. Brown	26
Tanner Burns	20
Ben Butler	27
Joseph Charczenko	17
Brian Courtney	17
Josh Fagin	30
Jim Farrell	30
Mark Flippen	32
Jonathan Gilbert	17
Charley Hollimon	24
AnnaCarin Jansson	18
Charlie King	24
Mark Lee	24
Lindsey Maguire	32
Josh Mikels	24
Kevin Orphan	32
Casey Petersen	27
Ryan Pfeiffer	28
Nathan Reyes	28
Randy Rider	32
Pat Roth	33
Adriana Rubalcaba	33
Jason Sandler	25
Michael R. Schneider	28
Gregory Sibilio	18
Danny Simmerman	25
Aaron Simpson	18
Liz Smith	28
Andrew Stergiou	20
Polly Thomas	30
Spencer Timmel	30
Scott Villamor	33
Nathan Walters	26
Kristi Whistle	26
Matt Wiener	20
Erik Zentler	33

*After the honorees were announced in August, one of the winners selected left the brokerage sector and no longer qualifies for the award.

METHODOLOGY

Business Insurance established its annual 40 Under 40 Broker Awards program in 2013 to recognize leadership attributes, client-service skills and expertise among retail insurance brokers.

The nominations are divided into four regions of the United States: Northeast, South, Midwest and West.

While brokerages could nominate multiple candidates younger than 40 years of age as of Oct. 1, only one nominee per firm is recognized in each region.

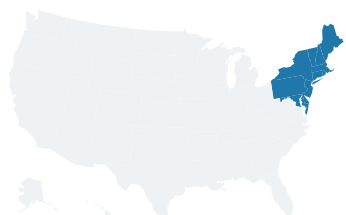
All of the rising star brokers were selected by a panel of *Business Insurance* senior editors.

Their excellence is being honored at four regional receptions hosted by *Business Insurance* in October.

BROKER PROFILES BY REGION

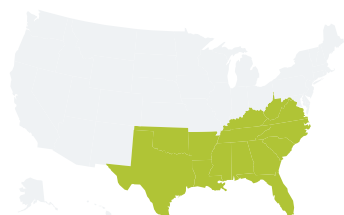
NORTHEAST

PAGE 17



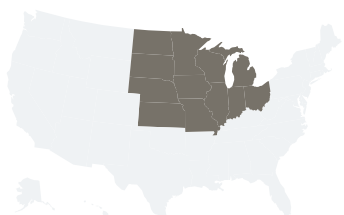
SOUTH

PAGE 20



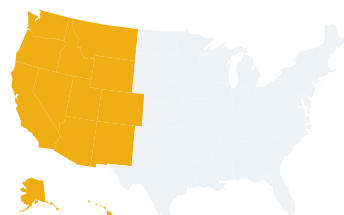
MIDWEST

PAGE 26



WEST

PAGE 30



**RUSSELL BANK 37**

Vice president of insurance placement

Wells Fargo Insurance Services USA Inc.

Russell Bank doesn't hesitate when asked what he most enjoys about being a property/casualty insurance broker.

"I love solving problems for people. Each risk has its own challenges, and I enjoy tackling those challenges," said Mr. Bank, who is vice president of insurance placement with Wells Fargo Insurance Services USA Inc. in New York.

At the same time, Mr. Bank said finding the right coverage at the right price is a key part of his job, a part that he relishes. "I'm best at last-minute problems that need solving. Clients remember that," he said.

The back-and-forth negotiation with underwriters also is a part of the job that he thoroughly enjoys, he said.

"When you develop relationships with underwriters, you can get more things done, and your submissions go to the top of the pile," he says.

Mr. Bank's clients recognize and appreciate his ability to get them the coverage they need at competitive prices.

"He works diligently every year to get us the best possible coverage and at the best rate," said Laura Condulis, senior vice president of administration and operations at Tradeoff Construction Services in New York, for whom Mr. Bank has found coverage for a wide range of liability risks.

Mr. Bank "listens to his clients' concerns and works tirelessly to address them," Ms. Condulis added.

His colleagues attribute Mr. Bank's success to several factors, especially his ability to get to the heart of a problem.

"He is quick and great at identifying issues, while having an especially high level of energy," said Peter Munger, North region property/casualty placement leader with Wells Fargo in New York.

Mr. Bank has spent his entire professional career — 15 years — working in the insurance brokerage business, and he intends to stay in the field.

"I just love what I do," he said, referring to relationship building and the placement of coverage for clients.

By Jerry Geisel

**JOSEPH CHARCZENKO 39**

Partner

Construction Risk Partners

Joseph Charczenko's background as a construction project manager has helped him to build his career as a partner with Construction Risk Partners.

Mr. Charczenko worked as an estimator, project engineer and superintendent with Peter Kiewit Construction Co. in Waltham, Massachusetts, before he decided to move in 2001 to New York, where he was recruited to work in the construction underwriting practice for Zurich North America.

He rose within Zurich's ranks to oversee a \$350 million book of construction insurance business for Zurich's Northeast region before joining New York-based Construction Risk Partners in 2010.

Mr. Charczenko led the brokerage's formal expansion into New York City

and is now heading the company's development of a Long Island, New York, office slated to open in November.

Working in the construction business before joining the insurance sector has given Mr. Charczenko insight into his clients' needs and risks, he said.

"In a lot of ways, I still consider myself more of a construction professional than I do an insurance professional," he said.

Mary Bishop, an associate partner with Construction Risk Partners, said Mr. Charczenko's previous experience in the construction industry has given him a special rapport with the brokerage's customers.

"He's so good at building that bridge and communication between what the insurance world knows and what the contracting community knows," said Ms. Bishop, who has worked with Mr. Charczenko since 2010. "He's such an effective communicator."

Outside of work, Mr. Charczenko spends time as a board member with two charities that he says are close to his heart — the New York-based Performance Based Building Coalition, which uses private investment to renovate and replace aging public infrastructure; and New York-based Groundswell, an organization that promotes art to at-risk youth through the painting of public murals.

By Sheena Harrison

**BRIAN COURTNEY 39**

Assistant vice president and health care practice leader

The Safegard Group Inc.

Brian Courtney tries to mitigate risks for clients, but gambles are what's worked for him in his professional life.

"The risk taker in me forces me to get out of my comfort zone," he said from his office in Media, Pennsylvania. "I never practice what I preach. ... I like taking chances."

Mr. Courtney joined The Safegard Group Inc. in April 2005 and serves as the health care practice leader for the company. He is primarily responsible for the direction of client services to the health care industry, tackling such issues as claims management, loss control and incident response planning.

The insurance business itself was a risk for Mr. Courtney as a young professional who studied marketing and

accounting as an undergraduate and dove into a sales consulting position with broker B.G. Balmer & Co. Inc.

"When I first came out of school, I wanted to get into an adviser role. I wanted to be in sales, but not in tangible sales," he said. "I liked having the ability to get into a business and help them solve complex issues. Insurance was a great avenue for people to protect their business."

Today he's earned several certifications and is a regular presenter at various state and regional industry associations, giving seminars on such topics as cyber security and sexual harassment.

That — public speaking — was another risk, he said. "I used to be afraid of getting in front of a group of people and giving a speech. ...," he said. "So I joined a local Toastmasters group. I got over my fear."

This drive to better himself doesn't surprise colleagues, who called Mr. Courtney an asset to the firm.

"He becomes an expert on the product and coverage before he sells it," said Apurva Upadhyay, Media-based assistant vice president at Safegard who, years ago, watched Mr. Courtney get on the forefront of such issues as cyber security. "Now he leads our team on that issue."

"The important lesson I learned early on is I wanted this to be a career, not a job," Mr. Courtney said.

By Louise Esola

**JONATHAN GILBERT 35**

Senior managing director, private equity and mergers and acquisitions group

Crystal & Company

Jonathan Gilbert could have been an accountant.

"I liked the idea of accounting. It was interesting to me and provided a foundation for understanding financial statements," said Mr. Gilbert.

However, he did not find the discipline "exciting" and elected not to pursue it as a career.

Instead, an early job drew him to the industry he would eventually embrace.

"When I was in school, I worked full-time at Hartford Insurance Co., Hartford, Connecticut, in 2003 in a co-op program, and that's how I got introduced to the insurance industry," said Mr. Gilbert, who now works for Crystal & Company in New York.

He said he appreciates the diversity

and client contact in insurance.

"I like it from the standpoint that you have good interaction with clients and deal with a number of issues that are financial in nature, legal in nature. There's claims management and loss control. I like the blend of everything. It's a bit analytical, and you also have to use intuition to solve problems," said Mr. Gilbert.

"It allows you the ability to learn a significant amount about a diverse group of industries and companies," said Mr. Gilbert. "You really get to understand the guts of the business."

"He's terrific at pulling the right resources from within his firm and working with our management teams," said Bill Connors, principal with Stonebridge Partners in White Plains, New York.

"Jon has good instincts and judgment, and he's helped us a lot, shepherding programs from coming up with ideas through helping with implementation," said Mr. Connors.

"Professional" was the first word to describe Mr. Gilbert from Sanford Crystal, executive vice president at Crystal & Company in New York who leads the company's Financial Institutions Group and Management and Professional Risks Group.

Amidst the pressures of merger and acquisition activity, "Jon is extremely level-headed and thorough," said Mr. Crystal. "Nothing rattles Jon."

By Matthew Lerner

**ANNACARIN JANSSON 39**

Senior vice president

Integro USA Inc.

While AnnaCarin Jansson has been instrumental in building the merger and acquisitions practice at Integro USA Inc., she said she relishes learning the industries and nuances of her various clients as a senior vice president with the firm.

"We are just exposed to so many different types of companies, and that is one of the interesting parts and fun parts of our job," said Ms. Jansson, who is based in Integro's New York office.

Ms. Jansson started her career as a property broker with Marsh L.L.C. before joining Integro nine years ago. Along the way, she said mentors have helped her learn important career lessons, such as how to communicate and collaborate effectively with her team members.

Building connections with colleagues and clients is one of the keys to Ms. Jansson's success throughout the years, she said.

"There is still a very important personal aspect of this field that I truly enjoy," Ms. Jansson said.

Nick Desmarais, managing director of legal services for the Jim Pattison Group in Vancouver, British Columbia, said Ms. Jansson began working with his firm's account a year ago and has worked diligently to find cost savings for the company's insurance programs.

"You have to have trust and confidence in your broker, and she's earned that in a relatively short period of time," said Mr. Desmarais, whose company has holdings in industries including automotive dealerships, grocery stores and advertising.

In the future, Ms. Jansson said she hopes to mentor other young brokers to help them develop their careers. She said she also aspires to play a leadership role in identifying emerging insurance risks for Integro's clients.

By Sheena Harrison

"There is still a very important personal aspect of this field that I truly enjoy."

AnnaCarin Jansson,
Integro USA Inc.

**AARON SIMPSON 38**

Director

Aon Risk Solutions

An undergraduate risk management course at Philadelphia's Temple University led to a career for Aaron Simpson.

Mr. Simpson, who now serves as a director in Aon Risk Solutions' Philadelphia office, found that the insurance industry was both analytical and people-oriented. That led him to change his major from finance to risk management and insurance.

Mr. Simpson, who is a team leader of one of Aon Risk Solutions' life science brokerage teams, began his brokerage career after a brief stint in an underwriting department at Fireman's Fund Insurance Co. His clients include biotechnology companies, pharmaceutical companies, medical device companies, nutritional product companies and other organizations in the life science industry.

"Aaron is my account executive in addition to being my product liability

broker," said Christina Donnelly, senior director-risk management at United Therapeutics Corp. in Silver Spring, Maryland. "In addition to providing his knowledge and expertise in the field of pharmaceutical products, he also brings to bear for my account all of the resources that Aon has to offer, and he coordinates all of the deliverables."

"Aaron brings tremendous passion and energy to every single client interaction and transaction," said Jim Walters, managing director of Aon's life sciences and chemical group in Philadelphia. "He has been immersed in the life sciences industry for the vast majority of his career, amassing a wealth of industry experiences that he draws upon to advise and assist our clients every day."

"My biggest achievement is that my clients consistently seem to be satisfied with the service our group provides," said Mr. Simpson.

Mr. Simpson said that the most interesting and enjoyable aspects of his job are "observing the evolution of my long-term clients." He said his clients, many of which operate globally, are always "thinking of new and unique ways to save lives and make people healthier."

In general, "I've learned to listen and to ask questions in order to gain as much of an understanding of my clients' operations, challenges and goals as possible," said Mr. Simpson. "I've learned there's never really a no; there's always a way."

By Mark A. Hofmann

TALENT.

You have it, now promote it.

Let the Custom Reprint Department help you turn this press into a powerful recruitment opportunity.

BUSINESS INSURANCE
40 UNDER 40
BROKER AWARDS 2015

Custom Frame

Features custom plates with article, 40 under 40 logo and recipient's name and company. Double matted with UV-coated Plexiglas overlay. Two finish options available. Great for display in office/reception area, or as a gift.

**Hard Copies**

Premium high quality reproductions on 80 lb. glossy paper that are designed to meet your specific marketing needs. Minimum order of 100.

**Eprints (Digital Reprints)**

Drive traffic to your website with Eprints. Receive a PDF of your feature that can be used for web posting and/or electronic distribution. All Eprints are sold as time-based licenses.

Business Insurance is not affiliated with any other reprint or plaque vendor.

For more information contact:
Lauren Melesio, Director, Reprints & Licensing
lmelesio@crain.com • tel 212.210.0707

CRAIN
REPRINTS

**GREGORY C. SIBILIO 32**

Vice president

Iron Cove Partners L.L.C.

Having worked as a lawyer, Gregory C. Sibilio, vice president of Iron Cove Partners L.L.C. in Garden City, New York, knows that "perception is reality."

"At the end of the day, if you do a great job with the claim or a terrible job with the claim, perception is reality," Mr. Sibilio said. "If (clients) get all the money they were supposed to get and they feel like they didn't have their hand held throughout the process, maybe they have an unfavorable view."

On the other hand, a client who doesn't get the full limit of liability but feels like "their hand was held the whole time" might have a more posi-

tive experience, he said.

Mr. Sibilio who counts passing the bar exam in Connecticut among his greatest accomplishments, said he still wears his "legal hat" when pre-underwriting accounts and interacting with clients at the insurance brokerage.

His legal background allows him to interpret or write contracts for clients pro bono, and standing up in front of a judge multiple times a day taught him to think on his feet, he said.

It can be hard to attract top-level talent, but it makes sense that a lawyer would succeed in the insurance industry, said Louis D'Agostino, senior vice president and financial institution practice leader at Iron Cove.

"Insurance policies are contracts themselves, so (Mr. Sibilio's) ability to really get an understanding for how these things are constructed helps us give our clients a different level of expertise," Mr. D'Agostino said. "We want to become folks' trusted advisers, and it definitely helps."

However, it's Mr. Sibilio's work ethic and ability to develop strong relationships with clients and underwriters that truly set him apart, Mr. D'Agostino said, adding that "his skill set and where he is now (professionally) exceeds many of the people I've trained over the last 10 years."

By Stephanie Goldberg

SORRY, PUDDING, BUT THE PROOF IS IN THE NUMBERS.

Because the numbers show that we close workers compensation claims 20 percent faster and at 10 percent lower cost per claim than our competitors. And our nurse case managers focus on getting your injured employees back to work quickly, because there are some things you can't put a number on.

Visit helmsmantpa.com to learn more.

Source: Internal analysis of 2014 data published by SNL Financial.
Cost per claim based on 10-year ultimate average.

© 2015 Helmsman Management Services LLC.



Helmsman
Management Services LLC™

**ANDREW STERGIOU 37**

Vice president

Alliant Insurance Services Inc.

While at a Sunday afternoon New York Knicks game this year with his 2-year-old son, Andrew Stergiou got a text from a contractor client with a burst pipe in his office.

He picked up his son and left during the third quarter to assess the damage, take pictures and file a report.

That drop-everything mentality is one reason Mr. Stergiou, a New York-based vice president

with Alliant Insurance Services Inc., boasts an average 98% client retention rate since 2006, and a 100% retention rate in 2014 for the insurance program he runs for the International Door Association, which includes providers of doors and gates.

Mr. Stergiou specializes in placing coverage for construction companies and associations, and his biggest challenge is ensuring clients don't have residential exclusions in their insurance policies — a common theme among clients that come to him.

"I had one client that was paying over \$100,000 for a general liability policy. All he does is residential work, and it had a complete residential exclusion on the policy," he explained.

It's difficult but rewarding work: "It's good to help people who don't know what they need" when it comes to insurance, he said.

"The guy is just on his game," said Larry Heischman, risk manager of San Francisco-based garage door manufacturer R & S Erection Inc. and a client of Mr. Stergiou's since 2014. "He's excellent at doing policy comparisons and knowing the marketplace and putting together a program that's superior to everything out there," Mr. Heischman said. "He's just astounding."

By Shelby Livingston

"It's good to help people who don't know what they need" when it comes to insurance.

Andrew Stergiou,
Alliant Insurance
Services Inc.

**MATT WIENER 29**

Vice president-insurance adviser

USI Insurance Services L.L.C.

Matt Wiener was considering a career as a financial adviser after graduating from Boston University with a Bachelor of Arts degree in economics in 2008.

Then the recession hit. The crisis made him reconsider, as he questioned who would hand over their financial portfolios to a 22-year-old with no experience.

Instead, he turned to the insurance industry, working at New York-based GFI Insurance Services, where he learned the real estate business and how it relates to insurance services.

He joined USI Insurance Services L.L.C. last year in White Plains, New York, as vice president focusing on the real estate, construction and hospitality industries.

Mr. Wiener prides himself on build-

ing strong relationships with his clients. His interactions with them start months before renewals, visiting their places of businesses regularly because he prefers to do everything in person.

"Open dialogue and communication with clients is probably the most important thing," Mr. Wiener said. "As long as you're straightforward and honest and deliver what's promised, I don't see any reason for losing clients."

Ethan Bloom, principal of New York City-based SLG L.L.C., credited Mr. Wiener with uncovering a residential exclusion in the firm's previous insurance coverage that exposed it to a major loss and revamping the program to properly cover the risk.

"He has basically set the bar so high in terms of his problem solving and forecasting," Mr. Bloom said.

When Brian Berman, vice president of New York-based SJB Interiors Inc., became partner in his father's construction business in 2010, he decided to end a 25-year brokerage relationship and sign with USI based largely on Mr. Wiener's extensive research and knowledge of the industry. Mr. Berman, who has known Mr. Wiener since they were kids, affectionately calls him "a hustler."

"He doesn't wait for things to come to him," he said. "He goes and gets them."

By Gloria Gonzalez

SOUTH REGION

**BILLY BRAY 29**

Vice president of property/casualty

Wells Fargo Insurance Services USA Inc.

At 19, Billy Bray knew that if he was going to be as successful as he wanted to be in the insurance industry, it meant he would need to learn all that he could about the business.

The Houston-based broker for Wells Fargo Insurance Services USA Inc. reads about 25 to 30 books a year, sometimes listening while driving.

"I read and listen to as many books as I have time for," he said. "All of my mentors are far beyond my current success level. I am trying to grow to the next level so one day I can be a mentor, too."

Mr. Bray not only reads to improve his education, he also graduated from Hartford Financial Services Group

Inc.'s Hartford School of Insurance and holds the commercial lines coverage specialist professional designation. Only nine years in the insurance business with just five of those in commercial insurance, he will close this year as a \$1 million producer.

"I've seen him in action, and he is wise far beyond his years," said Tracy Dieterich, Houston-based vice president of employee benefits at Wells Fargo Insurance. Mr. Bray is a true student of the business, his customers see him as a trusted adviser, committed to adding value, problem solving and first class customer service, he said.

"As companies grow, their needs grow, and part of my job is to help them see changes as their company develops," Mr. Bray said. "You've got some companies growing from essentially zero at a rapid rate and they've got to be able to control that exposure, they've got to limit their liability claims and control their costs at the same time."

Mr. Bray is also a leader in his community and is on the boards of directors for several nonprofit organizations, including the Rotary Club of Houston, where, at 29, he was nominated to run for president. The average age of club members is 58.

By Donna Mahoney

**TANNER BURNS 29**

Area president

Arthur J. Gallagher & Co.

Tanner Burns knew nothing about the insurance or brokerage industry when he came across the Gallagher Sales Internship Program on the University of Kansas' website.

Intrigued, he applied for and secured an internship with Arthur J. Gallagher & Co. in 2007, which sold him on the industry and enticed him into a full-time position after graduation because of the interesting work, its potential income rewards and the spirit of teamwork within the company, he said.

"I thought it would be a great place to learn the business," he said.

Kelly Johnson, director of strategic operations for Alpharetta, Georgia-based transportation and logistics

company Coyote Logistics L.L.C., is one of his clients. Before being acquired by United Parcel Service Inc. in July, Coyote was growing into a \$1.8 billion business. Mr. Burns impressed company officials with his vision for a new insurance program, Mr. Johnson said.

"I can't say enough about Tanner's expertise and knowledge of the industry and his bringing us creative solutions," Mr. Johnson said.

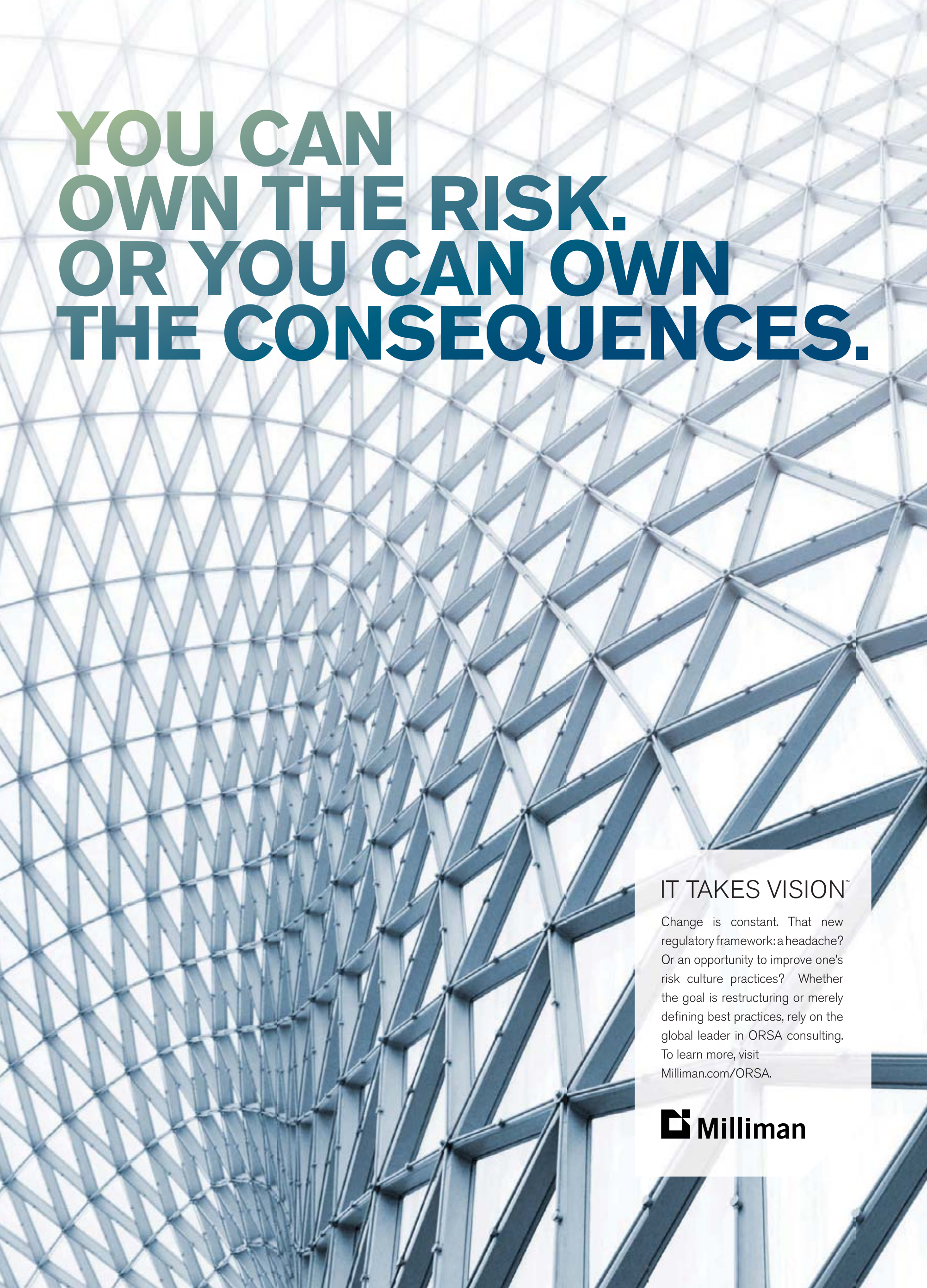
The intense personal attention Mr. Burns gives to his clients has led to a 98% retention rate.

Mr. Burns recently developed an exclusive cargo policy form for logistics clients because existing contracts left them liable for too much risk, with the first policy written in January.

In July, Mr. Burns was promoted to run Gallagher's prominent Houston-Galleria office in Houston, where he spends much of his time recruiting and coaching promising talent.

"I think it's important that I'm direct," Mr. Burns said. "People were always direct with me, and I always appreciated that — being direct and being understanding at the same time and giving good feedback that is immediately constructive. I built my career on that guidance, and I intend to give that back."

By Gloria Gonzalez



**YOU CAN
OWN THE RISK.
OR YOU CAN OWN
THE CONSEQUENCES.**

IT TAKES VISION™

Change is constant. That new regulatory framework: a headache? Or an opportunity to improve one's risk culture practices? Whether the goal is restructuring or merely defining best practices, rely on the global leader in ORSA consulting. To learn more, visit [Milliman.com/ORSA](https://www.milliman.com/ORSA).





M&A RISKS are multiplying

Increased investment puts focus on protecting deals' value

Andy Peterson | Head of Private Equity for Zurich Global Corporate in North America

Private equity investors are pursuing opportunities across virtually all sectors, which is a good sign for economic growth. But along with the increased merger and acquisition activity is a growing set of risks that must be evaluated and managed, notes Andy Peterson, Head of Private Equity for Zurich Global Corporate in North America.

BI: What M&A trends is Zurich seeing, especially involving private equity investment?

Peterson: We are watching several trends when it comes to mergers and acquisitions. One is that fundraising is up over the last several years. Private equity investors are considering opportunities in nearly every sector, including energy, technology, real estate, hospitality and manufacturing, just to name a few. Unlike in past years, no single sector is getting a dominant proportion of funding, and mega-deals are being complemented by smaller transactions. Another trend that we see continuing is longer hold periods by investors to realize value beyond

payments under control. If interest rates go up, some additional private equity opportunities may emerge in energy, for example, as energy companies face more challenges of a rising cost of capital to go along with a drop in the value of their assets as the price of oil remains low.

BI: With so many different facets to deals, what are some pitfalls to avoid?

Peterson: One common pitfall in M&A relates back to the growing trend in regulatory scrutiny and Securities and Exchange Commission enforcement actions. That pitfall is not giving enough attention to compliance. Private equity firms need to make compliance a priority as it will save countless hours and days remediating a problem and taking the focus off why private equity is in business. Specifically, private equity firms should evaluate their fee and expense allocation policy regularly to ensure that they are adhering to regulatory and investor expectations. No one wants a surprise that could derail a transaction.

geographic concentration of risks and trade barriers. Any one of these categories could ultimately derail a deal, so it's important to be aware of all of them and take steps to mitigate or protect exposures in these areas.

BI: How has Zurich helped customers address such concerns?

Peterson: Our mission at Zurich is to help our customers understand and protect themselves from risk. We listen to their needs first, and then we address those needs. Some of the many solutions we offer to address M&A risks include transaction liability insurance. These specialized coverages include representations and warranties insurance, tax insurance, and contingent liability insurance. Reps and warranties covers the seller's indemnification for breach of contract, and can protect either the seller or buyer, but about 80% of such policies are purchased to protect buyers. This form of coverage is no longer thought of as discretionary in a transaction; we're seeing customers view it as more compulsory. Tax

“We are watching several trends when it comes to mergers and acquisitions. One is that fundraising is up over the last several years.”

a traditional three- to five-year period. Assets are now being held on average for 10 years plus before an exit. A third trend is expansion of global investment, with sovereign wealth funds very attracted to opportunities in North America right now. Regulation has always been a driver of risk for investors, and a trend we're witnessing now is an increasing number of examinations and enforcement actions by regulators focused on proper disclosure of fees and expense allocations to investors. Additionally, there is regulatory guidance that seeks to limit the use of leverage (or borrowed money). We are also watching growth in secondary markets, as pension funds and endowments look to diversify their portfolios. Finally, we are keeping our eye on interest rates, anticipating that the Fed will eventually raise rates. Record low interest rates and readily available debt have allowed struggling companies to refinance and keep interest

BI: What are some of the key risks to consider that can delay or terminate a transaction?

Peterson: The risks that could delay or force the parties to terminate a transaction tend to fall into five major categories: strategic, financial, operational, people and market risks. Examples of strategic risks include an ineffective or ill-conceived strategic plan for the deal, or the lack of a crisis management plan. Financial risks can include poor fiscal management, excess leverage, or exposure to currency fluctuation due to political or trade credit risks. Operational risks are associated with ongoing operations and can include data breaches, the significant loss of corporate reputation or the lack of a business continuity plan. The inability to attract and retain the right people and board leadership is a form of people risk. Finally, market risks include competition,

insurance helps our customers eliminate ambiguity in regard to tax obligations or tax credits, which are common in public works deals. Certain assumptions regarding tax positions are necessary in valuing a deal, and there can be uncertainty around tax, so the tax solution is definitely helpful. Contingent liability coverage is broader and is intended to protect against extraordinary events that can hamper a deal. Contingent liability triggers are specific to individual transactions, so these are written on a manuscript basis. The intrinsic uniqueness of M&A transactions is not a significant challenge for Zurich because we're customer-focused rather than product-focused, and we tailor our solutions to customers' needs. This gives them confidence beyond the transaction. As a global insurance leader, Zurich offers great breadth and depth in our solutions for private equity firms and their portfolio companies.



FOR MORE INFORMATION about Zurich solutions to help private equity and venture capital firms deal with M&A risks, as well as a broad range of products and services for organizations in all industry and business segments, visit www.zurichna.com and the Zurich Virtual Literature Rack at www.zurichvlr.com.

FITTING PROTECTION FOR THE BUSINESS YOU LOVE.

Zurich offers many distinct products and services for a diverse range of businesses. We can put them together in a way that perfectly fits your business to protect the things that matter most to you.

FIND OUT MORE AT
zurich.com/protection



ZURICH INSURANCE.
FOR THOSE WHO TRULY LOVE THEIR BUSINESS.



ZURICH®

This is intended as a general description of certain types of insurance and services available to qualified customers through subsidiaries within the Zurich Insurance Group, as in the US, Zurich American Insurance Company, 1400 American Lane, Schaumburg, IL 60196, in Canada, Zurich Insurance Company Ltd (Canadian Branch), 100 King Street West, Suite 5500, PO Box 290, Toronto, ON M5X 1C9, and outside the US and Canada, Zurich Insurance plc, Ballsbridge Park, Dublin 4, Ireland (and its EEA branches), Zurich Insurance Company Ltd, Mythenquai 2, 8002 Zurich, Zurich Australian Insurance Limited, 5 Blue St., North Sydney, NSW 2060 and further entities, as required by local jurisdiction. Certain coverages are not available in all countries or locales. In the US, risk engineering services are provided by The Zurich Services Corporation.

**CHARLEY HOLLIMON 38**

Managing director

Wortham Insurance & Risk Management

But for a twist of fate, Charley Hollimon could have been an Enron guy.

Mr. Hollimon, a San Antonio-based managing director for Wortham Insurance & Risk Management, applied for a job at Houston-based Enron Corp. at its peak. When he didn't get an offer from the energy company — which eventually was dissolved after an accounting scandal — Mr. Hollimon thought back to his time as a Wortham intern. It was an experience he remembered so fondly, he joined Wortham in 1999 after receiving his bachelor of business administration degree from Waco, Texas-based Baylor University.

It's also just as well Mr. Hollimon didn't end up at Enron because the

people who know him best are quick to cite trustworthiness and character as his most admirable qualities.

"Integrity is everything, and he's got a ton of it," said Thad Ziegler, operations officer for San Antonio-based Thad Ziegler Glass, who is now a client but knows Mr. Hollimon going back to their days in Little League.

Mr. Hollimon has several clients in the energy business, including Kyle McAlister, president and owner of Questor Pipeline Co. in Kingsland, Texas, who is confident his company has the best, most affordable insurance coverage possible thanks to Mr. Hollimon.

"With Charley, I feel he would do a deal that would take money out of his own pocket to do a deal that was better for us," he said.

Mr. Hollimon is now the youngest member of the executive committee managing the San Antonio office, where in 2014 he initiated and led the effort to establish its core values: teamwork, respect, integrity, passion and professionalism.

"I feel so fortunate to have gotten into (the insurance industry) at such a young age," Mr. Hollimon said. "If more people knew about the career opportunities in this industry, they would go for it."

By Gloria Gonzalez

**CHARLIE KING 36**

First vice president

Alliant Insurance Services Inc.

Having grown up around the energy industry, Charlie King, Houston-based first vice president of Alliant Insurance Services Inc., understands his clients' needs so well that he's often thought of as an outsourced risk manager.

Mr. King knew he wanted a career in the energy industry since he was a boy in Bellville, Texas, watching his dad work with oil country piping materials.

"On the energy side of insurance, you're dealing with some of the largest and most complex insurance programs out there," Mr. King said, adding that working with large numbers daily makes his job even more interesting.

With a growing book of business in

excess of \$1.4 million in annual revenue, Mr. King leads operations efforts for the Alliant energy and marine group in Houston.

He said the most important functions of his job include listening to what clients want, "knowing the risks these companies are facing, and helping them come up with ... other ways to transfer that risk."

Rachel Martinez works with Mr. King as the risk manager at Alta Mesa Holdings L.P. in Houston. She said she greatly appreciates his attention to detail.

"He knows a lot about our operations and how our operations and risks are affected by policies that are out there or movements in the insurance market," Ms. Martinez said.

About 10 months ago, Mr. King began discussing the importance of cyber coverage with Ms. Martinez.

"He knew we were building a new facility that was going to have certain things that get filtered through a computer and a server," Ms. Martinez said. Mr. King suggested "that maybe cyber crime is something we should look into because if the systems ... were hacked, someone could shut down the whole operation."

Ms. Martinez prefers working with Mr. King to someone at a larger firm, saying, "as far as I'm concerned, he doesn't have other clients."

By Stephanie Goldberg

**MARK LEE 37**

Managing director

Higginbotham

"I'm kind of a problem solver by nature," said Mark Lee, Houston-based managing director with Higginbotham, and his clients' insurance needs are "one gigantic problem that needs to be solved."

Mr. Lee, a former Rice University football player with an engineering degree, left the commercial air conditioning field for the insurance business in 2005 to make his mark on an industry with "a lot of gray hair," he said.

He's quickly done just that. As the youngest of Higginbotham's 47 managing directors, Mr. Lee is also a top producer with annual sales exceeding \$1 million.

He enjoys figuring out "the best way to handle protection for (the) customer," especially when "there are potentially multiple answers" to the

puzzle, he said.

And the "constantly changing" industry keeps him on his toes, he said.

"I can be working on an energy-related account, and then the next minute be working on a pizza delivery chain. ... There is something new that I could be learning."

"Mark spends hours every day reading contracts and other documents from his client to make sure that the coverage he has put in place meets all the contractual requirements," said Dudley Ray, a managing director at Higginbotham who helped recruit Mr. Lee.

"He is very diligent about showing why carrier 'A' may be a better choice when they had the higher price but better coverage."

Clients appreciate Mr. Lee for his knowledge of their own business environment.

"He has a thorough understanding of our industry," said Jim Slinkard, head of corporate health, safety, security and environment with Houston-based Energy Fishing & Rental Services Inc. And though Mr. Slinkard's company is often approached by other brokers, he said, "We have gotten to the point where we are so satisfied with the services, it's going to be tough shoes to fill."

By Shelby Livingston

**JOSH MIKELS 35**

Vice president and private equity practice leader-Southeast

Lockton Cos. L.L.C.

Don't be afraid to work hard, don't be afraid to challenge yourself — it's how you'll get farther in your career.

That's Josh Mikels' advice for succeeding in any field. Once a year, the Charlotte, North Carolina-based broker speaks to students at Florida State University, his alma mater, about what to expect in the business world after graduation.

Mr. Mikels' undergraduate degree is in education, which he feels gives him a great foundation to be a confident speaker, leader and mentor in his current position with Lockton Cos. L.L.C.

"Most people don't realize that a degree in education has much application outside of the classroom, but that background was a great segue to what I do now," he said.

Mr. Mikels began his career in the insurance industry in 2004 after earning a master's degree in economics. That has been an asset and part of what drew him to the insurance field, along with the fact that he enjoys working with people rather than looking at numbers all day.

Now, Mr. Mikels uses his degree in education to provide Insurance 101 training for his private equity clients.

Mr. Mikels gets much of his satisfaction from seeing his team prosper and grow.

"I'm most proud when people on my team get promoted or get their own awards or recognition. At Lockton, it is all about being a part of a team. I have so much pride for my team, what they've accomplished and what they will continue to accomplish in their careers, which goes back to my days in education; watching students grow and learn, that applies here as well."

"Josh is a very astute, sharp broker who uses analytics to help our clients make decisions, and he works at a very rapid pace," said Steve Montgomery, Charlotte-based vice president at Lockton and Mr. Mikels' colleague.

Barbara F. Walton, executive vice president and chief financial officer of Sanford, North Carolina-based yarn maker Frontier Spinning Mills Inc., said Mr. Mikels is "the kind of person that you want to do business with."

By Donna Mahoney

**JASON SANDLER 36**

Principal

Digital Benefit Advisors

As a benefits professional working in a rapidly changing and challenging environment, Jason Sandler, a principal with Digital Benefit Advisors in Dallas, says he knows he's not always delivering the best news to his clients.

So one of the biggest lessons he's learned in his career is "being genuine and sincere and caring ... regardless of who you're talking to, from a decision-maker (or) CEO down to an employee," he said.

Colleagues respect him for doing just that.

"His success is attributed not solely to but in a big part because he's humble," said David Martin, a Madison, Wisconsin-based managing principal with Digital Benefit Advisors. "He realizes this is a challenging environment with the rising cost of health care, and he knows his clients need to feel like they're on their side."

Mr. Sandler began his insurance career in 2004 with DSG Benefits Group L.L.C., which was acquired by Digital Benefit Advisors in 2012 — a transition he facilitated that led to a 70% increase in revenue for the firm's Dallas office.

Mr. Sandler now manages a team of 12 employees serving clients in Arkansas, New Mexico, Oklahoma and Texas.

He was honored last year with his company's President's Award, which is given to an individual with a positive, lasting impact on the firm.

He hopes to continue developing and growing his team, and take on more responsibility for a larger region.

"You never know what obstacles, challenges (or) items are going to come across your desk that day," Mr. Sandler says of what he finds rewarding about the insurance industry. "It kind of keeps you on your toes."

By Shelby Livingston

**DANNY SIMMERMAN 39**

Chief operating officer

Alamo Insurance Group,
a unit of Brown & Brown Inc.

For Danny Simmerman, it was baptism by fire: Within two years of entering the property/casualty insurance industry in Florida, four hurricanes crisscrossed his home state.

By then — 2004 — Mr. Simmerman had jumped from a budding accounting career at Arthur Andersen L.L.P. to his first insurance industry post at Brown & Brown Inc. After the storm, he went to the brokerage's Punta Gorda, Florida, office, which itself had been decimated by Hurricane Charley.

"It was right where the eye hit," he said from his current office in

San Antonio, where he is chief operating officer for Brown & Brown's Alamo Insurance Group unit. "They sent me to clean up the office and get things back to where they were pre-storm. Of the 2,500 customers, there were 2,200 claims in Punta Gorda alone in 2004."

Mr. Simmerman said it was his ability to cultivate relationships that helped him soar as a young executive at Brown & Brown, which relocated him six times between the states of Florida, Tennessee and Texas.

"I've always been someone who is cognizant of getting back to people and responding, reaching out

to people," he said "It doesn't mean I will have a right answer all the time, but I do reach out."

Roy Bridges of Fort Myers, Florida, who recently retired from Brown & Brown as a regional president and worked with Mr. Simmerman for eight years, called the young executive a "superstar."

Mr. Simmerman sees himself continuing with Brown & Brown and bringing more like-minded people into the field. "The most fun part of my job is the recruiting and training aspect," he said. "I like bringing new people into our operation, helping train them."

By Louise Esola

Where there's risk, there's complexity. It's really that simple. That's why we built an insurance company that manages risk across a broad spectrum of niche, real-world industries. From social and human services, sports and fitness to entertainment, education to the environment. At Philadelphia Insurance Companies, we handle complex risk and make it simple for you to manage. Giving your clients the freedom they need to do what they do best. Learn more. Call 855.411.0797 or visit ThinkPHLY.com.

Complex Risk. Simply Handled.

A.M. Best A++ Rating
Ward's Top 50 2001-2015
97.5% Claims Satisfaction
100+ Niche Industries



PHILADELPHIA
INSURANCE COMPANIES

A Member of the Tokio Marine Group

Philadelphia Insurance Companies is the marketing name for the property casualty insurance operations of Philadelphia Consolidated Holding Corp., a member of the Tokio Marine Group. All products are written by insurance company subsidiaries of Philadelphia Consolidated Holding Corp. Coverages are subject to actual policy language.

**NATHAN WALTERS 39**

Senior vice president and resident sales director

Aon Risk Solutions

Self-proclaimed introvert Nathan Walters, Dallas-based senior vice president and resident sales director for Aon Risk Solutions, is described by his clients and co-workers as an energetic and thoughtful leader.

Mr. Walters has a way of answering questions before they're asked, said Karen Davis, director of risk management at The Howard Hughes Corp. in Dallas.

"When we mention something that we're thinking about doing in the business, he doesn't wait for us to ask for something," Ms. Davis said.

"He's already thinking about, 'How can I help them? How can I make this work better? How can I make their lives easier?' ... He knows how to get things done," she added.

Developing good relationships with clients is impossible without open communication, Mr. Walters said, adding that he makes it a practice to question why clients do what they do and ask about their strategy.

"I'm an introvert at heart, and I'm also an analytic, which is a little different twist on a person that does development," Mr. Walters said.

In addition to working with clients, Mr. Walters participates in Aon's mentorship program.

"I love leadership, I love inspiring and encouraging individuals, and I also love seeing people develop."

The program, which spans three generations, creates a positive culture and "direct tie-ins to different thought processes, immediate feedback, and all kinds of good qualities you want in an office to really be well rounded," he said.

By Stephanie Goldberg

"I love leadership, I love inspiring and encouraging individuals, and I also love seeing people develop."

Nathan Walters,
Aon Risk Solutions

**KRISTI WHISTLE 34**

Senior vice president and client adviser

Marsh USA Inc., a unit of Marsh L.L.C.

Kristi Whistle knew she wanted to be in the business sector.

"I was an economics and business administration major, so I knew I wanted to do something in the business world but did not know exactly what that would be," said Ms. Whistle.

"I thought the risk management/brokerage field was exciting because I would get to not only learn the insurance industry but get the opportunity to work with clients from various industries and get a chance to work across multiple industries and meet various types of people, which would really put my business degree to work well," she said.

As it turns out, she was right, with the job's diversity her favorite part.

"I get to work with all types of com-

panies. I work with restaurant clients, manufacturing clients, retail clients ... — everything from A to Z — and getting to know their businesses, gaining a deep understanding of their daily challenges, keeps my day interesting," said Ms. Whistle.

And her quantitative business background has indeed helped her.

"A lot of my main contacts at the client level tend to be CFOs or financial departments, so being a numbers person works well when you are setting a meeting with those types of people," said Ms. Whistle.

Her clients and co-workers praise her dedication.

"Knowledge and personality," said Donna Knies, treasury decision support analyst for Kimball International Inc. in Jasper, Indiana, of Ms. Whistle's key attributes.

Ms. Knies and her supervisors were impressed when Ms. Whistle stepped in for their account on short notice.

Ms. Whistle "is willing to completely immerse herself into whatever situation her clients are facing in order to develop an optimum solution," said Derek Sheaffer, senior vice president with Marsh USA's national brokerage division in Cincinnati.

Her tenacious advocacy for her clients "sets an excellent example for Marsh colleagues and the insurance industry as a whole," said Mr. Sheaffer.

By Matthew Lerner

MIDWEST REGION

**ROBIN AMSTUTZ 36**

Vice president of surety

Integro USA Inc.

Perhaps surety is in Robin Amstutz's blood — her father, Paul Amstutz, served as president and CEO of NAS Surety Group.

And it's on the brokerage side of surety that Ms. Amstutz has made her mark. As vice president of surety in Integro USA Inc.'s Chicago office, Ms. Amstutz leads a team that placed more than \$5.3 million in premium in the surety market for more than 150 clients last year.

This year, Integro Chicago launched a new sales initiative with Ms. Amstutz being named salesperson of the month for three consecutive months and early indications that her book of business will post another 20% increase in revenue by the end of this

year.

"Surety brokers touch a lot of clients, you have a variety of personalities and styles," said Tom Zacharopoulos, managing principal and Integro's Chicago office leader. "Robin's very flexible, and very attentive to clients' needs — haven't met a client yet who has disliked Robin at all. She gets it technically."

"She's always quick to respond, very thorough in her work," said Dawn Tibbs, director of financial planning and analysis at nonprofit health plan Mercy Care Plan in Phoenix.

Ms. Amstutz has a degree in music and began her career as a teacher.

"Being a teacher, you learn to multi-task pretty well, and that transfers over," she said.

As vice president, she handles the surety placement for the Chicago, Boston and New York offices, as well as all health care accounts.

One of the things Ms. Amstutz likes best about commercial surety is "you never know what's going to come across your desk," she said.

"The strangest bond I've ever written was a cadaver bond," she said. Ms. Amstutz said such a bond is issued to a medical school when it gets a body that's been donated to science. "It's basically a bond to guarantee the correct handling of body."

By Mark A. Hofmann

**RYAN W. BROWN 38**

Producer/client advocate

Lockton Cos. L.L.C.

Ryan W. Brown is no stranger to the pages of *Business Insurance*.

As the former director of risk management and fleet operations at Raben Tire Co. L.L.C. in Evansville, Indiana, Mr. Brown was named to *Business Insurance*'s Risk Management Honor Roll in 2006 at just 29 years old.

Now 38 and a St. Louis-based client advocate at Lockton Cos. L.L.C., Mr. Brown says he left risk management in 2011 primarily to tackle a more diverse range of challenges.

The early results have been impressive. Despite having no formal training in sales, Mr. Brown grew his book of property/casualty business by \$630,000 in 2012, \$925,000 in 2013 and \$400,000 in 2014, and has generated

more than \$5 million in total revenue for Lockton since joining the company.

Mr. Brown, his clients and his colleagues at Lockton all attribute his success as a broker to a sense of empathy for his clients' needs, as well as a commitment to their long-term well-being.

"When you come from the risk management side, you tend to come at things from a more holistic point of view, so rather than just looking for insurance solutions, things like alternative risk, self-insurance and retentions start to make a lot more sense," said Scott Curtis, Lockton's senior vice president and property practice leader in St. Louis. "That approach and that empathy — where he can see things from the risk manager's perspective — is what sets him apart."

"Ryan's sat on the client side of the fence, so he's got a very good understanding of the challenges we're facing," said John Brisson Jr., senior finance director at DeVry Education Group Inc. in Downers Grove, Illinois.

"He could have come in and set us up with a program just like what we had, maybe switching out a couple of vendors and saved us a little money, but that's not his way," Mr. Brisson said. "He wants us to look at what we're doing, and whether it makes sense for the company."

By Matt Dunning


BEN BUTLER 39

First vice president

Alliant Insurance Services Inc.

You could say Ben Butler is an accidental expert on Native American health insurance.

While working for an accounting firm in its consulting division, Mr. Butler, now first vice president with Alliant Insurance Services Inc.'s Tribal First group, received referrals from different law firms for two tribes looking to maximize health care cost savings and efficiencies.

"It was eerie how similar the two projects were, and both went swimmingly well," Mr. Butler said.

After that, he was continuously referred to other tribes, and his career was in motion.

Mr. Butler, who has been working with tribes for 17 years, joined Tribal First last summer and is tasked with determining how to integrate the multiple aspects of tribal health care systems — which can include tribe-owned clinics, hospitals and pharmacies — with federal and state laws, he said.

Mr. Butler, who is based in Dubuque, Iowa, spends more than 200 nights a year traveling to meet with clients and advocates often on Capitol Hill for tribal health initiatives.

"He's a very diligent, respectful young man of the Native American community," said Scott Vele, Gresham, Wisconsin-based executive director of the Midwest Alliance of Sovereign Tribes who has worked with Mr. Butler for 15 years. He added that Mr. Butler's efforts have led to "huge savings in health care" for MAST's clients and tribe members.

"I feel like I'm helping a section of society that's really struggled historically, that's had a lot of atrocities ... committed against them, and it feels like I'm able to really make a difference in people's lives," Mr. Butler said.

By Shelby Livingston


CASEY PETERSEN 39

Executive vice president and chief broking officer

 Willis of Illinois,
 a unit of Willis of North America Inc.

Casey Petersen credits a diverse career in insurance brokerage that led him to where he is today: leading Willis of Illinois Inc.'s Chicago broking team of about 20 brokers, writing over \$500 million in premium.

"In my relatively short career, I have done some different things: underwriting broking leader, an office leader and then back to a broking leader in a different area," he said. "Each one built on the success of the other. Every job I have had in the industry has prepared me for the next level."

An accounting major in college, Mr. Petersen started his career

with two college internships with Chubb Corp.

Before this introduction to the insurance industry, he saw himself becoming a math teacher and, maybe, also a soccer coach.

"It wasn't until I had the opportunity to work in the professional environment to see that it is an exciting world," he said.

Mr. Petersen said he liked that he could do anything, go anywhere within the realm of insurance. "I really enjoyed the diversity of the industry," he said. "Each day you never know what will come up in regard to great projects."

He calls the environment at

Willis "very entrepreneurial."

"They promote people to come up with ideas to enhance the work experience," he said.

Paty Daves, managing partner at Willis of Illinois, calls Mr. Petersen a standout professional.

"Casey excels at understanding the unique characteristics of his clients, and applies that knowledge in delivering market-beating outcomes regardless of the soft/hard dynamics," Mr. Daves wrote. "He is fair in negotiations with underwriters, but also tenacious, and he consistently delivers."

By Louise Esola

Your resolve

Our resources

They can rebuild their lives

Swiss Re

As losses from natural catastrophes increase, so does the risk. And so, inevitably, do the cost and complexity of covering it. So what better way to confront the forces of Nature than by joining forces with our clients and leveraging every ounce of our combined expertise and resources? Take what's happening in Brazil. Our flood risk expertise and proprietary NatCat modelling help our clients to start providing flood protection on a scale that was, until now, unavailable. And, to some, maybe even unthinkable.

We're smarter together.

www.swissre.com

**RYAN PFEIFFER 36**

Area senior executive vice president

Arthur J. Gallagher & Co.

Ryan Pfeiffer, who is an area senior executive vice president for Arthur J. Gallagher & Co., grew up in the insurance industry, so he did not have very far to go to find a profession.

"My dad had his own agency, so I grew up working at my dad's office during the summers and doing filing and all sorts of stuff," said Mr. Pfeiffer, who is based in Prairie Village, Kansas.

The agency was sold in 1995. But while in college he worked as an intern for Gallagher in London, then subsequently joined the firm.

"It's the only job I have ever had," he said.

Mr. Pfeiffer said what has kept him at Gallagher is the firm's culture,

which extends from Chairman, President and CEO J. Patrick Gallagher Jr. on down. He describes this as a focus on the customer and doing "whatever we can" to take care of clients and prospects.

He enjoys his work.

"No day's the same," said Mr. Pfeiffer. "You come in with a plan," but "things are always coming up that throw you in a different direction. But that's what's fun and exciting and keeps you on your toes," he said.

"I love the role I'm in," he said. "I love taking care of my clients and trying to find new clients."

In 10 years' time, "I see myself doing the same role, but if something else arises with Arthur J. Gallagher, I guess I would go there. You never know what happens," said Mr. Pfeiffer.

Client Steve Kovzan, chief financial officer of Olathe, Kansas-based NIC Inc., which provides official state eGovernment services and secure payment processing solutions, said Mr. Pfeiffer is a "a very customer-focused professional."

"He has a very strong executive presence, he's very polished, yet at the same time he's extremely humble, approachable and down to earth, so he's that perfect combination of somebody you'd want as an insurance broker."

By Judy Greenwald

**NATHAN REYES 39**

Senior vice president

Marsh USA Inc., a unit of Marsh L.L.C.

As the practice leader for Marsh USA Inc.'s financial and professional liability advisory team in Chicago, Nathan Reyes says he takes pride in mentoring younger brokers while helping clients to mitigate emerging risks.

Mr. Reyes joined Marsh in 2013 after spending the early part of his career at Chicago-based Near North Insurance Brokerage Inc., followed by a decade as a senior broker with Aon Financial Services Group, also in Chicago. In those roles, he developed expertise in the executive liability arena, focusing on directors and officers liability, employment practices liability, errors and omissions and other insurance coverages for public

and private employers.

Now that he leads a team of about 15 Marsh employees, Mr. Reyes says he's enthusiastic about helping up-and-coming team members develop the financial and professional liability expertise that he has gained throughout his career.

"One of the great things about my current role here with Marsh is some of the younger individuals that are on the team that I work with, and the ability to be able to provide some mentorship to those individuals," he said. "It's exciting because you can see that they are eager to learn and develop their professional skills within our space here, and it's interesting and fun to see them come along and develop through the years."

Troy Renner, treasurer with Eden Prairie, Minnesota-based logistics firm C.H. Robinson Worldwide Inc., said Mr. Reyes started working as his company's broker a few years ago and has been a fast study of the company's insurance needs.

"He quickly understood the program structure, as well as our approach to this area of risk," Mr. Renner said. "He is very knowledgeable about the insurance market and is very helpful in applying that knowledge to our business."

By Sheena Harrison

**MICHAEL R. SCHNEIDER 39**

Senior vice president and managing director

NFP Corp.

What Michael R. Schneider, Northbrook, Illinois-based senior vice president and managing director with NFP Corp., likes best about the insurance industry is what he didn't know about it when he first got into it.

Mr. Schneider started his career in investment banking.

"I was on the ship that crashed," he said, referring to the credit crisis. Once he joined

NFP, however, he learned the insurance industry is "a lot more complicated and a lot more cerebral" than he had thought, and "really did require a good deal of brain power."

Mr. Schneider is also Midwest regional managing director for NFP, which focuses on corporate benefits and insurance. "I have the responsibility of running a practice that has eight offices and 70 people and \$30 million in revenue," he said.

Mr. Schneider — who said his profile would not be complete without mentioning he is a big Pearl Jam fan — said his job's diversity is its most interesting as well as its most challenging aspect.

"There are no two days of my job that are the same, so it keeps you on your toes. It doesn't get boring," he said.

"I could see myself getting a lot more involved" in merger and acquisition activity at NFP, helping to grow the business larger, he said, pointing to his start in investment banking.

Michael N. Goldman, NFP's executive vice president and chief operating officer, said Mr. Schneider "has been a real leader for us on the benefits side of the business, and certainly for a young guy has taken on a tremendous amount of responsibility."

By Judy Greenwald

**LIZ SMITH 38**

Co-president

Assurance Agency Ltd.

Liz Smith has had a transformative effect on Assurance Agency Ltd.'s employee benefits practice since being named its president in 2008.

Under Ms. Smith's direction, the Schaumburg, Illinois-based employee benefits practice has grown its sales volume by more than 350%. Last year, the practice generated approximately \$35 million in measurable value for its clients, including \$11 million in savings from potential taxes and fees assessed under the federal health care reform law, according to information supplied by Assurance. In August, she was named co-president of the agency.

"She's put together a very impressive and responsive group," Alan Becker, a Chicago-based managing partner at Litchfield Cavo L.L.P. said of Ms. Smith and her team of more than 75 benefits professionals.

"They're very good at understanding the nuances of our needs, and that's really important to us."

Mr. Becker said Ms. Smith and her team were instrumental in Litchfield Cavo's transition in 2012 from a fully insured group health benefits program to a self-funded program.

"It involves a lot more work in making judgments about risk and expenses and premiums, as well as a lot more thought going into the structure and packaging of the benefits themselves," Mr. Becker said. "We really relied on Liz and her team to help us with that."

Acutely aware of the rapid shifts in strategies and economics in the employee benefits industry, Ms. Smith said she envisions further changes to Assurance's benefits practice in the near- and mid-term, including — she hopes — a more collaborative relationship with her firm's commercial casualty risk units.

"There's a lot of opportunity in the integration of casualty risk and employee benefits," Ms. Smith said. "A large portion of the companies we work with are Assurance clients on both sides of the house, but there's not necessarily a lot of collaboration between our service platforms or strategies geared towards combating the challenges of a company on the whole. That's going to be a big push for us, that more holistic approach."

By Matt Dunning

"There are no two days of my job that are the same, so it keeps you on your toes. It doesn't get boring."

Michael R. Schneider,
NFP Corp.



PARIMA

Conference 2015

Bridge. Connect. Lead.
16 - 17 November
Suntec Singapore Convention
& Exhibition Centre

The Market Place to network with Asia's entire risk management and insurance market

This is a 2-days conference targeting more than 500 risk and insurance professionals from at least 15 different countries, featuring educational sessions, inspiring keynote speakers and a resourceful exhibition area. Seize the opportunities for face-to-face sessions, interactive dialogues and networking session with distinguished global risk managers and top leaders of the industry.

Highlights:

- 5 main plenary sessions with global leaders as panelists
- 12 dedicated, thought provoking breakout sessions
- Networking session during a cocktail reception

JOIN US

AT THE **ONLY** REGIONAL
RISK MANAGEMENT
CONFERENCE IN ASIA!

**RISK MANAGERS ATTEND
FOR FREE !**

For more information, visit parima.org/parima-2015-conference or email parima2015@planitswiss.com

Sponsored by

Platinum



Gold



Silver



**POLLY THOMAS 38**

Benefits consultant and national director of clinical consulting services

CBIZ Benefits & Insurance Services Inc.

Polly Thomas doesn't hesitate when asked what she enjoys most about her job: helping clients set up onsite medical clinics and wellness programs.

"It is very rewarding and also fun, because you get to help employers potentially to save money while helping employees to improve their health," said Ms. Thomas, benefits consultant and national director of clinical consulting services at CBIZ Benefits and Insurance Services Inc. in Kansas City, Missouri.

"The real joy comes from improving health outcomes. To the employer, controlling health care expenses is one side of the equation, but another and very important side of the equation is having happy, healthy employees,"

Ms. Thomas said.

Clients value Ms. Thomas' creativity. "With her solid experience in the health benefits arena, she can bring in new ideas and find solutions to complex problems," said Tracy Hanavan, director of global benefits at Vectrus Inc., a Colorado Springs, Colorado-based provider of logistics, supply chain management and information technology and services who has worked with Ms. Thomas on setting up a wellness program.

"She has a fantastic ability to think and plan ahead. She created something that could be very successful for clients and their employees. She took knowledge that she has and started an entire practice for the company in that area," said CBIZ Benefits & Insurance Services President Carolyn Watley, referring to Ms. Thomas' work in the onsite clinic arena.

Her accomplishments are many. She worked with a client in setting up a wellness program that generated more than \$1.4 million in savings in the first year alone. She assisted another to set up an onsite clinic that helped to slash workers compensation claims.

And Ms. Thomas hopes to help many more clients achieve those kinds of savings in the future.

"You can have an impact on so many levels. Being in this field will bring me joy for a very long time," she said.

By Jerry Geisel

**SPENCER TIMMEL 37**

Product liability and cyber security specialist

Hylant Group Inc.

For Spencer Timmel, getting into the brokerage business couldn't have come at a better time.

When he joined Toledo, Ohio-based Hylant Group Inc. about seven years ago, he said he was "kind of thrown" into the world of cyber security.

"It was evident that a lot of large retail businesses were really searching for a way to understand and mitigate their credit card risk and data risk," said Mr. Timmel, who is based in Cincinnati. "That, frankly, was great timing for me."

Mr. Timmel says his role at Hylant is two-fold.

First, it is to help clients "protect their balance sheets from cyber/privacy events," he says. "The goal is to help them understand and identify

their cyber risks, quantify the potential costs, develop strategies to reduce their exposures and transfer the risk."

Second, "demonstrate that Hylant is the broker of choice when it comes to cyber risks," he said.

"Spencer's really great to work with," said Michael Klansek, chief financial officer and publisher at DRG Holdings L.L.C. in Berne, Indiana. "He got to know our business, he understands our risks. His knowledge of the industry is really key — he knows how to apply that to designing a policy. I'm a huge fan because he solved my problems."

Mr. Timmel has allowed Hylant to "stay ahead of the curve in the area of cyber security and data privacy risks," said Jim Lash, client executive, vice president and practice leader at Hylant in Cincinnati. "He's branded Hylant as a leader in this space and has helped our clients to better understand cyber and data privacy risk and how to address it."

Mr. Timmel says that the most significant issue he sees among clients is "their inability to identify, quantify and mitigate their cyber risks."

"There is a tremendous amount of anxiety surrounding cyber, and easing these concerns is tremendously rewarding," he says.

By Mark A. Hofmann

WEST REGION

**JOSH FAGIN 39**

Senior vice president

Heffernan Group

Josh Fagin, Menlo Park, California-based senior vice president of Heffernan Group, enjoys the numbers crunching that comes with his job.

"I enjoy finance," he said. "I really like crunching numbers, and there's a lot of analysis and math involved in this job, especially as you get into more complex program structures. I just really enjoy it."

"I don't like simple risks," he confessed. "I like more complex issues, so I can really think through the program structure."

Mr. Fagin said he also enjoys learning about how his clients' business works and "seeing in my piece of the equation how I can add value."

Mr. Fagin is particularly proud of his

95% client retention rate. "It's kind of a stamp of approval, because it's a very competitive industry out there," he said.

"I'm a loyal guy," said Mr. Fagin. "I see myself with Heffernan for my career and hopefully continuing to work with clients and also do more things on the sales management side," as well as helping to develop the organization's talent.

Heffernan Executive Vice President John J. Tallarida, also based in Menlo Park, said Mr. Fagin "is one of the most focused, determined and disciplined people I have ever met."

"It's really impossible to knock him off his line once he knows where he wants to go. He's very good about staying the course," Mr. Tallarida said.

"A lot of potential sales people rely a lot on their personalities and their knowledge to open doors and find clients, and that's incredibly important, but behind that there's an underlying need for a real discipline about what basic steps you're taking to make sure success comes," and Mr. Fagin is "very good at that," said Mr. Tallarida. He is also "the funniest guy in the room," he said.

By Judy Greenwald

**JIM FARRELL 31**

Vice president

Integro USA Inc.

As vice president of Integro USA Inc.'s trade and logistics practice, Jim Farrell works in cities with lots of port traffic.

"The cool part about this job is all the clients are in the port business, so when you travel or relocate for the business, you are going to be in a very active city," he said.

At Integro, Mr. Farrell works with U.S. customs, which is constantly making changes, but he says this makes his job interesting and fun: "There are always new products with new regulations associated with them so that keeps us on our toes."

Mr. Farrell has nine years of experience as a broker, working in New York, then Chicago. Currently, his

base is Newport Beach, California.

While studying finance at Michigan State University, he helped offset some of the cost of tuition with a job refinancing home mortgages, which helped prepare him for his current role.

"Refinancing home mortgages is a highly regulated product offering," he said. "I recognized then that in a production role, if you can shift the focus from sales to becoming a trusted adviser with a specialization in service and product knowledge, the sale takes care of itself."

"His drive and his dedication are the two things that stand out to me," said his supervisor, New York-based Philip DiChiara, managing principal at Integro Ltd.

"Jim has caught our attention from Day 1 when he came to visit our office," Jeeyoung Shim of K&G Customs Services Inc. in Chicago said in an email. "He has a great easygoing personality, and we feel like we are talking with an old friend ... He listens to our needs and concerns and always somehow manages to meet or beat our expectations. His expertise in the bond business makes him our go-to guy for all questions and concerns."

Currently, Mr. Farrell leads a team dedicated to expanding international logistics insurance presence.

By Donna Mahoney



We Get It Right.

Crawford & Company's Total Property Solution gets your claims into the right hands.

No matter the size, frequency or complexity of your claim, Crawford® has a solution that puts you first—from first notice through payment and repair. With more than 70 years of claims handling experience, we have the right expertise and best-in-class practices to meet your specific needs.

Our claims divisions have the experts to handle your unique needs.

Global Technical Services™ | Premier Property Services | U.S. Property & Casualty | Contractor Connection®



**Additional services include: Catastrophe, Contents Services,
Forensic Accounting and Desk Adjusting**

For more information please call **800.241.2541** or email **info@us.crawco.com**



1001 Summit Blvd. | Atlanta, GA 30319 | www.crawfordandcompany.com | eoe



Crawford®
U.S. PROPERTY
& CASUALTY

**MARK FLIPPEN 37**

Senior vice president

JLT Specialty Insurance Services Inc.

On a recent average week, Mark Flippen flew from his home office in Denver to Chicago, then to New York, then to Boston and back to Denver.

For Mr. Flippen, a senior vice president at JLT Specialty Insurance Services Inc. who specializes in creating risk management plans for financial institutions, it's all about going the extra mile — the airline mile.

"I take a little bit more of the traditional route, which is a lot of face-to-face meetings," he said. "I really like the relationship part of the job. I love getting out and seeing clients."

Mr. Flippen, a University of Colorado graduate, started interning at Midwest National Life Insurance Co. while still in college studying communications.

He found insurance a "relationship-oriented business," one that a commu-

nications guru would be good in.

His first internship led to a position with the firm in 2000. Since then he's worked at five top companies — including Marsh L.L.C., Wells Fargo Insurance Services USA Inc., and Willis North America Inc. — tackling everything from employee benefits to directors and officers liability before landing firmly in the field of financial services. Today, he says he has his dream job.

"He has a really good technical background in banking," said colleague Shannon Sarina, a Denver-based vice president at JLT Specialty. "He really knows the industry and isn't just a salesperson. He really thinks of their exposures and creative ways to address those exposures."

Mr. Flippen highlights cyber security and regulatory and compliance issues as among the top facing financial institutions today. Lender-placed insurance is also a trouble spot, with antiquated solutions that don't quite fit some businesses, he said.

Chris O'Donnell, senior vice president for corporate risk and insurance for Buffalo, New York-based M&T Bank, called Mr. Flippen among the most enthusiastic players after spending several years as one of his clients while Mr. Flippen was a sales leader at Marsh.

"He's very energetic and knowledgeable," he said.

By Louise Esola

**LINDSEY MAGUIRE 34**

Account executive and vice president of employee benefits

IMA Financial Group Inc.

Being a benefits broker, Lindsey Maguire said, is far more than finding insurance coverage for clients.

"It is not just placing coverage. It is finding real solutions to real problems," said Ms. Maguire, an account executive and vice president of employee benefits at IMA Financial Group Inc. in Denver.

The solutions that Ms. Maguire has implemented for clients, such as putting in wellness programs, onsite medical clinics and hotlines in which an organization's employees can call a nurse to get needed information, can cut costs substantially.

"I want to cut costs by 10%. Finding alternative ways of achieving goals to cut costs is an incredibly rewarding experience," she said.

Ms. Maguire's clients say she has that rare ability to think in creative ways.

"She knows how to think outside the box, which really works well with our organization," said Renee Mabe, division manager for employee benefits and medical services with El Paso County, Colorado.

In addition, Ms. Maguire "knows how to communicate at any level, whether it is presenting information to our board of trustees or to our employees," Ms. Mabe said.

"She has that ability to speak to people at all levels of an organization and can deliver a meaningful message to every single person in a room. I have rarely seen that ability in my professional life," said Amy Hansel, an IMA Financial Group account manager in Denver.

"I pride myself that I have never lost a client since joining IMA in 2009," Ms. McGuire said.

By Jerry Geisel

"It is not just placing coverage. It is finding real solutions to real problems."

Lindsey Maguire,
IMA Financial
Group Inc.**KEVIN ORPHAN 38**

Managing director

Marsh USA Inc., a unit of Marsh L.L.C.

Kevin Orphan started life with a family connection to the insurance business, but his career began in a more serendipitous way.

"My dad was in the business, more on the life insurance side, though," said Mr. Orphan. "So, at least I had somewhat of an introduction to it."

It was, however, his squash game that led him to Marsh USA Inc.

"I played squash in college, and Marsh actually sponsored the largest squash tournament — the Intercollegiate Nationals — and they used it as a recruiting tool," said Mr. Orphan. "I learned through that a lot about some of the opportunities Marsh could offer in the business and got introduced to the company that way."

The job's diversity and opportunity to innovate keep Mr. Orphan engaged.

"What's great about what we do is working with a wide variety of different types of clients that are in a lot of different industries," said Mr. Orphan, who is based in San Francisco. "Our book of business includes technology, retail, life sciences, and real estate."

Some of those clients are on the cutting edge of business evolution.

"Sharing economy companies are creating business models that have never existed before," said Mr. Orphan. "They're challenging the status quo not only from a business model standpoint but also from an insurance underwriting point of view."

Clients and co-workers alike recognize his drive.

"I look for my broker to possess trust, knowledge, expertise and integrity," said Andrew Flor, corporate director of risk management for Montage Hotels & Resorts L.L.C., Irvine, California. "Kevin has all these qualities and has proven to me that he has these qualities countless times."

"Kevin is absolutely a student of the business and epitomizes that which we seek from leaders in our organization," said Peter Chandler, managing director and West zone leader for Marsh USA.

"Kevin ... has become a true partner with great customer service," said Rich Mulkerrins, president of Able Building Maintenance Co. in San Francisco.

By Matthew Lerner

**RANDY RIDER 34**

Senior vice president of employee benefits

Hub International Ltd.

Randy Rider's career in employee benefits brokerage is already taking on something of a mythical air.

Since joining Hub International Ltd. as a Newport Beach, California-based senior vice president of employee benefits in 2009, Mr. Rider has grown his book of business by at least \$280,000 every year, placing him in the top 1% of the firm's sales executives and earning him the distinction of "Hub Legend."

"Whatever the 'it factor' is in this business, Randy's certainly got it," said Kirk Christ, president of operations at Hub in Riverside, California. "I wish I had 1,000 more brokers like him. He's just really good at what he does."

Mr. Rider said much of what he's accomplished as a leader within Hub

International's employee benefits unit is owed to his emphasis on the importance of proactively managing relationships with clients and, crucially, their employees.

"Working on the retail side of insurance, I saw the relationships that some of the stronger brokers had with their clients and decided that was what I wanted," Mr. Rider said. "It's an ongoing relationship in which I'm going to be able to lend value to our clients and interact with them on a daily basis."

In particular, Mr. Rider said he and his team have focused a considerable amount of energy on developing effective benefits communication strategies tailored to individual employee populations, which he insists are indispensable in any sound benefits strategy.

"Benefits are a huge investment for our clients — typically the second-largest portion of their expenses, after actual employee wages — and when you think about it like that, communications become absolutely key for those companies in terms of attracting and retaining great talent," Mr. Rider said. "If you spend millions of dollars on that investment, but you don't effectively communicate with your people on how they can use these benefits and how they work in their favor, you've essentially thrown that investment out the window."

By Matt Dunning

**PAT ROTH 35**

Vice president and team leader

Aon Risk Solutions

When Pat Roth first learned of the intricacies of the insurance industry, he knew he wanted to be a part of it.

This was early in the interview process for a job at Berkshire Hathaway Homestate Cos. in 2003. "I recognized that this was a business comprised of smart and ethical individuals," said Mr. Roth, who has a finance degree. "I thought it was for me."

"(This industry) is a combination of relationship skills, deal-making, and a strive to serve the customer," he added. "I think that has led me to be successful in the industry."

Fast forward 12 years, and Mr. Roth now co-leads a 16-person deal team for Aon Risk Solutions and is a regional leader for its life science sector for the West Coast. He's also helping to put

together a team of like-minded individuals at Aon Risk Solutions in Denver and Dallas, offices that have dealt with turnover over the past few years — what he calls the most interesting part of his job today.

"In the last year, a lot of my job has been hiring and training new talent in which we have had to seek outside of Aon while maintaining a large book of business," he said. "It allows us to reinvent who we are. I think the new group is very focused on customer service and bringing enthusiasm to client relationships."

"(This) has allowed us to create a push for new clients and make the extra effort," he said.

Today he's seeing a heightened litigation environment and more regulations facing clients. "They are reaching out to us to develop products to help recognize what their risks are," Mr. Roth said. "This is where we reach out to our team to really get the best-in-class person in front of the marketplace."

To Portland, Oregon-based Eddie Albers, director of life sciences at Aon Risk Solutions, that team usually includes Mr. Roth.

"He's extremely detail-oriented and focused on the individual clients," he said. "He really digs in and gets to know his clients well, and is very knowledgeable in industry-specific issues."

By Louise Esola

**ADRIANA RUBALCABA 38**

Area vice president

Arthur J. Gallagher & Co.

Twelve years ago, Adriana Rubalcaba was a graduate student looking for employment. With a background in mathematics and science, she considered industries where she would be able to use that skill set, and settled upon insurance.

She is still using that skill set at Arthur J. Gallagher & Co., where she serves as an area vice president in Glendale, California.

"I always approach everything like a math problem and look at which way can I solve it, and look at it three or four different ways and come up with a single solution," she said.

"She is an integral part of the whole real estate and hospitality team, and her intellectual abilities and grasp of mathematical formulae and the practical application for the clients is extraordinary," said Alexandra Glickman, area vice chairman who works with Ms. Rubalcaba in Glendale.

"She is one of the rare people who combines analytical expertise with a human understanding of what clients really want and need," said Ms. Glickman.

Ms. Rubalcaba specializes in property placements for real estate portfolios for Gallagher. She says that one of the most interesting aspects of the job is "working with a team that is constantly challenging your ideas and helping you develop your own ideas. I also love that I'm always learning something new, from pig tailing aluminum wiring to different soil categories."

She says that working as a broker she has learned that "the impossible is possible — thinking of ideas that may never have been done in insurance and making them happen."

By Mark A. Hofmann

"I always approach everything like a math problem ... and look at it three or four different ways and come up with a single solution."

Adriana Rubalcaba,
Arthur J. Gallagher & Co.

**SCOTT VILLAMOR 33**

Benefits consultant

Leavitt Group

When Scott Villamor's father lost his 19-story Las Vegas hotel and casino, Castaways, during the post-9/11 tourism slump, it was health insurance for employees that sealed the venture's fate, according to the 33-year-old benefits consultant.

Today, Mr. Villamor works for Leavitt Group's benefits services division in Las Vegas, trying to steer clients and provide solutions through the crippling issue of rising health care costs.

"I enjoy talking to business owners because I feel like I know what they are facing," he said. "I don't want my clients taking unjustified risks."

"I've never convinced someone to purchase health insurance if they didn't want it," Mr. Villamor added. "I feel like I've never sold anything. I do

a lot more through education, discovery, finding out what their needs are. ... I enjoy putting together a solution for them."

Benefits consulting was a natural transition for Mr. Villamor, who started his career working in all aspects of the family business but discovered that he enjoyed working in human resources, helping to lead health-insurance rollouts.

Dave Johnson, a Las Vegas-based vice president at Leavitt Group's benefits services, said Mr. Villamor stood out at the onset. "(He) added a unique perspective and truly rounded out our agency in a way that left very few gaps in our consulting approach," he said. "He has great insight that makes those needing help in this stormy benefits environment to feel very calm to know that they will be protected in the future."

Clients praised Mr. Villamor for his unique ability to understand the business owner.

"We are constantly looking for cost reduction opportunities across our business, as well as ways to increase employee productivity and satisfaction," wrote Adam Wood, controller for Henderson, Nevada-based rehabilitation center TLC Care Center. "Scott is ever mindful of our need to do more with less, and he has demonstrated his commitment to this need through his actions as well as his words."

By Louise Esola

**ERIK ZENTLER 37**

Vice president of aviation

John F. Throne & Co. Insurance Marketing Inc.

For Erik Zentler, it's all about doing what can't be done.

"If you hang a giant saw underneath a helicopter and hover it next to power lines, that's attractive to me because most people would say, 'Gosh, you shouldn't even have insurance!'" Mr. Zentler said. "That's what draws me, something unusual and seemingly impossible."

Mr. Zentler has always enjoyed stepping up to the challenges of accomplishing things that others think are out of reach and exceeding the expectations of clients and prospects.

"Aerial sawing is a highly specialized industry, considered by many to be 'high risk,' but Mr. Zentler created a comprehensive insurance program that gave our helicopter company bet-

ter coverage while reducing our premiums by almost 50%," Ashley Haddock, owner and CEO of Rotor Blade L.L.C., said in a letter.

Mr. Zentler was recruited in 2004 to work for John F. Throne & Co. Insurance Marketing Inc., a Seattle-based insurance brokerage service that specializes in aviation.

He said he was attracted to the morals and ethics of the industry.

"Erik is a true professional who conducts business in the utmost ethical manner," said Michael Chevrette, East Brunswick, New Jersey-based senior vice president of the aviation division of Great American Insurance Co. "In an industry where mutual trust is vital, working with Erik has been nothing shy of an epiphany," he said.

Mr. Zentler said he has been seeing a lot of consolidation, both on the client side as well as the industry side.

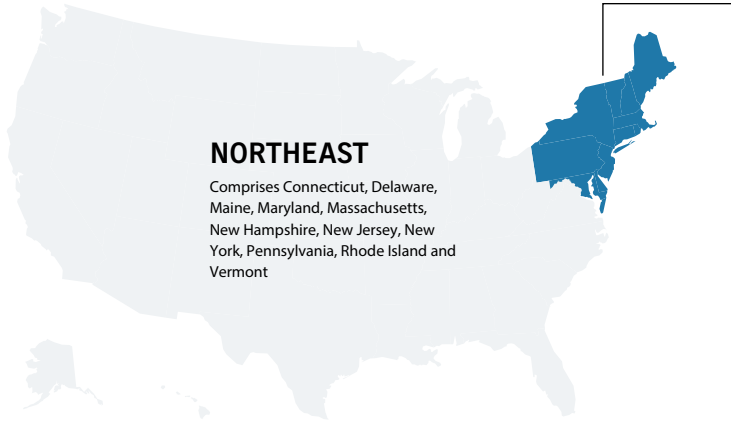
"With historically low rates, both interest rates and insurance rates, people are looking for some kind of return on their investments. Although there is always pressure, it seems to be a little frantic these days," he said.

Looking forward, he believes there is the potential for success in his industry. "There will continue to be changes, some expected others unforeseen. As long as you take a proactive approach instead of a reactive approach, change lends itself to opportunity."

By Donna Mahoney

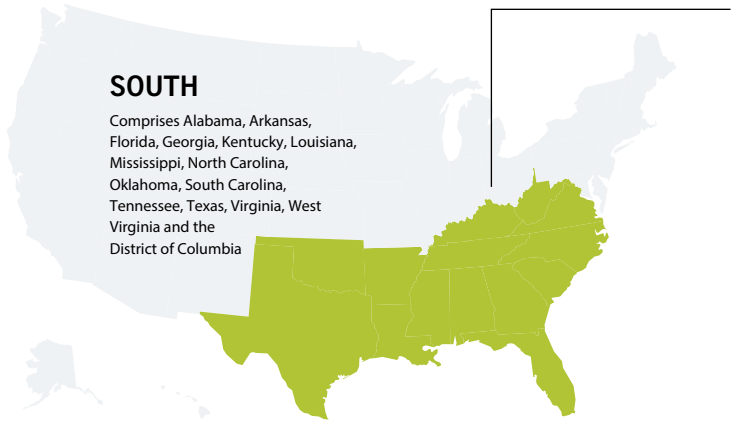
LARGEST AGENTS AND BROKERS HEADQUARTERED IN THE U.S., BY REGION

Based on 2014 brokerage revenue from U.S.-based clients, according to a *Business Insurance* survey. Companies that derive more than 49% of their gross revenue from personal lines business are not ranked.



Rank	Company	Headquarters	Revenue	% increase (decrease)
1	Marsh & McLennan Cos. Inc.	New York	\$5,834,700,000	5.7%
2	USI Holdings Corp.	Briarcliff Manor, New York	\$912,890,811	16.7%
3	NFP Corp.	New York	\$795,986,566	7.3%
4	Towers Watson & Co.	New York	\$444,640,300	19.1%
5	Integro USA Inc.	New York	\$169,901,600	51.6%
6	Crystal & Company	New York	\$149,400,000	3.2%
7	Paychex Insurance Agency Inc.	Rochester, New York	\$137,400,000 ¹	11.1%
8	Cross Financial Corp., dba Cross Insurance	Bangor, Maine	\$106,079,000	34.4%
9	Risk Strategies Co. Inc.	Boston	\$97,756,644	67.5%
10	The Capacity Group of Cos.	Mahwah, New Jersey	\$93,364,781	22.2%

¹ Fiscal year ending May 31



Rank	Company	Headquarters	Revenue	% increase (decrease)
1	BB&T Insurance Holdings Inc.	Raleigh, North Carolina	\$1,713,527,200	8.3%
2	Brown & Brown Inc.	Daytona, Florida	\$1,567,459,943	15.6%
3	AssuredPartners Inc.	Lake Mary, Florida	\$449,110,764	29.9%
4	Insurance Office of America Inc.	Longwood, Florida	\$128,868,289	16.0%
5	J. Smith Lanier & Co.	West Point, Georgia	\$125,012,569	3.9%
6	Wortham Insurance & Risk Management	Houston	\$124,604,845	0.2%
7	Higginbotham	Fort Worth, Texas	\$121,722,000	12.7%
8	Regions Insurance Group Inc.	Memphis, Tennessee	\$118,480,401	8.5%
9	BancorpSouth Insurance Services Inc.	Tupelo, Mississippi	\$113,374,165	16.4%
10	Digital Insurance Inc.	Atlanta	\$94,574,982	36.4%



Rank	Company	Headquarters	Revenue	% increase (decrease)
1	Arthur J. Gallagher & Co.	Itasca, Illinois	\$2,400,400,000	13.7%
2	Wells Fargo Insurance Services USA Inc.	Chicago	\$1,298,884,000	(3.8%)
3	Lockton Cos. L.L.C.	Kansas City, Missouri	\$910,572,960 ¹	10.2%
4	Hub International Ltd.	Chicago	\$907,065,600	18.0%
5	BroadStreet Partners Inc.	Columbus, Ohio	\$246,355,000	63.0%
6	CBIZ Benefits & Insurance Services Inc.	Kansas City, Missouri	\$206,100,000	7.1%
7	Acrisure L.L.C.	Caledonia, Michigan	\$191,273,467	147.1%
8	Hays Group Inc., dba Hays Cos.	Minneapolis	\$166,900,000	8.0%
9	The IMA Financial Group Inc.	Wichita, Kansas	\$124,260,669	12.7%
10	Meadowbrook Insurance Group Inc.	Southfield, Michigan	\$141,314,105	(6.2%)

¹ Fiscal year ending April 30



Rank	Company	Headquarters	Revenue	% increase (decrease)
1	Alliant Insurance Services Inc.	Newport Beach, California	\$618,929,905	13.2%
2	Leavitt Group Enterprises	Cedar City, Utah	\$222,453,000	9.8%
3	Keenan & Associates	Torrance, California	\$162,890,000	3.7%
4	Edgewood Partners Insurance Center, dba EPIC	San Francisco	\$151,724,409	108.4%
5	The IMA Financial Group Inc.	Denver	\$124,260,669	12.7%
6	PayneWest Insurance Inc.	Missoula, Montana	\$98,751,693	5.0%
7	Heffernan Group	Walnut Creek, California	\$97,380,380	5.9%
8	Woodruff-Sawyer & Co.	San Francisco	\$91,832,000 ¹	9.2%
9	Ascension Insurance Inc.	Walnut Creek, California	\$85,602,000	5.3%
10	Propel Insurance	Tacoma, Washington	\$53,757,000	16.3%

¹ Information received after Top 100 list was published



BI EVENTS

2015

WOMEN TO WATCH

BUSINESS INSURANCE®

DECEMBER 14-15, 2015 | NEW YORK
FULL-DAY CONFERENCE | GALA EVENT

UP CLOSE & *inspiring*

Celebrating its 10th anniversary,

Business Insurance's Women to Watch celebrates leading women from every facet of the commercial insurance industry where we recognize the accomplishment, leadership and career trajectory of this year's honorees and celebrate where our past honorees are today. Join us for an inspiring daylong professional development conference and gala event.



KEYNOTE
Liz Brunner
CEO and Founder
Brunner Communications



KEYNOTE
Lauren Leader-Chivée
Co-founder and CEO
All In Together

REGISTER & LEARN MORE: www.businessinsurance.com/wtow2015

PLATINUM SPONSOR



Gold Sponsor



Silver Sponsors



insured.



Berkshire launches inland marine cover

Berkshire Hathaway Specialty Insurance has launched a full line of inland marine insurance products in the United States.

Berkshire Hathaway's inland marine coverage is aimed at upper middle- to middle-market customers and is underwritten using American Association of Insurance Services policy wordings, a Berkshire Hathaway spokesman said.

The line includes builder's risks, contractor's equipment, installation floaters, inland transit, motor truck cargo, warehouse legal liability and miscellaneous floaters, Berkshire Hathaway said in a statement. The working limit is up to \$25 million, a Berkshire Hathaway spokesman said.

Commercial liability covers security sector

The Mechanic Group Inc. says it will offer commercial liability insurance, including errors and omissions, for background screening firms in the U.S., Canada and Puerto Rico.

The liability coverage is designed for private security, investigative, alarm and background screening risks, according to a spokesman for the Pearl River, New York-based The Mechanic Group.

It is underwritten by Allied World Assurance Co. Holdings A.G. The available limits are up to \$11 million through The Mechanic Group and \$20 million through Crum & Forster Enterprise, according to a spokesman.

Besides E&O, the coverage includes assault and battery and broad form property damage.

It covers liability created by the intentional acts of an employee regardless of whether force is used in cases of assault and battery.

It also covers damage to property in a client's care, according to a statement by The Mechanic Group.

Self-insured bonus for paring stop loss ratio

New York-based QBE North America has launched QBE Rewards, a medical stop loss experience refund product through its accident and health division.

QBE North America's accident and health division provides coverage and services to self-insured employers.

The QBE Rewards policy endorsement allows self-funded employers to reduce the cost of stop loss by returning a portion of surplus specific premium, according to a QBE North America statement.

"Accounts electing the QBE Rewards option will receive a 25% return of the specific stop loss premium's net profit, if a net loss ratio of 65% or less is achieved. Rewards can be returned directly to the employer or applied as an offset to future QBE medical stop loss premiums," Steve Gransbury, president of accident & health at QBE, said in the statement.



Product shields employers from labor law conflict

 Beazley P.L.C. has launched Beazley Workplace Protect, a policy that protects employers accused of denying employees appropriate compensation under U.S. labor laws.

According to London-based Beazley, wage and hour lawsuits are on the rise due to new employment practices and new guidance from the Wage and Hour Division of the U.S. Department of Labor.

Beazley Workplace Protect provides employers wage and hour coverage and employment practices liability insurance for discrimination allegations, harassment and retaliation, and privacy violations. The coverage includes outside directors and third-party wrongful acts, Beazley said in a statement Tuesday.

Additionally, Beazley Workplace Protect customers receive access to online platform BeazleySure, which provides policyholders risk management support. This includes sexual harassment prevention training, a telephone hotline and procedures in English and Spanish, according to the statement.

"Today, even the most informed and diligent employer runs the risk of a legal challenge from either collective actions or individual employees. We have designed Beazley Workplace Protect to safeguard organizations from well-established risks such as harassment and discrimination, along with emerging threats arising from the continuing structural changes to the U.S. labor market," Wayne Imrie, London-based management liability underwriter, said in the statement.

MassMutual launches exchange, advice tool

Massachusetts Mutual Life Insurance Co. has launched a benefits exchange and advice tool that aims to help employees navigate retirement, health care and insurance benefits.

The exchange, called BeneClick!, allows users to choose retirement plans and life insurance products, according to a statement by Springfield, Massachusetts-based MassMutual. In 2016

the exchange will offer other insurance products, such as critical illness and accident protection, MassMutual said.

The exchange also integrates MassMutual's MapMyBenefits tool, helping employees choose benefits based on their age, financial goals and personal finances, according to the statement.

The tool will be introduced through MassMutual's distribution partners on a limited basis and rolled out nationwide in mid-2016, a company spokesman said. He declined to say where the tool initially will be available.

"BeneClick! represents the wave of the future as the retirement plan and workplace insurance marketplaces converge, creating a new employee benefits dynamic," Elaine Sarsynski, executive vice president of MassMutual retirement services and worksite insurance, said in the statement.

Modeler's mapping, interactivity upgraded

Karen Clark & Co. has released the R14 update to the RiskInsight open loss modeling platform.

The RiskInsight updates include enhanced global mapping capabilities, more detailed and interactive underwriter and CEO dashboards, and advanced model-building tools, according to a statement from Boston-based Karen Clark & Co.

The updates will "make it easier for model builders to create high-resolution probabilistic catastrophe models reflecting their own knowledge, expertise and views of risk," according to the statement.

"We've listened very carefully to our clients, and R14 is designed for modeling experts who want full transparency on model assumptions and the flexibility to build sophisticated custom models efficiently and scientifically," Karen Clark, KCC co-founder and CEO, said in the statement.

Agents and brokers protection updated

Allied World Assurance Co. Holdings A.G. has launched an updated policy for insurance agents and brokers amid rising errors and omissions exposures.

The enhanced coverage includes unlimited defense expenses, full limits punitive damages coverage, breach response and consultation services, and public relations and data forensic expenses, according to a New York-based spokeswoman for Allied World.

The policy offered by the North America unit also specifically includes privacy and network security coverage, according to an Allied World statement.

"The insurance agents E&O is constantly evolving, especially as the use of technology increases. This new product and the related services provide coverage designed to protect insureds in the current environment," Michelle Girardin, vice president of Allied World's E&O division, said in the statement.

DEALS & MOVES

East Coast dental insurer adds two units from regional competitor

Alexandria, Virginia-based dental insurer Dominion Dental Services Inc. says it is acquiring Boston-based DentaQuest Management Inc. units DentaQuest Mid-Atlantic Inc. and DentaQuest Virginia Inc.

The deal is expected to close Dec. 31, pending regulatory approval, according to a joint statement. Terms were not disclosed.

The deal adds more than 90,000 members throughout Maryland, Virginia and Washington, bringing Dominion's total membership to more than 700,000.

DentaQuest Mid-Atlantic and DentaQuest Virginia employees will operate in their current locations until the end of the year.

Broker CBIZ acquires pension administration firm

Insurance broker CBIZ Inc. has acquired Roswell, Georgia-based pension administration services provider Pension Resource Group Inc.

Pension Resource Group provides pension administration solutions including defined benefit administration, data warehousing, benefit communication, compensation statement and human capital services to customers ranging from 500 to more than 60,000 employees, according to a statement by CBIZ.

As part of the deal, Pension Resource Group will be rolled into CBIZ Retirement Plan Services, a spokeswoman said in an email.

The spokeswoman for Cleveland-based CBIZ declined to release the terms of the deal.

Pension Resource Group's 35 employees will operate in their current locations as CBIZ Retirement Plan Services employees, the spokeswoman said.

Eastern Michigan nonprofit health insurers to merge

Nonprofit health insurers Health Alliance Plan and HealthPlus of Michigan plan to merge.

The organizations jointly announced an exclusive, nonbinding letter of intent to merge Flint, Michigan-based HealthPlus into Detroit-based Health Alliance Plan operations.

A spokeswoman for Health Alliance Plan said it was too early in the process to know the terms of the deal.

Health Alliance Plan has a membership of 680,000, the spokeswoman said. HealthPlus' membership totals 120,000, according to a company spokeswoman.

Swiss Re buy to expand South Pacific aviation holdings

Swiss Re Corporate Solutions Ltd. will acquire Assetinsure Holdings Pty Ltd.'s Australia aviation business, the companies have announced.

Terms were not disclosed.

Zurich-based Swiss Re Corporate Solutions owns the majority interest of Sydney-based Assetinsure's aviation insurance portfolio, which has been managed by Assetinsure since 2010. After the acquisition, Swiss Re will own 100% of the company's general aviation and aerospace portfolio in Australia, New Zealand and select Pacific Islands, according to the statement.

Swiss Re Corporate Solutions will open a Brisbane office, adding to the reinsurer's Australian offices in Sydney and Melbourne.

CLASSIFIEDS

To place your ad, contact Erin Smith at esmith@businessinsurance.com
Business Insurance, Classified Department, 150 N. Michigan Ave., Chicago, IL 60601
Call 212-210-0719 for details on print and internet advertising.

PUBLIC NOTICES

How smart marketers create effective ads



When you advertise in the Signet Ad Study issues of *Business Insurance*, you receive feedback on the effectiveness of your ad. Signet Research Inc. will rate and compare your ad to others in special issues in a detailed report. For the cost of a traditional ad buy, the insight is priceless.

Make the smart move and contact *Business Insurance* about the next Signet Ad Study issue:

November 9

advertising@businessinsurance.com
312-649-5243

*Issues shown are not representative of Signet Ad Study issues.

BUSINESS INSURANCE

WHAT MATTERS MOST

BENEFIT STATEMENTS

BENEFITS
SHOULD MAKE A
STATEMENT!



**ABOUT YOUR
BENEFITS**
The Source for Statements

Our professional communicators
and extensive production resources,
assure accurate personalized
information for each employee:

- Customized designs
- Always accurate and on time
- Highly competitive pricing
- Strong IT support

866.440.4402

info@aboutyourbenefits.com
www.aboutyourbenefits.com

Need to Publish a
Legal Notice,
Announcement or RFP

Contact ERIN SMITH
at 212-210-0719

BUSINESS OPPORTUNITY



www.maservices.com
(212) 750-0630

- Merger & Acquisitions •
- Agency Financing •
- Valuations • Shells •

REQUEST FOR PROPOSAL

Broker/Cosultant Services For Commercial Insurance

Moorestown Friends School (MFS) is requesting a Technical Proposal and a Price Proposal for Broker/Consultant Services for our Commercial Insurance Package. Interested parties can find the Request for Proposal documents by going to the MFS web site www.mfriends.org and clicking on "RFPs" in the 'About' section of the web site.



Broker/Cosultant Services For Employee Benefits

Moorestown Friends School (MFS) is requesting a Technical Proposal and a Price Proposal for Broker/Consultant Services for our Employee Benefits. Interested parties can find the Request for Proposal documents by going to the MFS web site www.mfriends.org and clicking on "RFPs" in the 'About' section of the web site.



Reach the A-list



DIRECTORIES
BUSINESS INSURANCE

the gold standard on data

companies have a chief information security officer, the question is, “Where does that person ideally report?”

Traditionally, it’s the chief information officer, but that is the “worst place to do it” because the CIO’s job is efficiency, while “the job of the (chief information security officer) is to put a governor on the engine,” he said.

Jody R. Westby, CEO of Washington-based cyber risk consultant Global Cyber Risk P.L.C., agreed the chief information security officer should not report to the chief information officer. Among other issues, the chief information officer determines the chief information security officer’s budget.

Information should be shared between companies and the government, said M.K. Palmore, assistant special agent in charge of the San Francisco FBI office.

“There does seem to be some movement towards getting some sort of legislation for data sharing” in Congress, said Mark Humphreys, vice president of litigation and risk management at Santa Monica, California-based real estate development and investment firm Watt Cos.

The “conversation is ongoing, but I would say it’s really at a rudimentary phase,” said Catherine A. Mulligan, senior vice president of special products at Zurich North America.

Different constituencies across and outside the organization need to communicate, said John Farley, New York-based vice president and practice leader of cyber risk management services at Hub International Ltd.

“You need a lot of back and forth” where people are “constantly talking to one another,” he said.

INDUSTRIAL CONTROL SYSTEMS AT GREAT RISK OF CYBER ATTACKS

BY DONNA MAHONEY

SAN FRANCISCO — Cyber security in the highly vulnerable information technology world is a function for which insurance underwriters look, but potentially severe outcomes should be considered when developing insurance coverage.

Cyber attacks on industrial control systems, which consist of automated equipment that monitors and controls industrial processes, have led to significant equipment damage, environmental devastation, business interruptions and deaths.

Industrial control system attacks are on the rise, but security is lax and exposes industrial businesses to all types of attacks, said Joe Weiss, Cupertino, California-based managing partner of Applied Control Solutions L.L.C.

Yet cyber alterations of industrial equipment is difficult to trace. A recent example of how altered software can go unnoticed for years is Volkswagen A.G.. The automaker programmed software to allow autos to switch into test mode during emissions tests, then shut off and emit pollution as high as 40 times the U.S. legal limit.

“It is a whole lot worse than loss of data, when nobody even knows the programming logic has been changed,” Mr. Weiss said during *Business Insurance’s* 2015 Cyber Risk Summit last month in San Francisco.

Approximately 11 million cars manufactured by Volkswagen were affected, dozens of class action lawsuits have been filed and the company CEO departed.

Industrial control systems that are used in the electric power, water, chemical, petroleum, pipeline, manufacturing and transportation industries are mostly unprotected from hackers. Many key components were programmed long before security was a concern, which means there is no security in many components.

“A hacker can gain access into any of these systems and cause a failure of catastrophic proportion,” Mr. Weiss said.

The risk grew when the task of maintaining, monitoring and testing equipment was replaced with automation. Those tasks are now being performed using internal components programmed

with logic that can be manipulated, sometimes for malicious reasons, and go undetected for long periods, he said.

Adding to the risk is that there are few industrial control system security experts and most IT security experts don’t know much about industrial systems. “The control system world is about reliability and IT can find vulnerabilities, but they can’t translate what the vulnerability means to a pump or a part of the industrial process functionality,” he said.

Mr. Weiss cited the “Aurora vulnerability,” a 2007 Idaho National Lab experiment, as an example of what hackers could do to the mechanized infrastructures in industries, including electric power grids.

The experiment was conducted to show how much damage could be caused by hacking into a computer program of a diesel generator connected to a power grid to show the vulnerability of control systems. The circuit breakers of the diesel generator were repeatedly opened and closed quickly, resulting in the generator exploding and bringing the grid down for more nine months. A hacker could easily gain access to the control system of any power generator and cause it to fail, disrupting businesses for months, potentially, he said.

“An ICS cyber incident is electronic communications between systems that impact confidentiality, integrity, and/or availability. It doesn’t have to be malicious or targeted,” Mr. Weiss said.

A 2010 San Bruno, California, pipeline explosion, which killed eight and cost Pacific Gas & Electric approximately \$5 billion in fines and lawsuits, could have been subverted with remote automated shut off valves. “Malicious versus unintentional; in many cases, the only difference is the motivation of the person doing it, and there is no way to measure motivation,” he said.

“I agree with everything that Joe said. I believe our industry is unprepared,” said a member of the industry who asked not to be identified. “Our clients are looking to us to know this stuff, even though nobody does and everybody is confused and uncertain. The reality of it is, we, as an industry, just don’t know.”

insurance at Munich-based Siemens Financial Services G.m.b.H. and president of a German risk manager association.

Risk managers should engage with all the other company functions that deal with risk, such as human resources, while sharing knowledge with risk managers outside their company, he said.

Experts also said companies should expand their view when looking for a risk manager.

“I believe that I am a live example of the transformation of the profession,” said Brigitte Bouquot, director of insurance and risk management at Paris-based aerospace and defense company Thales S.A. and president of the French risk management association.

Ms. Bouquot said she has been a risk manager only five years in a career that began in internal audit.

As risk managers evolve, insurers and brokers must evolve too.

“I believe that I am a live example of the transformation of the profession.”

Brigitte Bouquot, Thales S.A.

RIMS CANADA

Continued from page 6

case law in Canada, which increases the importance of purchasing insurance specifically covering such risks, said Gabrielle Kramer, a partner at law firm Borden Ladner Gervais L.L.P. in Toronto.

“In recent times, courts are more likely to find that liability policies do not cover pollution risks,” she said. “Special-purpose policies are necessary to cover not only Canadian pollution risks but pollution risks around the world ... and global risks that could come back to Canada.”

This possibility came into stark focus in a September decision by the Supreme Court of Canada, which ruled that Ecuadorean villagers could seek to enforce a \$9.5 billion environmental damages judgment against San Ramon, California-based energy giant Chevron Corp. in an Ontario court.

The villagers won the judgment in 2011 for damage caused by oil exploration and extraction, but Chevron had no assets left in Ecuador, so the villagers turned to Canadian courts in 2012.

“Special-purpose policies are necessary to cover not only Canadian pollution risks but pollution risks around the world ... and global risks that could come back to Canada.”

Gabrielle Kramer,
Borden Ladner Gervais L.L.P.

Another noteworthy decision involves the City of Kawartha Lakes, which the Ontario Court of Appeal held liable in 2013 for cleaning up furnace oil that leaked from private property into a local lake. The property owner’s insurance

was exhausted before completing the cleanup, which flowed through city property.

“A technically innocent party could have responsibility if the polluter doesn’t have the means to respond,” Ms. Kramer said.

Pollution legal liability insurance covers the cost of new pollution conditions and unknown pre-existing pollution, but generally excludes known conditions, which buyers are required to disclose before binding or face a coverage denial, said George Boire, environmental practice leader at Marsh Canada Ltd. in Toronto.

Environmental disasters can be costly even for companies with insurance.

A 2009 oil pipeline spill in the La Crau Nature Reserve in France — a habitat for endangered species — resulted in significant environmental damage, according to a European Commission-funded report. The pipeline was operated by Southern European Pipeline Co., which bore cleanup and reme-

diation expenses of more than 55 million including the pipeline repair.

“Needless to say, a €12 million (\$13.5 million) limit was not sufficient to cover the loss,” said Robert Wade, assistant vice president of environmental risk at Ace INA Insurance in Toronto.

Risk managers also need to be aware of emerging environmental risks, including road salt that, in sufficient concentrations, poses risks to animals, plants and aquatic environments, creates liabilities for public sector entities responsible for salting, but also private sector entities that have to salt their locations in wintry conditions.

“It’s becoming a standard exclusion in a lot of the environmental policies that are being offered, so you’re stuck with the problem,” said Kimberley Slugg, assistant director of insurance and risk management at Smartheit shopping center operator Smartcentres Management Inc. in Vaughan, Ontario.

TRACKING

Continued from page 3

“When the last reported position is fairly recent, it allows us to shrink down a nominal search area in the event that the aircraft can no longer communicate,” said Mary McMillan, Washington-based vice president of safety and operations at Inmarsat who also spent 25 years as a commercial pilot for United Airlines. “Air traffic control’s first function is to keep aircraft separated, and (a commercial jet failing to report in) this is where ATC’s second function would kick in and alert rescue coordination centers to instigate a search and rescue operation.”

“If tracking of aircraft becomes easier, it will have a lot of potentially positive aspects including safety, efficiency and environmental aspects,” Steven Schmidt, Munich-based senior aviation underwriter for Munich Reinsurance Co., said in an email. Still, “15 minutes can be a long period once you factor in the (cruising) speed of an airplane, i.e. distance and possibly the area, covered in that space of time.”

FLIGHTS GROUNDED BY BROKEN DEVICES TOP FEARS OVER NEW TRACKING STANDARDS

As part of the 15-minute standard-setting process, the International Civil Aviation Organization has established the Normal Aircraft Tracking Implementation Initiative to identify real-world operational issues.

While the International Air Transport Association is participating in the project, there is a concern that “as proposed, the standard could lead to a situation where flights are canceled or diverted because the tracking system is not functioning — even though there was nothing wrong with the aircraft itself,” said an association spokesman. “This potentially could be a frequent occurrence. There are ways to overcome this, but it would require a delay in implementation of the standard.”

“The fact that the (reporting) equipment is malfunctioning does not impact the aircraft’s flight-worthiness,” Robert Hartwig, president of the Insurance Information Institute Inc., said in an

email. “This is a regulatory decision likely to be made by authorities in each country or determined by international agreement.”

In a September status report, the initiative said there’s a perception by some that the cost of tracking commercial flights more frequently would be high.

But Mary McMillan, Washington-based vice president of safety and operations at Inmarsat P.L.C., said the cost is just \$2 to \$3 per flight using current technology.

“The cost, compared to the net benefit, is incomparable,” she said.

“The question is are the airlines going to spend the money to invest in the new technology or try to retrofit the equipment that they already have in the aircraft to comply via existing systems,” said Chris Barth, a Chicago-based partner at Locke Lord L.L.P.

By Donna Mahoney

Aside from real-time reporting of their position, the new technology jumps on anomalies. “If the aircraft varies from its intended flight path, the system goes into emergency mode and starts broadcasting every 10 seconds to the air-

line’s ground control and also provides feedback to the cockpit to allow the flight crew to signal that there is an issue,” said Chris Barth, a Chicago-based partner at Locke Lord L.L.P., who focuses on aviation and insurance law.

“The ICAO standard of 15 minutes is actually a long time when you look at the new technology that reports in updates via satellite uplink every 90 seconds,” he said.

Robert Hartwig, president of the New York-based Insurance Infor-

mation Institute Inc., welcomes the change that could narrow a search area for aircraft, but doubted it would have much effect on underwriting because commercial jets rarely disappear over the ocean.

But saying in an email that Flight 370’s reporting systems and transponder “were essentially deactivated by someone onboard,” Mr. Hartwig added that “increasing the frequency of reports may have some value as the plane may be declared missing sooner, but the lesson of MH370 is that there can still be enormous, hourslong recognition lags and confusion.”

“That’s where these new systems are coming into place because of the recognition that it is a risk that someone could mask their intentions. These new systems can’t be disabled in the cockpit and will address that concern,” Mr. Barth said.

“Ultimately, no system is fool-proof; there’s always some risk, but these new systems are definitely a step up from what’s currently in wide use and will enhance airline safety,” he said. “Insurers are going to be in favor of anything that enhances safety, because that’s going to reduce their losses.”

ZURICH

Continued from page 3

insurer on a \$25 million primary layer of directors and officers liability coverage for Volkswagen A.G., which is embroiled in an auto emissions cheating scandal.

Despite these developments, there has been nothing to suggest “any kind of fundamental problem” at Zurich, said Mark Dwelle, director of insurance equity research at RBC Capital Markets, a unit of RBC Dominion Securities Inc. in Richmond, Virginia.

“In an organization our size, people choose to do other things in their careers and we had the ability to fill positions quickly and decisively,” Mike Foley, CEO of Zurich North America commercial and regional chairman of North America, said during the Council of Insurance Agents & Brokers Insurance Leadership Forum last week.

“Clearly, they have a few issues, and it’s now down to a restructuring phase, so I’ll wait for the outcome of their strategic review,” which is due Nov. 5 when it releases its nine-month results, said Andy Hughes, a London-based analyst at Macquarie Group Ltd.

“We’re expecting they’ll probably cut some costs” as well as some global corporate business “which has generated a lot of volatility obviously,” Mr. Hughes said. “That’s pretty positive.”

The situation is “probably not as bad as it seems,” he said. “They’ve just had a period of bad luck.” Citing the uncertainty of

the insurance business, Mr. Hughes said, “you’re going to have bad days and good days, and I think they’ve had their share of bad business these days. That doesn’t mean it’s a bad business.”

While halting the RSA deal and management changes were surprising, “other than that, it’s not a dramatic year for Zurich,” said Johannes Bender, Frankfurt-based credit analyst at Standard & Poor’s Corp., which rates the insurer AA- with a stable outlook.

“The company remains solid,” Mr. Bender said. Despite the management changes, “we don’t expect them to change drastically in their overall strategy.”

“I think the company’s perceiving perhaps pressure to grow, given other activity in the market, and they looked at RSA,” said Jim Auden, managing director of insurance at Fitch Ratings Inc. in Chicago. “Maybe there were elements in the organization that were never really behind the deal. There may not have been unity in the ranks in going after RSA in the first place.”

“It’s disturbing to see a major global player have these kinds of problems, but I’m sure it creates opportunities for big U.S. companies,” such as New York-based American International Group Inc. and Ace Ltd., said Cliff Gallant, an analyst at Nomura Securities International Inc. in San Francisco, who does not follow Zurich directly. They are probably looking at Zurich and see the chance to “cherry-pick parts of their business or perhaps something more.”



FLU

Continued from page 4

this year’s shot to be better matched with the circulating strains.

Regardless, many employers say it’s worth the expense.

“We really do it just because it makes it easy and convenient for our employees,” said Teresa Wilson, compensation and benefits manager at Dublin, Ohio-based Stanley Steemer International Inc. “It often takes time to get to your doctor, get that scheduled, get in, get the shot; and if we can have it on site here ... it just makes it so much easier.”

The carpet cleaning company provides an on-site flu shot clinic for its 450 employees near its headquarters, she said. Vouchers for free flu shots from various providers are available to workers

located elsewhere.

Though only about 25% of workers participate in the headquarters on-site clinic, Ms. Wilson said the offer is about doing the “right thing” for the employee — not saving costs.

The cost of an on-site flu shot clinic can vary according to employer size, location and number of sites, said Jo Steinberg, Brookfield, Wisconsin-based CEO of flu shot clinic provider Midland Health Testing Inc.

Midland Health offers flu shots at \$25 to \$29 a shot for employers with 100 or more workers, but larger employers can negotiate a discount, Ms. Steinberg said. Companies also must pay for a nurse to administer the shots.

Kara Anderson, business development director at Passport Health L.L.C., said most self-insured employers pay it directly, but the Scottsdale, Arizona-based on-site clinic provider will bill the insurer for fully insured companies in some cases.

Under the Patient Protection and Affordable Care Act, the flu shot is covered as part of preventive care with no copayment when delivered through an in-network provider.

Like at Midland Health, Ms. Anderson said flu shot prices depend on employer size and location. Passport Health usually expects about one-quarter to one-third of employees at a location to get the shot.

It’s important “to think about how you market (the clinic) to your employees,” Ms. Anderson said. “The more we can get that word out with posters or fliers or email campaigns the better. If you’re going to make the effort,

make sure everybody is aware and understands and, hopefully, participates.”

While flu shots are “a good preventative measure,” employers should not pressure employees to get the shot, said David Lewis, president and CEO of human resources outsourcing and consulting firm OperationsInc L.L.C. in Norwalk, Connecticut.

“People may feel like it’s a bit of an intrusion and they may feel a bit pressured, and that’s not something that you want to have happen,” Mr. Lewis said.

Employers can best promote an on-site flu shot clinic by making workers aware that it’s available and that it’s voluntary, he said.

New York-based McGraw-Hill Education Inc. doesn’t offer an on-site clinic, but it does provide free flu shots for health plan members at pharmacies partnering with United Healthcare Inc. as well as vouchers to employees not on the health plan.

Last flu season, about 800 of McGraw-Hill Education’s 3,600 U.S. employees, as well as 550 dependents, got flu shots through the two programs, said Andrea Kuglstatter, New York-based senior director of benefits.

Aside from allowing employees to “take charge of their own health,” the free flu shot effort also helps the publisher “reduce the chance employees catch the flu and have to miss work, or for that matter come to work and bring back the flu to their co-workers and spread it,” she said.

“We haven’t measured how much time we might have lost as a result of (the flu), but any time you make up ... has to be worth it,” Ms. Kuglstatter said.

In contrast to storms that hit the U.S. earlier this month, the economic cost to the Bahamas from Hurricane Joaquin should be roughly \$100 million with insured losses of no more than \$50 million, according to one estimate.

The up to 2 feet of rain that caused the Carolinas flooding also led to dam failures that exacerbated the damage.

“Obviously, we’ll see an awful lot of flood-related claims on residences,” said Ray Farmer, director of the South Carolina Department of Insurance in Columbia. “We will also have a tremendous number of auto flood claims.

“We will have a number of commercial claims; it’s just too early to tell how extensive that damage will be,” he said, citing several commercial buildings that collapsed in Columbia. “We’re a long way from getting back to normal, and as a result I think we’ll have a number of commercial claims possibly from businesses that have not been able to open.”

“Commercial damage was localized in low-lying areas,” said Chip Timmons, risk manager for the city of Columbia, South Carolina.

Mr. Timmons said he had been in touch with his insurance broker “a couple of times a day” to keep him up to date on city government losses.



AP

Wind and rain from Hurricane Joaquin batter Nassau, Bahamas, Oct. 2. Insured losses aren’t expected to top \$50 million.

“With a flood like this, the actual claims volume coming in will probably start a little bit later because everybody is dealing with life safety issues at the moment,” said Scott Richardson, senior vice president and national property manager with VeriClaim Inc. in Chicago.

He said VeriClaim had established a catastrophe team in Dallas to help adjusters in the Carolinas as more claims are made in the coming weeks.

“There are towns which have some light commercial which is mostly small local business

and retail,” said Mr. Richardson. “I’m unaware of any really heavy loss to industrial or heavy commercial, but that remains to be vetted out,” he said. “But we haven’t seen anything on heavy commercial, and we would usually be contacted pretty quickly on that.”

Crawford & Co. had more than 30 adjusters in the Carolinas as of last week, said Bud Trice, vice president of catastrophe services in Atlanta.

“We’re still trying to get a handle on the amount of flood coverage in wet areas,” said Mr. Trice.

“This will be a recovery that will take a number of years,” said Mr. Farmer.

Hurricane Joaquin’s wrath in the Bahamas was more limited.

“The economic cost for the Bahamas is going to be north of \$100 million, but not exponentially higher than that,” said Impact Forecasting’s Mr. Bowen. “The Bahamian insurance industry has noted that it does not expect insured losses from this event to exceed \$50 million.”

The storm, however, sunk cargo ship the El Faro, claiming the lives of all 33 crew, including 28 U.S. residents.

The ship’s owner, Tote Maritime Puerto Rico, issued a statement saying the National Transportation Safety Board was investigating the sinking, and “we promise our full and open participation into the investigation of this tragic accident.”

Insurance Services USA Inc. in Madison, New Jersey. He said the focus is shifting to third-party breaches, where “soft damages” such as anxiety over the breaches can win damages in court.

“The cyber catastrophe hasn’t happened yet,” said Mr. Gilbertson, referring to an infrastructure attack.

Cyber is one of the few places where there is premium growth for underwriters, said Ben Walter, CEO of Hiscox USA Inc. in New York. He said underwriters are trying to come to terms with risk aggregation issues.

“Nobody really knows the right pricing for cyber,” said Robert Cohen, chairman and CEO of Denver-based IMA Financial Group Inc. and newly elected vice chairman of the council.

Despite questions, brokers continue to look for ways to expand cyber coverage. For example, Mr. Hylant said his brokerage is offering cyber coverage on every renewal.

Industry consolidation was another hot topic. Recent transactions such as the proposed acquisition of Chubb Corp. by Ace Ltd., Humana Inc. by Aetna Inc. and Towers Watson & Co. by Willis Group Holdings P.L.C. mean a change in market opportunities for brokers.

But consolidation discussions centered more on “who’s next” than deals already announced, said Hank Watkins, president of Lloyd’s America Inc. in New York.

The consolidations continue in a persistently softening property/casualty market.

COLORADO SPRINGS, Colorado — The property/casualty insurance industry has a serious demographic problem that extends beyond young professionals: The industry needs older workers as well.

The talent issue demands multiple approaches, attendees said last week during the Council of Insurance Agents & Brokers’ Insurance Leadership Forum.

One of the most significant sources of entry-level talent is college risk management and insurance programs.

“I’m still very bullish on the next generation coming in because there are more than 40 schools with risk management and insurance programs,” said Hank Watkins, president of Lloyd’s America Inc. in New York.

Low interest rates, relatively benign losses and an abundance of capital are expected to keep pressure on prices for a long time, said Don Bailey, president of global sales at Marsh L.L.C. in New York.

“It’s a relatively flat soft market with some softening,” said Mr. Cohen. “It’s still line-by-line.”

“It’s getting softer except for, maybe, auto,” said Mark A. Miller, executive vice president and president of Hylant Group’s Ann Arbor, Michigan, office.

During the second quarter, there was downward rate pressure, especially on large-layer property accounts and workers compensa-

While the industry can draw from college grads, it needs to invest in internships that pay off with a “great injection of energy in the workforce,” said Peter A. Gilbertson, executive vice president of Wells Fargo Insurance Services USA Inc. in Madison, New Jersey.

Millennial generation employees “are hard-working; they’re fun,” said Robert Cohen, chairman and CEO of Denver-based IMA Financial Group Inc. and newly elected council vice chairman. “They’re asking the right questions. They’re asking tough questions.”

“It’s all about talent acquisition,” said Steve Brockmeyer, president and CEO of the Bolton Co. of Pasadena, California, and immediate past chairman of the council. But the talent search isn’t confined to

young recruits, he said.

“There’s a hole in talent” with 10 to 20 years of experience at agencies and brokerages, said Mr. Brockmeyer. “I don’t see a lot of insurance people in their 30s and 40s.”

Zurich North America in Schaumburg, Illinois, is about to launch another approach: an apprenticeship program, said Mike Foley, CEO of North America commercial and regional chairman of North America at Zurich.

The program, planned to start in January, will involve 25 students from a local community college who will work at the insurer while Zurich pays their tuition.

“If it works, we’re going to broadcast this to the industry,” Mr. Foley said.

By Mark A. Hofmann

AS PROPERTY/CASUALTY INDUSTRY GRAYS, INFLUX OF MILLENIALS NOT ENOUGH

“strong interest” in personal lines and select commercial accounts generating less than \$100,000 in premiums, said Mr. Hylant.

Mr. Cohen said IMA has initiatives in small-commercial and high-end personal lines.

From the underwriter side, there’s a “huge push” down-market, with an emphasis on “historically underserved” high net worth personal lines and small-commercial business, said Hiscox’s. Mr. Walter.

Tapping that market presents a huge opportunity for Hiscox, said Nicole Goodwin, chief underwriting officer.

STATEMENT OF OWNERSHIP, MANAGEMENT AND CIRCULATION			
(Required by 39 U.S.C. 3685)			
1. Publication Title: Business Insurance			
2. Publication No.: 532-590.			
3. Filing Date: 9-29-15.			
4. Issue Frequency: Biweekly.			
5. No. of Issues Published Annually: 26.			
6. Annual Subscription Price: \$149.00			
7. Complete Mailing Address of Known Office of Publication: Crain Communications Inc., 150 N. Michigan Ave., Chicago, Cook County, IL 60601-7553. Contact Person: Jim Cantley. Phone: 313-446-1615.			
8. Complete Mailing Address of Headquarters or General Business Office of Publisher: 150 N. Michigan Ave., Chicago, Cook County, IL 60601-7553.			
9. Full Names and Complete Mailing Addresses of Publisher, Editor, and Managing Editor: Publisher, Frank Quigley, Crain Communications Inc., 150 N. Michigan Avenue, Chicago, IL 60601-7553; Editor, Gavin Souter, Crain Communications Inc., 150 N. Michigan Ave., Chicago, IL 60601-7553; Managing Editor, Mary Jane Grandinetti, Crain Communications Inc., 150 N. Michigan Ave., Chicago, IL 60601-7553.			
10. Owner (Do not leave blank. If the publication is owned by a corporation, give the name and address of the corporation immediately followed by the names and addresses of all stockholders owning or holding 1 percent or more of the total amount of stock. If not owned by a corporation, give the names and address of the individual owners. If owned by a partnership or other unincorporated firm, give its name and address as well as those of each individual owner. If the publication is published by a nonprofit organization, give its name and address.) Crain Communications Inc. 1155 Gratiot Ave., Detroit, MI 48207-3187; K. E. Crain, 1155 Gratiot Ave., Detroit, MI 48207-3187. R. E. Crain, 685 Third Avenue, New York, NY 10017.			
11. Known bondholders, mortgagees and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages or other securities: None.			
12. (Must be completed if the publication title shown in item 1 is a publication published and owned by a nonprofit organization.) The purpose, function, and nonprofit status of this organization and the exempt status for Federal income tax purposes: (Check one) ☐ Has Not Changed During Preceding 12 Months ☐ Has Changed During Preceding 12 months. (If changed, publisher must submit explanation of change with this statement)			
13. Publication Title: Business Insurance			
14. Issue Date for Circulation Data Below: September 28, 2015.			
15.			
Extent and Nature Circulation	Average No. Copies Each Issue During Preceding 12 Months	No. Copies of Single Issue Published Nearest to Filing Date	
a. Total Number of Copies (Net press run)	47,123	46,661	
b. Legitimate Paid and/or Requested Distribution (By Mail and Outside the Mail) (1) Outside County Paid/Requested Mail Subscriptions Stated on PS Form 3541 (Include direct written request from recipient, telemarketing and Internet requests for recipient, paid subscriptions including nominal rate subscriptions, advertiser's proof copies, and exchange copies)	37,655	35,757	
(2) In-County Paid/Requested Mail Subscriptions Stated on PS Form 3541 (Include direct written request from recipient, telemarketing and Internet requests for recipient, paid subscriptions including nominal direct written subscriptions, advertiser's proof copies, and exchange copies)	0	0	
(3) Sales Through Dealers and Carriers, Street Vendors, Counter Sales, and Other Paid or Requested Distribution Outside US\$B	450	403	
(4) Requested Copies Distributed by Other Mail Classes Through the USPS (e.g. First-Class Mail®)	0	0	
c. Total Paid and/or Requested Circulation (Sum of 15b. (1), (2), (3), and (4))	38,105	36,160	
d. Nonrequested Distribution (By Mail and Outside the Mail) (1) Outside County Nonrequested Copies Stated on PS Form 3541 (include Sample copies, Requests Over 3 years old, Requests induced by a Premium, Bulk Sales and Requests including Association Requests, Names obtained from Business Directories, Lists and other sources)	7,640	8,780	
(2) In-County Nonrequested Copies Distributed Through the USPS by Other Classes of Mail (include Sample copies, Requests Over 3 years old, Requests induced by a Premium, Bulk Sales and Requests including Association Requests, Names obtained from Business Directories, Lists and other sources)	0	0	
(3) Nonrequested Copies Distributed Outside the Mail (e.g. First-Class Mail, Nonrequestor Copies mailed in excess of 10% Limit mailed at Standard Mail or Package Services Rates)	0	0	
(4) Nonrequested Copies Distributed Through the USPS by other Classes of Mail (include Pickup Stands, Trade Shows, Showrooms and Other Sources)	526	878	
e. Total Nonrequested Distribution (Sum of 15d (1), (2), and (3))	8,166	9,658	
f. Total Distribution (Sum of 15c. and e)	46,271	45,818	
g. Copies not Distributed (See Instructions to Publishers #4, (page #3))	852	843	
h. Total (Sum of 15f and g)	47,123	46,661	
i. Percent Paid and/or Requested Circulation (15c divided by f times 100)	82.35%	78.92%	
16. Total circulation includes electronic copies. Report circulation on PS Form 3526-X worksheet.			
17. This Statement of Ownership will be printed in the 10-12-15 issue of this publication.			
18. I certify that all information furnished on this form is true and complete. I understand that anyone who furnishes false or misleading information on this form or who omits material or information requested on the form may be subject to criminal sanctions (including fines and imprisonment) and/or civil sanctions (including civil penalties).			
Frank Quigley, Publisher 9-29-15			

CADILLAC

Continued from page 1

Of those employers expecting to trigger what is known as the Cadillac tax, roughly 40% are changing their health plans to avoid it and a nearly equal percentage plan to do so before 2018, when the tax is to go into effect, according to the survey.

As employers work to avoid the tax mandated by the Patient Protection and Affordable Care Act, lobbying has intensified in Congress and had some success.

For example, the House Ways and Means Committee approved a measure in September to repeal the tax as well as penalties on employers for not offering health coverage and individuals for not having it.

Those provisions were in a broader so-called budget reconciliation bill approved late last week by the House Budget Committee and headed soon for a vote by the full House.



HEAR INTERVIEW

Visit *Business Insurance's* multimedia Web page to hear

Annette Guarisco Fildes, president and CEO of the ERISA Industry Committee in Washington, discuss the group's hope that Congress will pass and President Obama will sign legislation to repeal the Cadillac tax, in an interview with *Business Insurance* Editor-at-Large Jerry Geisel.

In addition, sponsorship for a repeal bill, H.R. 2050, introduced by Rep. Joe Courtney, D-Conn., has grown to 160.

In the Senate, where repeal interest once was limited to Republicans, Sen. Sherrod Brown, D-Ohio, has introduced a repeal bill, S. 2075, whose supporters include presidential candidate Bernie Sanders, an independent senator representing Vermont.

Another presidential candidate, Hillary Clinton, last month also encouraged "Congress to repeal the so-called Cadillac tax."

Joining them was House Ways and Means Committee Chairman Paul Ryan, R-Wis.

"Congressional interest in repeal is very keen and very bipartisan," said James Klein, president of the American Benefits Council in Washington.

"In a single week you have Hillary Clinton and Paul Ryan both calling for repeal," said Mr. Klein, who also is a member of business-labor coalition, Alliance to Fight the 40, seeking to repeal the excise tax.

"There is no doubt there is significant support in Congress for repeal," said Geoff Manville, a principal at Mercer L.L.C. in Washington.

Employers say one of the intended justifications for the tax — that

it will reduce health plan costs — is a myth.

"Just because a penalty is imposed doesn't mean costs are controlled. How will an excise tax, for example, control soaring prescription drug costs?" said Sharron Boone, director of benefits and compensation at home builder J.W. Homes L.L.C. in Smyrna, Georgia.

Unions also oppose the tax.

Labor urges repeal

Referring to the bipartisan repeal bill introduced in the Senate, Terry O'Sullivan, general president of the Laborers' International Union of North America, said in a statement that "we commend the senators' leadership and look forward to working with them and the rest of the Congress to ensure that workers across the country will be able to keep their health care and not have to pay this regressive tax."

Whether support to repeal the excise tax translates into congressional passage as well as an expected presidential veto remains to be seen.

In the Senate, "we don't have the numbers yet" to override a veto, Mr. Klein said.

"The trick is to somehow find a way to disentangle the excise tax provision" from even more controversial provisions, such as eliminating the employer mandate, said Frank McArdle, an independent benefits consultant in Bethesda, Maryland.

"We are hoping the president would sign an excise tax repeal bill," said Annette Guarisco Fildes, president and CEO of The ERISA Industry Committee in Washington. Whether that signature will happen — assuming lawmakers pass a repeal measure — largely "depends on what else is in the bill," Ms. Fildes added.

Still, relief from the excise tax could come in other ways.

For example, lawmakers or regulators could make clear that the excise tax trigger should be adjusted to reflect widespread geographic differences in health costs and, with that, group health plan premiums.

"The tax is not fair. It depends much more on where a company and its employees are located than on the benefits provided" said Russ Blakely, a managing member of insurance broker Russ Blakely & Associates L.L.C. in Chattanooga, Tennessee.

Lawmakers or regulators also could clarify that employee contributions to health savings and flexible spending accounts are not included in calculating plan costs.

In addition, the number of employer plans hit by the tax would be reduced if regulators made clear that the tax applied only to medical benefits, and not ancillary benefits, such as dental and vision care.

"That would provide material relief," said Randy Abbott, a senior consultant at Towers Watson & Co. in Boston.

STUDENTS

Continued from page 4

misperception of the law," Barbara Carroll, associate vice chancellor of human resources at North Carolina State University in Raleigh, told a joint congressional committee in June. "Without clarification, however, the informal guidance is causing great concern on campuses, because it interferes with long-standing practice intended to enhance access to higher education and lower the cost of graduate education."

A bill introduced in the U.S. House in January that would exclude student workers, including graduate assistants, from being counted as full-time school employees is awaiting a hearing by the House Ways and Means Committee.

"I'm not sure where we're going to land on this one," Ms. Kline said. "The financial impact on colleges and universities that subsidize health care for their graduate assistants is going to be very serious if this rule doesn't change."

Also in August, administrators at Western Michigan University in Kalamazoo, said the school

would no longer offer health insurance, underwritten by Aetna Inc., for U.S. students.

In a statement, the university said it decided to end the plan "in response to a changing health insurance environment and to meet student requests for affordable coverage."

Four state colleges and universities in Idaho told their students in March that domestic undergraduate health plans no longer would be available for the 2015-16 school year after the State Board of Education struck a rule requiring state schools to offer the coverage, administrators at Idaho State University said in a notice to students and parents.

Similar situations unfolded in Washington and New Jersey in 2014, both of which no longer require public colleges and universities to offer student health plans.

"The problem is that over the last few years, that coverage went from about \$150 per year (per student) to about \$1,500 per year, and was becoming a greater percentage of the students' annual costs," said Stephen Bolyai, vice president of administration and finance at William Paterson University in Wayne, one of four New Jersey public colleges that discontinued student health plans

last year.

"We also learned that more than 50% of our students had health insurance anyway, mostly through their parents," he said.

Several religiously affiliated colleges and universities also have terminated their student health plans. Wheaton College told students in July that the Wheaton, Illinois, school's health plan would be terminated for the 2015-16 year, after a federal appeals court denied the college's request for a temporary exemption from the contraceptive mandate.

"As we have shared previously, the college's concern is with its own actions in facilitating the provision of morally objectionable products on its own plans and with its right to constitutionally protected religious liberty," college administrators said in a notice to students.

Experts say the erosion of student health insurance has been mostly limited to small and medium-size colleges and universities.

"Certainly some schools have decided that it's better for them to leave the market, but bigger schools are finding that the need for these plans is still there," Ms. Kline said. "You still have a lot of young people who are uninsured or face really high deductibles under their parents' health plan."

WAL-MART

Continued from page 1

was also reached with Mr. McNair's family and estate, as well as others affected by the accident.

Terms of the settlement, and the amount Wal-Mart is seeking from its excess insurers in *Wal-Mart Stores Inc. et al. v. Liberty Insurance Underwriters Inc. et al.*, have not been disclosed.

The complaint accuses the insurers of breach of contract, negligence and bad faith for failing to consent to and contribute their portion to the settlements under commercial excess liability coverage Wal-Mart purchased.

"Despite Wal-Mart's early and repeated efforts ... to provide defendants with all relevant documents and information needed to evaluate the survivors lawsuit, defendants persisted in making harassing and perpetual demands for more and more and more information" and used those demands to avoid settling the lawsuit, the Wal-Mart suit says.

It also accuses the insurers of an "intentional scheme" to avoid contributing to the settlements and seeks a declaratory judgment that it is entitled to coverage up to the excess policies' aggregate limits.

"Wal-Mart took full responsibility for the tragic accident and did what was right to ensure the well-being of those who were impacted," the company said in a state-

WAL-MART V. EXCESS INSURERS

Defendants in Wal-Mart Stores Inc.'s suit alleging breach of contract and bad faith for failing to contribute to settlements in a 2014 crash are:

- Liberty Insurance Underwriters Inc. and the Ohio Casualty Insurance Co., units of Boston-based Liberty Mutual Insurance Group
- QBE Insurance Corp., a unit of Sydney -based QBE Insurance Group Ltd.
- St. Paul, Minnesota-based Travelers Cos. Inc. and its St. Paul Fire & Marine Insurance Co.
- XL Insurance America Inc., a unit of Dublin-based XL Group Inc.

In addition

- Endurance Specialty Insurance Ltd., a unit of Pembroke, Bermuda-based Endurance Specialty Holdings Ltd., did not contribute to the settlements, but its policy contains an arbitration clause.

Insurers who contributed to the settlement

- Ace Ltd., which provided primary commercial umbrella liability coverage that included a self-insured retention by Wal-Mart.
- National Union Fire Insurance Co. a unit of New York-based American International Group Inc.
- Federal Insurance Co., a unit of Chubb Group of Insurance Cos.
- XL paid under one policy, but not another.

Source: Court documents

ment. "We funded the settlement agreements in full, but some of the insurance carriers have failed to pay their portion of the settlement amount," although Wal-Mart "has had umbrella liability

coverages like this in place for decades."

"In some instances, insurers will demand information and seek more details than can be provided under the settlement process ... and then later claim the settlement procedure is without their specific consent, that the policyholder made a 'voluntary payment' that precludes coverage," said policyholder attorney Linda D. Kornfeld, a partner at Kasowitz Benson Torres & Friedman L.L.P. in Los Angeles

"Wal-Mart did a very nice job, if the complaint allegations are correct, in setting itself up to overcome a consent-to-settle defense" by insurers, said K. James Sullivan, a partner and policyholder attorney at Calfee, Halter & Griswold L.L.P. in Cleveland.

Insurer defense attorney Todd M. Rowe, a partner in a law firm Tressler L.L.P. in Chicago, said, however, that it looks like the insurers "were just looking for more information." The question, he said, is whether this rises "to the level of vexatious conduct."

Vincent E. Morgan, a partner and policyholder attorney at Pillsbury Winthrop Shaw Pittman L.L.P. in Houston, said the reason some insurers paid and others did not could be because of a difference in policy language.

"This is going to be one of the key issues in the case," he said.

The insurers either declined comment or could not be reached for comment.

No date for a hearing has been set, according to a Wal-Mart spokesman.



Lawsuit lifts veil on CEO's spending

Sometimes a CEO just wants to have fun. According to an internal investigation, Dow Chemical Co. CEO Andrew N. Liveris took lavish trips, attended Super Bowls and procured \$90,000 worth of wine on the Midland, Michigan-based company's dime, Reuters reports.

These details came to light after Dow settled a wrongful termination suit with former employee Kimberly Wood in February over her 2013 firing which she claimed was tied to her findings about Mr. Liveris' spending, according to Reuters.

Compiled in 2010, Ms. Wood's internal report cites emails in which Mr. Liveris told employees not to inform clients that he would be attending Super Bowl XLIV, according to Reuters.

"Please tell no-one I am going like always," Mr. Liveris wrote in an email to Robert Long, the former head of Dow's customer events department, the report states. Mr. Long left the company in 2011.

The CEO paid back \$719,923 for "not primarily business related" expenses in 2011, Reuters reported.

Farm wriggles out of overtime pay

No one in the real world is ever likely to think of raising worms as agriculture, but a recent court decision illustrates that there is sometimes a clear divide between the real and legal worlds.

Caught in that divide are two workers on a rural Tennessee worm farm who were seeking overtime pay. The issue in the case was the Fair Labor Standards Act, which requires employers to pay covered workers overtime for time worked in excess of 40 hours, but also provides certain exemptions, including agriculture.

In analyzing the case, the opinion by the 6th U.S. Circuit Court of appeals in Cincinnati tackles the issue of whether raising worms qualifies as agriculture, before concluding it does. "The raising and growing of bait worms — at least as practiced by Silver Bait — shares much in common with traditional farming," such as raising animals for sale as a commodity, says the ruling.

"The worms' intended use as bait also does not deprive them of their agricultural character," says the three-judge panel's unanimous decision.

BAM! JUDGE ZAPS FAKE BATMOBILES



AP PHOTO

The original batmobile from the campy 1960s "Batman" TV show has been deemed to be protected under D.C. Comics' copyright.

There have been a fair share of headlines involving automakers lately, but you may have missed the news that a court has decided that the Batmobile — the iconic vehicle belonging to comic-book-hero Batman — is sufficiently distinctive to be deemed a character itself. In the latest twist in long-running copyright dispute, the 9th U.S. Circuit Court of Appeals in Pasadena, California, has ruled that a garage that produces replicas of the Caped Crusader's crime fighting vehicle has infringed upon D.C. Comic's copyright.

Gotham Garage, operated by Mark Towle, produces replicas of the Batmobile from the 1966 television series and 1989 Batman movie.

The cars retail for about \$90,000, according to Variety magazine

The appeals court upheld an earlier decision that the cars violate the copyright of DC Comics, which is the publisher and copyright owner of the comic books featuring Batman.

In her opinion handed down last week, Judge Sandra S. Ikuta said that Mr. Towle, in producing replicas of the famed vehicle, had infringed DC Comics' copyright because the Batmobile has an "especially distinct" character.

In summing up, Judge Ikuta could not resist quoting Batman's advice to his trusty sidekick, Robin.

"As Batman so sagely told Robin: 'In our well-ordered society, protection of private property is essential,'" she wrote.

Business Insurance isn't all business all the time, and we know you're not either. So visit www.businessinsurance.com for more Off Beat stories and monthly photo galleries featuring the best of the weirdest news about insurance, fraud, liability issues and related topics that make people and companies do funny, silly and strange things.

German court crushes candy trademark suit

Germany's Zurich Federal Court of Justice has tossed out gummy bear maker Haribo's claim against the chocolate treat maker, Lindt. The gummy bear makers claimed the chocolate red-bowed teddy bears wrapped in gold sold by Lindt were a violation of their trademark.

"Lindt's sale of bear-shaped chocolates wrapped in a golden foil with a red ribbon is neither a violation of Haribo's 'Gold Bear' trademark nor an illegal imitation of the fruit gum products," the court ruled.



Terms such as "teddy", "chocolate bear" or "chocolate teddy" could be applied to the product just as well as "gold bear."

"It's not sufficient that the trademarked word is just one of several obvious names to describe the product form," the court said in a statement.

The case came to court in 2012, when Bonn, Germany-based Haribo filed against Zurich, Switzerland-based Lindt & Spruengli, after the "Lindt Teddy" chocolate bears began to be sold during the 2011 Christmas season.

The gummy bear makers said shoppers would confuse the two products, even though Lindt's teddy bears are made of chocolate and gummy bears are a jelly sweet, news reports said.

The 0.78-inch gummy bear has become the best-known product of Haribo, a company created in 1920. First sold in its current form in 1967, about 100 million of the gummy fruit bears are made each day, according to news reports.



Tort museum finally opens

Tort reform has vexed insurers and corporate lawyers for decades, and now there's a place to explore the subject under one roof.

Consumer advocate, former presidential candidate and — some might say — political gadfly Ralph Nader has opened his long-envisioned American Museum of Tort Law in Winsted, Connecticut.

Known for decades of consumer safety advocacy that often won change, one of his most famous successes is prominently displayed: a 1963 Chevrolet Corvair. The cars eventually were taken out of production, due in large part to Mr. Nader's campaign about their dangers that led to a slide in sales.

Mr. Nader put up \$150,000 of his own money for the museum, and much of the remaining \$2 million came from trial lawyers, according to the newspaper.

BUSINESS INSURANCE

WORLD

CAPTIVE FORUM
CELEBRATING 25 YEARS

JAN 31 - FEB 3, 2016

BOCA RATON RESORT, FLORIDA

CAPTIVE SOLUTIONS

Celebrating its 25th year, the World Captive Forum is a domicile-neutral conference featuring in-depth, high-caliber educational content that covers all facets of the captive insurance industry. Registration includes four days of relevant and timely content coupled with unrivaled networking opportunities for executives whose organizations have risks insured by a captive or who are exploring the formation of one.



John Drzik



Mike Rogers

WHO SHOULD ATTEND:

Current and future captive owners, captive managers, service providers, investment managers, reinsurers, brokers and domicile regulators and officials

KEYNOTE SPEAKERS:

- Global Risks: Report from Davos

John Drzik | *President, Global Risk & Specialties, Marsh & McLennan Companies*

- Cybersecurity, Counterterrorism and National Policy:

A Leader Shaping the Debate on America's Most Urgent Matters

Mike Rogers | *Former Chairman, House Permanent Select Committee on Intelligence*

REGISTRATION IS NOW OPEN:
businessinsurance.com/WCF2016

BI | EVENTS

For Sponsorship Opportunities

Holly Klokis | Sponsorship Sales Director, Conferences & Events

212-210-0128 | hklokis@businessinsurance.com

For Speaking Opportunities

Joanne Wojcik | Director of Conference Programming

303-278-7444 | jwojcik@businessinsurance.com

Founding Partners



TOWERS WATSON



Who insures the majority of the Fortune 500 and 1 out of 5 family-owned businesses in Springfield?

Alternative Risk
Transfer
Aviation
Cargo
Energy
Engineering &
Construction
Entertainment
Farm & Ranch
Financial Lines
Highly Protected Risk
Hull & Marine
Liabilities
International Solutions
Liability
Marine
Middle Market
Package & Small
Business
Property
Programs

Allianz that's who. Hear "Allianz" and you probably think large complex accounts that require specialty expertise in areas like Marine or Aviation. The fact is, we bring that same level of specialty know-how to thousands of midsize and small companies. Whether your client's territory is around the block or around the globe, Allianz can help.

Allianz, we're more than you know. www.agcs.allianz.com

Allianz 