

SUPERSTORM SANDY: ONE YEAR LATER

POWERFUL STORM SPURS MITIGATION EFFORTS

New York, Boston officials strive to fortify cities against natural disasters

BY RODD ZOLKOS

A year after Superstorm Sandy pounded the Northeast, political, business and public policy leaders agree they need to work together to protect the region, but differ sharply on how to address the risks of similar powerful storms.

In addition to the devastation caused by Sandy — \$18.75 billion in insured losses and \$65 billion in damage and economic losses — the storm was a watershed event raising awareness that such a natural disaster could indeed strike again in the same area.

“From our perspective, there seems to be an awareness of the need to change” how the public and private sectors prepare for extreme weather, said Tom Varney, Chicago-based head of risk consulting for Allianz Global Corporate & Specialty.

“What I would say has really changed since Sandy is much more coordination between agencies at all levels,” said Vivien Li, president of the Boston Harbor Association. “It’s really broken down the silos.”

See **SANDY** page 52



AP PHOTO

A tattered American flag waves in front of a home being built this month in the Breezy Point neighborhood of Queens. Many homes in the area burned down after Sandy.

Insurers work to close complex Sandy business interruption claims

BY BILL KENEALY

The insurance industry is working to finish clearing its backlog of claims from Superstorm Sandy, while risk managers are trying to strengthen their organizations against harm from similar natural disasters.

According to the Insurance Information Institute, 93% of the 1.5 million claims filed by businesses and homeowners were settled by April, six months after the tropical storm.

John Dempsey, Wilton, Conn., managing director and global practice leader with Aon Global Risk Consulting, said the industry’s response to Sandy was swift, considering the

challenges presented by the massive storm that virtually paralyzed most of New York City for a few days.

“While there are some very large losses that have not yet been resolved, there is an effort to get them resolved by year’s end and there have been an awful lot of settlements,” Mr. Dempsey said.

This is especially true for large companies with coverage programs, which involve multiple insurers, he said. “Sometimes policyholders have expectations that are out of the realm of possibility, which can serve to extend the

See **BUSINESS** page 50

SANDY FACTS & FIGURES

\$65 billion: Damages and economic losses

\$18.75 billion: Insured losses

200,000: Small business closures

2 million: Working days lost

1.8 million square miles:

Sandy’s size on land

14 feet: Peak height of storm surge in New York City

32.3 feet: Peak ocean wave height

65 knots: Maximum sustained wind speed

Sources: U.S. Department of Housing and Urban Development, Insurance Information Institute Inc.

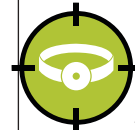
WORKERS COMPENSATION

Curb on opioids puts doctors in danger

Patients turn violent as drugs are withdrawn

BY ROBERTO CENICEROS

As doctors treating workers compensation claimants curtail prescribing opioid pain medications, some physicians are facing more threats from patients addicted to or illegally selling the drugs.



The problem usually occurs with older, legacy workers comp claims. In these cases, addictive opioid narcotics have been prescribed long term, without the medication compliance monitoring and patient education in place when recently injured claimants are prescribed the pain medications, doctors and workers comp experts say.

The hostilities against doctors trying to wean patients off the prescriptions or stop them from illegally diverting the drugs for profit range from death threats to property damage. Often they are perpetuated by patients who have come to expect they will continue receiving the painkillers, experts say.

Patients with minds warped by drug use and financially dependent on selling prescriptions have threatened to report doctors to state licensing boards for alleged sexual improprieties, said Dr. Hans C. Hansen, president of the

See **DIVERSIONS** page 49

U.S. MID-MARKET

Cash balance pension plans are being embraced by mid-market professional firms

PAGE 8

STABLE RENEWALS

Commercial policyholders should expect a stable year-end renewal season with modest rate changes

PAGE 3

REINSURANCE TRENDS

The influx of nontraditional capital is driving down insurance rates for some property catastrophe risks

PAGE 32

WORKING SHOULDER TO
SHOULDER WITH YOU.

team.



specialty
insurance

A Division of the Berkshire Hathaway
Group of Insurance Companies

www.bhspecialty.com

10/21/13

CONTENTS

FEATURES

RISK MANAGEMENT

MID-MARKET



Technology cuts hygiene risks

Hospitals, urgent care and ambulatory surgery centers wield new tools to prevent the spread of life-threatening contagions. **6**

PEOPLE

Q&A: John Howard



BB&T Insurance Services Inc. wholesale and specialty leader enjoys constant new challenges and having a

bank parent that understands the insurance business. **40**

OFF BEAT



Mystery Machine turns up

Van inspired by "Scooby-Doo, Where Are You!" seized by police in London as part of a clampdown on uninsured drivers. **54**

SECTIONS

INTERNATIONAL **10**

OPINIONS **12**

PEOPLE **40**

MARKET PULSE **42**

PERSPECTIVES **44**

OFF BEAT **54**

NEWS

WORKERS COMPENSATION

AIG FACES MORE COMP LITIGATION AS EMPLOYERS TAKE ACTION

Premium underreporting suits follow prior settlements

BY SHEENA HARRISON

American International Group Inc. could face numerous lawsuits from employers who say the insurer caused them to pay inflated workers compensation-related costs by underreporting its comp premiums, according to attorneys in two such cases against AIG.

Employers filed three lawsuits on Oct. 8 against New York-based AIG and its subsidiaries in federal courts in California, New Jersey and New York.

Plaintiffs in the suits contend that AIG's "systemic practice of underreporting (workers comp) premium" caused policyholders to "pay improperly inflated state insurance surcharges and to suffer other damage" during a nearly 40-year period.

Each of the lawsuits seeks class-action status and unspecified compensatory and punitive damages for alleged violations of the Racketeer Influenced and Corrupt Organizations Act, as well as claims of common-law fraud, negligent misrepresentation, unfair business practices and unjust enrichment.

Plaintiff attorneys say they're considering taking similar action against AIG in other states.

"We're continuing to look at

LITIGATION

American International Group Inc. has already paid nearly \$600 million to settle previous litigation over alleged underreporting of workers compensation premiums.

- In a 2012 "global resolution" AIG paid to state regulators, the settlement included \$100 million in penalties and \$46.5 million in additional premium taxes and assessments.
- In 2011, AIG agreed to pay a \$450 million settlement to rival workers comp insurers. Liberty Mutual Group Inc. objected to the settlement, but a federal appeals court rejected its appeal.
- The latest complaint filed in New York alleges that \$300 million to \$400 million of workers comp premiums went unreported annually by AIG between the 1970s and the 1990s.

some other states for some other clients," said Derek Brandt, an Alton, Ill.-based shareholder and attorney with law firm Simmons Browder Gianaris Angelides & Barnerd L.L.C. "We've been contacted ... since we filed the suit by lawyers in other states who are interested in pursuing actions for their clients."

The employer lawsuits represent a continued workers comp-related legal burden for AIG. Similar claims surfaced in 2006, when then-New York Attorney General Eliot Spitzer accused AIG of underreporting workers comp premiums over several decades to avoid paying its fair share of state residual market assessments.

AIG paid \$146.5 million in 2012 to state regulators in all 50 states and the District of Columbia to settle claims stemming from the 2006 allegations. It also agreed in 2011 to pay a \$450 million settlement to several rival workers comp insurers related to its alleged underreporting.

In a statement to *Business Insurance* regarding the fresh suits, AIG said "the court filings attempt to recycle allegations of wrongdoing from decades past that AIG has already resolved via settlements with its regulators and with civil plaintiffs. AIG will defend the cases vigorously." The insurer

See AIG page 47

PROPERTY/CASUALTY INSURERS

Industry welcomes Solvency II delay until 2016

BY SARAH VEYSEY

Making it official that Solvency II will be delayed until 2016 brings greater clarity for insurers and reinsurers preparing for the rules, but another group's proposal to establish global risk-adjusted standards and capital backstops for major insurers and reinsurers could add complexity and costs for insurers.

Earlier this month, European Commissioner Michel Barnier said the official start date for Solvency II had been pushed back from January 2014 to January 2016.

While he's always supported the updated rules for European financial institutions, Mr. Barnier said in a statement that implementing the changes next year is "simply no longer tenable."

He said he had obtained assurances from the European Council of Ministers and the European Parliament that

REVISED GUIDELINES

The European Insurance and Occupational Pensions Authority has published guidelines for national regulators on Solvency II preparations. Among changes as a result of public comments are:

- Regulators will be able to exempt insurance and reinsurance captives from submitting information in the third quarter of 2015, but the captives still will have to submit a year-end report for 2015. Once Solvency II goes into effect, captives may be required to submit quarterly information.
- During the preparatory phase, companies with operations outside the European Union can discuss with national regulators which solvency calculation methods should be applied to those third-country operations.
- Certain assessments of the risk profile of insurers and reinsurers have been postponed until 2015. For example, the continuous assessment of a company's solvency ratio is among the requirements that will be delayed.

See SOLVENCY page 48

AGENTS & BROKERS

Narrow band of rate changes forecast

Plentiful capacity, poor investment returns influence market

BY GAVIN SOUTER

COLORADO SPRINGS, Colo. — Commercial policyholders should expect a stable year-end renewal season with rates ranging from modest decreases to modest increases, as insurers come off a year of profitable underwriting, insurers and brokers say.

The opposing forces of plentiful capacity vs. paltry investment returns should result in a market in which significant rate fluctuations are rare, they say.

While properties hit with losses from Superstorm Sandy last year may see further price increases, other property catastrophe rates are expected to decrease.



"The industry continues to be over-capitalized, which is good for buyers."

Thomas W. Corbett, Alliant Insurance Services Inc.

Noncatastrophe property lines and casualty risks may see decreases or, at most, single-digit increases.

While the renewal season should be straightforward on most fronts, uncertainty over extension of the federal

terrorism insurance backstop, which is due to expire at the end of 2014, could disrupt the market, said insurer and brokerage executives meeting earlier this month in Colorado Springs, Colo., at the Insurance Leadership Forum, sponsored by the Council of Insurance Agents and Brokers.

The annual event, which this year celebrated its 100th anniversary, draws senior executives from brokerages, insurers and reinsurers to The Broadmoor resort to hold dozens of one-on-one meetings outside the official program.

"The industry continues to be overcapitalized, which is good for buyers," said Thomas W. Corbett, chairman and CEO of Alliant Insurance Services Inc. in

See COUNCIL page 47

ONLINE
FEATURES

SOLUTION ARC

How to contend with emerging risks as economy recovers

Failing to keep pace with trends can pose a competitive disadvantage, threaten a company's bottom line.
www.BusinessInsurance.com/EmergingRisksArc

VIDEO



40 Under 40

Business Insurance's latest video highlights the 40 Under 40 Regional Broker Leader Awards.
www.BusinessInsurance.com/video

AWARD

Risk Manager of the Year

Nominations are now open for Business Insurance's 2014 awards for excellence in risk management.
www.BusinessInsurance.com/RMOY2014

WHITE PAPER

Preparing for catastrophes



Even after disastrous storms such as Superstorm Sandy and Hurricane Katrina, few public entities have

prepared for the potential effects of climate change.

www.BusinessInsurance.com/NaturalDisastersWP

BUSINESS INSURANCE (ISSN 0007-6864)
Vol. 47, 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 © 2013 by Crain Communications Inc.

NEWS

CYBER RISKS

BUSINESSES URGED TO PROTECT ALL PRIVATE INFORMATION

Most organizations vulnerable, cyber experts say

BY JOANNE WOJCIK

PARK CITY, Utah — Nearly every business and organization is vulnerable to data or information theft, whether it occurs in cyber space or in a parking lot, two cyber security experts warn.

And even a seemingly minor breach of sensitive information could be costly, in terms of expense and reputational damage, they note.

"There are a lot of companies struggling with the information they have. They think, erroneously, that if they don't do business online that they have no exposure," said Kristen Dauphinais, an Addison, Texas-based professional liability underwriter at Beazley P.L.C.

But, in fact, nearly every organization maintains and stores some data that could be vulnerable to theft, said Jerry Allred, manager of risk and insurance at the University of Utah in Salt Lake City.

Both experts spoke during a session on cyber liability at the Risk & Insurance Management Society Inc.'s 2013 Western Regional Conference, held last month in Park City, Utah.

"It could be taxpayer records; customer transaction information, such as account numbers; (personal health information), medical



records, such as test results; (personally identifiable information), such as driver's license and passport details; financial information, including credit cards and credit reports," Mr. Allred said. "A lot of times when companies hire new employees, they do a credit background check and also a criminal

background check. This is now data that you have and are responsible for and need to be aware of. In addition to that, you have a lot of employee information that's private and if it got out, you would have the responsibility to respond."

See WESTERN page 46

RISK MANAGEMENT

Kenya attack highlights risk to traveling workers

BY JOANNE WOJCIK

VICTORIA, British Columbia — Companies whose employees travel internationally to pursue business opportunities abroad need to be aware of the duty of care owed to those workers, especially when they travel to volatile regions of the world, travel risk experts note.

"Where a lot of the lucrative business opportunities lie are often in territories which are challenging and not like home. They are challenging from a medical point of view ... and politically," said Philipp Seel, a New York-based senior vice president at Special Contingency Risks Ltd., pointing to the recent attack on a shopping center in Kenya as an example.

On Sept. 21, unidentified gunmen attacked the

upscale Westgate shopping mall in Nairobi, Kenya, killing at least 72 people. The attackers, who claimed to be affiliated with the Islamist group al-Shabab, also took hostages and engaged in gun battles with Kenyan security forces. Altogether, more than 200 people reportedly were wounded in the mass shooting.

"It's all about protecting your people, which are your greatest assets," said Robert Otey, senior vice president and director of global security and business continuity at Willis North America Inc. in New York, who along with Mr. Seel spoke during a session on employee travel risks held during the Risk & Insurance Management Society Inc. Canada Conference Oct. 6-9 in Victoria, British Columbia.



See CANADA page 47

WORKERS COMPENSATION

Risk managers strive to teach actuaries

BY ROBERTO CENICEROS

DANA POINT, Calif. — Risk managers can influence the actuarial reports that affect their company's bottom line by educating their actuaries and implementing favorable claims management practices, risk managers said.

Kurt E. Leisure, vice president of risk services/assets protection for The Cheesecake Factory Inc., said his actuarial report, shared with the company's chief financial officer, serves as a grading of his workers comp claims management efforts.

"My actuary report is really my report card," Mr. Leisure said. "At the end of the day, it's a reflection of all the efforts that I have put in place throughout the year and the outcome."

The reports grab upper management's attention because they

"My actuary report is really my report card. ... it's a reflection of all the efforts that I have put in place throughout the year and the outcome."

Kurt E. Leisure,
The Cheesecake Factory Inc.

affect a company's bottom line by determining how much will be spent on expenses such as the letters of credit used to back a large employer's workers comp risks, he and other speakers said during the California Workers' Compensation & Risk Conference.

The gathering was held Oct. 1-4 in Dana Point, Calif.

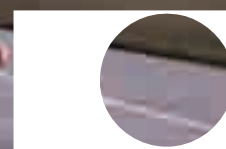
"When I am talking to my CFO, he does not want to know about return-to-work programs and reserving and all of that," Mr. Leisure told conference attendees.

"He just looks at the actuary numbers. That is what we use to post our letters of credit. That is the bottom line for him," Mr. Leisure said.

Actuarial reports reflect the entire year's efforts to prevent claims and manage them post-accident, said Michael W. Simmons, director of risk management for the Riverside Community College District in Riverside, Calif.

See CALIFORNIA page 45

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



CHUBB

Financial Strength and Exceptional Claim Service

**Property | Liability | Executive Protection | Workers Compensation | Marine | Surety
Homeowners | Auto | Yacht | Jewelry | Antiques | Accident & Health**



RiskConversation.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 these subsidiaries, please visit our website at www.chubb.com. Actual coverage is subject to the language of the policies as issued. Chubb, Box 1615, Warren, NJ 07061-1615. ©2012 Chubb & Son, a division of Federal Insurance Company.

Helping executives at midsize firms and their brokers handle critical risks.

HEALTH CARE PROVIDERS REDUCE RISKS THROUGH NEW HYGIENE TECHNOLOGY

Infection control goes beyond basic hand washing

BY JOANNE WOJCIK

Though hand hygiene is still the gold standard for infection control in health care settings, new technology is giving hospitals, urgent care and ambulatory surgery centers some added ammunition in the fight against the spread of potentially life-threatening contagions.

In some cases, surveillance technology is being used to ensure that health care providers are adhering to this basic tenet of the “universal precautions” established by the World Health Organization and adopted by the U.S. Centers for Disease Control and Infection, the Occupational Safety and Health Administration and numerous medical associations in the United States.

In other cases, ultraviolet light and accelerated hydrogen peroxide devices are being used to disinfect rooms where patients are treated, as well as the equipment that was used to examine and/or treat them.

While such devices require an additional investment by health care facilities at a time when budgets are generally constrained, the returns are significant in terms of enhanced patient and health care worker safety, according to health care-acquired infection control experts.

“Hand-washing is still the No. 1 way to break the chain of spreading infection,” said Suzanne Holbach, vice president of global clinical health care consulting at Marsh Inc. in Nashville, Tenn. “Before you go into a patient’s room, you wash your hands, and



after you leave, you should do it again. Gel or foam disinfectants are fine as long as you don’t have any obvious blood or secretions on your hands. Visitors also should use these measures.”

Hand hygiene is the first line of infection prevention in the “universal precautions,” which OSHA adopted more than 20 years ago to prevent health care workers from being exposed to bloodborne pathogens, said Jim Davis, senior infection prevention analyst at the ECRI Institute, a global risk management and patient safety organization based in Philadelphia.

These universal precautions, which also include wearing face shields and gowns, “also limit transmission from the health care provider to the next patient,” he said. “You don’t know what the patient has, therefore you should protect yourself.”

Another component of the universal precautions is safe injection

practices, Mr. Davis said.

“There have been some pretty big outbreaks associated” with the use of multiuse vials, he said. “The provider has a new needle and a new syringe, and inserts it into the stopper in the bottle. He then changes the needle, but uses the same syringe on the next patient.”

To deter this practice, the CDC introduced an “Only One” campaign that encourages health care providers to use only one needle and one syringe per patient, Mr. Davis said.

There may be times, such as when a hospital emergency room is inundated with patients after a major catastrophe, where there are not enough supplies to follow this rule, he said. But, “from a business perspective, if you have to notify a couple of thousand patients because of a practice breach, it would be more expensive than doing the right thing up front,” Mr. Davis said.

INFECTION CONTROLS

The ways hospitals and other health care facilities fight health care-acquired infections and injuries include:

- Frequent hand washing by health care staff, as well as wearing face masks and gowns
- Abiding by the U.S. Centers for Disease Control and Prevention standard of using only one needle and syringe per patient
- Using hydrogen peroxide or ultraviolet devices to clean germs at treatment facilities

Recognizing this, some U.S. health care facilities are adopting some innovative approaches to reinforce these basic infection control practices.

A hospital in Denver owned by the Sisters of Charity of Leavenworth Health System recently began piloting the use of accelerated hydrogen peroxide devices that mist or fog examination and operating rooms between uses, according to Aaron Williams, SCLHS system lead infection preventionist.

Ultraviolet light also is sometimes used to clean rooms between patient uses, because “it kills everything it touches in about 40 minutes,” but accelerated hydrogen peroxide works even better because it “can permeate cloth and go inside drawers” where germs may be lurking, Mr. Williams said. The accelerated hydrogen peroxide is “the gold standard in Europe for the past 10 years and just recently crossed the water.”

INFECTIONS RAISE CONCERNS

Because health care-associated infections often top the list of litigation exposures faced by most hospitals and urgent care and ambulatory surgical centers, they are getting more attention from those facilities’ risk managers, experts say.

The U.S. Centers for Disease Control and Prevention estimates that roughly 1.7 million health care-associated infections occur each year, contributing to 99,000 deaths annually.

Though infection control efforts generally are led by infection control specialists, a subspecialty of epidemiology, these health care workers often report to their organization’s risk managers, according to Mark VanderLinden, San Francisco-based health care risk control consultant at CNA HealthPro, a unit of Continental Casualty Co.

If patients notify a health care facility that they contracted an infection while being treated there, they usually will contact the risk management department, which will take up the claim with the facility’s infection control specialists to ensure that proper precautions were taken, he said.

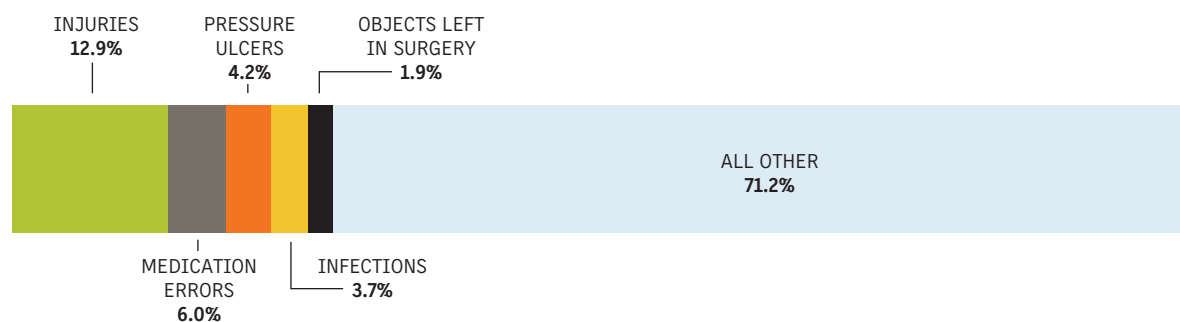
“Risk managers aren’t directly involved in the day-to-day infection control decisions that are made, but if there is an incident, they will get involved,” said Suzanne Holbach, vice president of global clinical health care consulting at Marsh Inc. in Nashville, Tenn. “Based on the findings of their investigation, the risk manager may work with the infection control nurse to change or improve policies.” At other times, “the infection control nurse may alert the risk manager ahead of time to a new bug or situation that may lead to the spread of infection,” she added.

“Litigation related to hospital-acquired infections should be on the radar of all health care leaders and risk managers, as multimillion-dollar awards and settlements have been recorded,” said Diane Doherty, New York-based vice president of Ace Medical Risk, a division of Ace USA.

By Joanne Wojcik

COST OF RISK

Five health care-acquired conditions accounted for 29% of total loss dollars for hospital and physician professional liability claims closed from 2007 through 2011 and for 33% of all claims. Medication errors are the most severe type of claim.



Source: “2012 Hospital and Physician Professional Liability Benchmark Analysis,” American Society for Healthcare Risk Management and Aon Risk Solutions



WE'VE GOT YOUR BACK COVERED IN OVER 200 COUNTRIES.

When you're passionate about what you do, you protect your company as best as you can. Zurich International Programs help you to align with regulations where you operate with a dedicated global team of underwriting, legal and tax specialists who can support you with know-how and International Insurance Program tools. They help protect your company's interests and reputation.

**ZURICH INSURANCE.
FOR THOSE WHO TRULY LOVE THEIR BUSINESS.**
zurich.com/internationalprograms



Helping executives at midsize firms and their brokers develop benefits solutions.

PROFESSIONAL FIRMS EYE ADVANTAGES OF CASH BALANCE PENSION PLANS

Model offers bigger benefits to executives in demand

BY JERRY GEISEL

Once the domain of large companies, cash balance pension plans now are being embraced by mid-market professional firms, benefit experts say.

The first cash balance plan was adopted in the mid-1980s by financial services industry giant Bank of America Corp. in Charlotte, N.C.

Many other corporate titans, including Cigna Corp., IBM Corp. and Wells Fargo & Co., followed.

But the interest of big employers in the plans cooled beginning in the late 1990s amid a flurry of lawsuits from the plaintiffs bar alleging that the plans' design was age-discriminatory, along with the failure of federal pension regulators to provide guidance on the issue.

The age discrimination issue largely came to an end after five federal appeals courts ruled that the plans did not discriminate against older employees, while Congress, in a 2006 law, made clear that the plans were not age-discriminatory.

"The age discrimination issue has been pretty much resolved," removing a potential impediment to plan formation, said Dan Schwallie, a senior Aon Hewitt legal consultant in Cleveland.

While only a handful of big employers have set up new cash balance plans since 2006, small professional firms have eagerly embraced the plan design, which combines the features of defined benefit plans and defined contribution plans.

"Small professional firms are the ones looking at these plans," said Sam Henson, senior ERISA counsel for Lockton Financial Advisors L.L.C. in Kansas City, Mo.

"We've seen a huge uptick in the formation of cash balance plans among professional firms, like medical and law firms," said Dan Kravitz, president of retirement plan administrator Kravitz Inc. in Los Angeles.

Among professional firms, cash balance plan formation has been outpacing 401(k) plan growth, said Art Noonan, a senior partner in the Pittsburgh office of Mercer L.L.C.

Federal statistics illustrate the

growth of cash balance plans among smaller firms. In 2001, among pension plans with less than 1,000 participants, just 681, or 2.3%, were hybrid plans — mainly cash balance plans — according to statistics compiled by the federal Pension Benefit Guaranty Corp.

By 2010 — the most recent year for which the PBGC has published statistics on the issue — 2,909, or 12.6%, of plans with fewer than 1,000

CASH BALANCE PLANS

Cash balance pension plans, which have been embraced in particular by medical and law firms, have several advantages over 401(k) plans:

- Employers and employees can contribute more to a cash balance plan than to a 401(k).
- Pay-related credits can vary by employee classification.
- Plan credits can be tied to the performance of plan assets.
- Such plans are a powerful tool to attract and retain talented professionals.

participants — were hybrid plans.

There are several reasons why smaller and mid-market firms, especially professional firms with a high percentage of well-paid employees, are gravitating to cash balance plans, the chief one being a growing understanding that the plans will provide much greater benefits to executives than just offering, for example, a 401(k) plan.

"It is clear that just offering a

401(k) plan does not do enough," said Alan Glickstein, a senior retirement consultant with Towers Watson & Co. in Dallas.

"Professionals are in huge demand, and offering a cash balance plan can be a way of attracting and keeping those professionals," said Jack Abraham, a principal with PricewaterhouseCoopers L.L.P. in Chicago.

One firm thinking along those lines is SouthWest Diagnostic Imaging Ltd., a 650-employee radiology provider in Phoenix, which intends to set up a cash balance plan this year.

"A cash balance plan will serve as a significant recruitment tool for individual physicians and for consolidation efforts in the future as a result of health care reform," said Mike von Kolen, director of finance at Valley Radiologists Ltd., which is a Southwest Diagnostic Imaging unit.

"This will be a positive attraction to working here. Why not go from a company that does not offer a cash balance plan to one that does?" Mr. von Kolen said.

The additional benefits that employers can provide to employees through offering a cash balance plan compared with providing just a 401(k) plan are striking.

Employees can contribute up to \$17,500 — or \$23,000 if they are age 50 and older — annually to a 401(k) plan. Their employers can match those contributions up to a total of \$51,000. By contrast, employers can fund an annual ben-

efit of more than \$200,000 in a cash balance plan.

"It is great way of providing additional savings," Mr. Kravitz says of cash balance plans.

Another attraction of cash balance plans for professional firms is that the pay-related credits, which are equal to a percentage of an employee's salary, can vary by employee classification.

"You can have a higher allocation rate for, say, engineers, who might be in great demand, and a lower allocation rate" for other employees, Mr. Abraham said.

The pay-related credits also can be designed so that older employees receive bigger credits than others. That design could help professional firms woo older, highly experienced individuals who would immediately earn large pay-related credits.

And proposed Internal Revenue Service regulations give an additional boost to cash balance plans, experts say. Those rules, intended to implement a provision in a 2006 law, allows cash balance plans to credit interest to employees' accounts based on a market returns earned by the plans.

Aside from credits equal to a percentage of their pay, plan participants, as a result, could earn additional credits tied to the performance of plan assets — a feature not found in other types of defined benefit plans.

"A lot of employers are starting to look at that approach," Mr. Kravitz said.

Hybrid plans provide alternative

Launched more than 25 years ago, cash balance pension plans derive their name from their design.

Employees earn credits — expressed as a percentage of pay — that the employer agrees to provide. In addition, account balances grow by a guaranteed amount, such as the one-year U.S. Treasury bill rate, plus 1 percentage point.

Cash balance plan participants' benefits are expressed as lump-sum dollar amounts. That distinguishes cash balance plans from traditional pension plans, in which benefits typically are expressed as a monthly annuity payable when an employee reaches retirement age.

Also like defined contribution plans, when employees leave a company, cash balance plans allow them to take a lump sum payout and roll that payout over into an individual retirement account or into a new employer's plan, assuming the new employer still offers a defined benefit plan that hasn't been frozen.

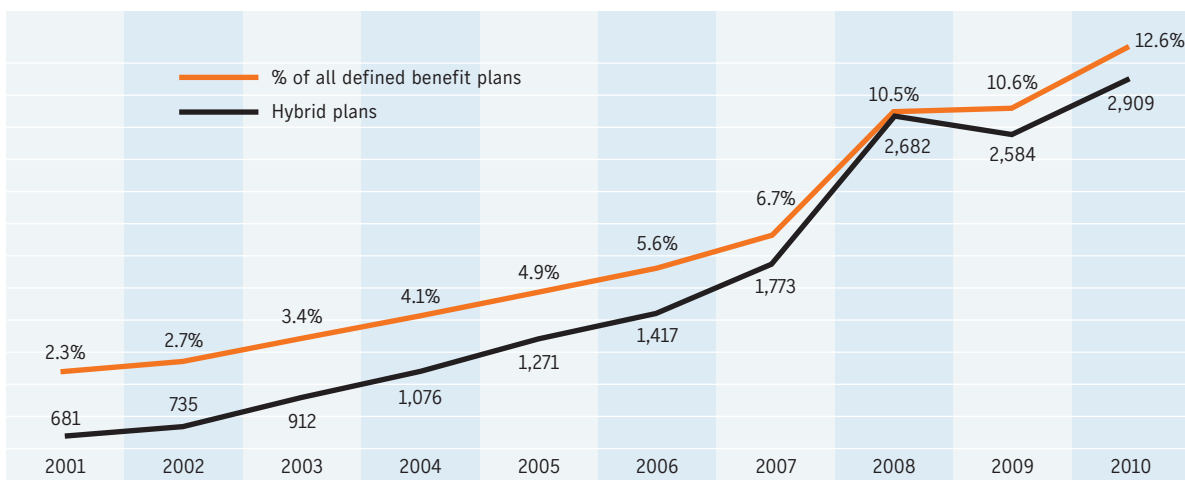
Employees in cash balance plans have individual accounts, but those accounts are established only for record-keeping purposes. There is only one plan, and employer contributions are made to that plan and not to individual employee accounts.

Like traditional plans, cash balance plans are funded on an aggregate basis with employer contributions determined by various factors, such as assumptions about future salary increases, employee turnover and investment returns.

By Jerry Geisel

HYBRID PLAN GROWTH

Hybrid designs constitute a growing percentage of defined benefit pension plans offered by mid-market and smaller employers.* Cash balance plans are the most common type of hybrid pension plan.



*Plans with less than 1,000 participants
Source: Pension Benefit Guaranty Corp.

We are  insured.

*My
company
is insured
by ACE.*

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

What does it mean to be ACE insured?

It means my company is protected by an AA- rated insurer, one of the largest and strongest in the world. ACE people truly understand our risks and go out of their way to help. We can focus on growing our business because we know that ACE is there when we need them.



Zurich to publish review into CFO death next month

Zurich Insurance Group Ltd. will publish the findings of an internal review into the suicide of its finance chief Pierre Wauthier before the middle of next month, two sources familiar with the situation said. The investigation into whether 53-year-old Mr. Wauthier, who was found dead in an apparent suicide on Aug. 26, had been placed under any undue strain at work was ongoing, one source said. The review is expected to be completed by the end of October with the aim of making the results public before Nov. 14, when Zurich presents its third-quarter results, the source said. Zurich declined to comment.

Reuters

European insurers' premiums grow

European nonlife and life insurers are benefitting from a more stable economic environment, A.M. Best Co. Inc. said in a report. However, Best said, European insurers continue to adapt their product offerings and their reinsurance buying strategies in response to the continued low interest rate environment. According to the report, total gross written premiums posted by the 20 largest non-life and life insurers in Europe increased 2.2% to €574.8 billion (\$778.45 billion) in 2012.

Railroad in explosion can operate until Feb. 1

Montreal, Maine & Atlantic Railway Ltd., the railroad involved in July's deadly derailment and explosion of a runaway train in Quebec, has had a significant decline in the volume of commodities it transports, including the volume of dangerous goods, said a Canadian regulator in extending its permit to continue operations until Feb. 1, 2014.

Lloyd's of London market attracts more investors

A recent uptick in merger and acquisition activity at Lloyd's of London, along with the approval in principle of three new syndicates for 2014, underlines the attractiveness of the Lloyd's platform to investors, according to a report by Aon Benfield. Two M&A deals have been completed, and five more are in process, according to the report. The 2013 year began with record capacity, estimated at just over £25 billion (\$39.9 billion),

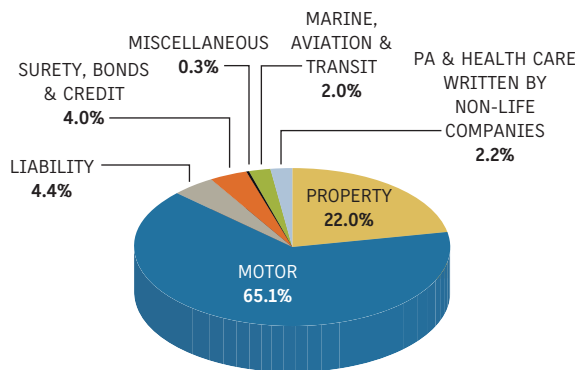
PROFILE: ROMANIA

\$1.99 BILLION

The Romanian insurance market experienced rapid growth in the five years before the 2008 global financial crisis, but income has declined since then. With downward pressure on rates and rising claims costs, market results for 2012 and 2013 are expected to be poor. Auto insurance accounts for about two-thirds of the property/casualty market, but the market has suffered since tariffs were abolished when Romania entered the European Union in 2007.

← 2011 P/C gross premiums

MARKET SHARE



Source: Axco Global Statistics/Industry Associations and Regulatory Bodies

COMPULSORY INSURANCE

Various lines of insurance are compulsory, including:

- Auto third-party liability
- Aviation liability
- Professional liability for various professionals
- Directors and officers liability for managers of joint-stock companies
- Shipments of waste
- Earthquake, landslide and flood for homeowners

NONADMITTED

Unauthorized insurers are not allowed to carry out insurance activity in Romania, but there is nothing in the law to indicate that insurance must be purchased from local insurers, with the exception of compulsory auto third-party liability. This is generally interpreted to mean that insurers can issue most types of policy from abroad if approached by an insurance buyer or intermediary.

INTERMEDIARIES

Brokers and agents have to be authorized to do business in Romania. Intermediaries authorized in European Economic Area states are allowed to do business in Romania under freedom of services legislation. The insurance law prohibits Romanian insurers from accepting business from unauthorized intermediaries.

MARKET PRACTICE

Most foreign-invested risks are written on a freedom of services or fronting basis in compliance with Romanian law.

AREA
91,699 square miles

POPULATION
21.4 million

GLOBAL INSURANCE MARKET RANK
54

2013 GDP CHANGE (PROJECTED)
1.3%

MARKET DEVELOPMENTS

UPDATED
SEPTEMBER 2013

- Effective March 2013, the Financial Supervisory Authority replaced the Insurance Supervisory Commission as Romania's insurance regulator.
- Late in 2012, the director of Romania's Street Victims Protection Fund co-authored a discussion paper highlighting the wide disparity in court awards. The paper proposes a tariff for court awards.
- Effective Dec. 1, 2012, property/casualty insurance corporations and non-E.U. branches of insurers must maintain a guarantee fund equal to one-third of their solvency margin, subject to various minimum requirements.
- The regulator received and settled 2,630 complaints against insurers in the first quarter of 2012, a 42.9% increase over the same period in 2011.
- In April 2012, the regulator approved the merger of local insurers Omnisig and BCR Asigurari, which are both units of Vienna Insurance Group. The merged company will trade under the Omnisig brand and control about 19% of the property/casualty market.

according to the Lloyd's Update report, published by Aon Benfield, which is the reinsurance brokerage arm of London-based Aon P.L.C.

Swiss Re issues cat bond to cover European wind

Swiss Re Capital Markets has successfully arranged the issuance of €350 million (\$474 million) of insurance-linked securities by Calypso Capital II Ltd. on behalf of Axa Global P&C to cover European windstorms, Swiss Re announced. Swiss Re Capital Markets underwrote the transaction, which covers European windstorm losses via two classes of principal at-risk variable rate notes issued by Calypso Capital II. The €185 million (\$250.5 million) Class A notes have a three-year risk period, and the €165 million

(€223.5 million) Class B notes have a four-year risk period.

Investment firm delays launch of Lloyd's vehicle

The directors of VisionRe Ltd., a Guernsey-based vehicle set up to give wealthy individuals access to investment opportunities at Lloyd's of London, has deferred its capital-raising efforts and deployment until 2014. Argenta Private Capital Ltd., the investment advisory arm of London-based Argenta Holdings P.L.C., set up VisionRe, which officially launched in June. In a statement, the directors of VisionRe said while the vehicle had attracted a high level of interest and commitment from investors, it had "not yet secured sufficient opportunities for the deployment of its capacity in a manner and on

terms that are commercially attractive enough to enable a suitably balanced portfolio to be created for investors at this time." VisionRe said it expects to raise capital for the vehicle in spring 2014.

El Niño outlook neutral for N. Hemisphere spring

The National Oceanic and Atmospheric Administration said the El Niño phenomenon is unlikely to cause extreme weather in the Northern Hemisphere into spring 2014. In its monthly report, the Climate Prediction Center said atmospheric and oceanic conditions over the past month indicated a neutral El Niño forecast heading into the spring, with warmer conditions gradually increasing.

Reuters

Ironshore increases global terrorism capacity

Ironshore Inc. has increased capacity for its global terrorism and sabotage program to up to \$300 million from its previous \$40 million capacity. The insurance is underwritten by Ironshore's Lloyd's Pembroke syndicate 4000 by the agency's team of professionals with expertise in offering protection for complex, high-profile acts of terrorism, Ironshore said.

Hannover Re puts Andreas losses at \$87M

Hannover Re Group said it expects a net loss of €64 million (\$86.7 million) as a result of hailstorm Andreas, the Hanover, Germany-based reinsurer said. Andreas was the most damaging

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

of a series of severe local hailstorms that caused significant insured losses in Germany last summer. According to Hannover Re, Andreas cost the insurance and reinsurance markets at least €2.5 billion (\$3.39 billion).

Cost cuts, mild weather cushion Tryg's decline

■ Third-quarter pretax profit at the Nordic region's second-biggest insurer, Tryg, fell less than forecast, helped by cost cuts and reinsurance against a big insolvency claim. The reinsurance reduced the cost of a 700 million Danish crowns (\$126.9 million) blow from a client, the biggest damage claim in the insurer's history, to 30 million crowns (\$5.4 million), Tryg said. Pretax profit fell to 907 million crowns (\$164.4 million) in July-September compared with 976 million crowns (\$168.4 million) a year earlier and exceeding a forecast for 850 million crowns (\$154.1 million) in a Reuters poll of analysts. An efficiency drive and cost-cutting program that included job reductions improved the result by 110 million crowns (\$19.9 million).

Reuters

Brazilian brothers settle insider-trading charges

■ Two brothers from Brazil will pay \$5 million to settle civil charges that they reaped \$1.8 million in illegal profits by trading ahead of an announcement that Berkshire Hathaway Inc. and 3G Capital planned to acquire ketchup maker H.J. Heinz Co., U.S. regulators said. Rodrigo Terpins and his brother Michael neither admitted nor denied the U.S. Securities and Exchange Commission's charges, which allege that Rodrigo Terpins placed the illegal trades while vacationing at Walt Disney World after his brother got a tip about the acquisition. This year, the SEC froze their assets in a Swiss-based account after detecting suspicious options trading before the \$28 billion deal was announced.

Reuters

Regulator sues Barclays over market manipulation

■ U.S. energy regulators said they filed a lawsuit in U.S. District Court for the Eastern District of California against British bank Barclays P.L.C. to recover \$435 million in civil penalties for alleged power market manipulation. Although the Federal Energy Regulatory Commission sought a jury trial, the regulator said the court can affirm the FERC's July 16 order assessing

civil penalties against the bank and four former traders. The FERC filing alleged that Barclays and its traders engaged in a "fraudulent scheme to manipulate electricity prices" in and around California between 2006 and 2008. Basically, the FERC accused Barclays of losing money on physical power trades to benefit its financial positions. In response to the lawsuit, Barclays said: "We strongly disagree with the allegations made by FERC against Barclays and its for-

mer traders in the FERC's petition, and we believe the penalty previously assessed by the FERC is without basis.

Reuters

Bangladesh factory workers detain boss

■ Workers at a Bangladeshi garment factory freed a factory boss they had held captive in his office

for more than 18 hours, after he paid a promised bonus. The incident was the first involving the forced confinement of a factory boss in months of confrontation between management and workers earning minimum wages equivalent to \$38 a month, half what Cambodian garment workers earn. A trade union leader said the incident was a "positive development" as workers had achieved their aim "peacefully." Police said workers went to the Tuba Group factory to

demand payment of their bonus for the Eid al-Adha holiday in overwhelmingly Muslim Bangladesh. They forced their way into the office of owner Delwar Hossain and locked him in when he said no money was available. Police, relatives of the owners and the factory owners' group, the BGMEA, launched talks with the protesters and a police official said Mr. Hossain was released after bonuses were paid to 900 workers.

Reuters



FLEXIBILITY. PROTECTION. COMMITMENT.

At Sentry Insurance, we make a powerful promise to our customers – to be there when you need us most. As a mutual company, our business is built on long-term commitment to our customers, not short-term satisfaction of investors and analysts. We have the expertise to help you develop an insurance program to fit your business's unique risk management needs, including workers' compensation, general liability, auto and foreign casualty.

1-888-960-9458 • sentry.com/business

Products and safety services are underwritten, issued and/or administered by a member of the Sentry Insurance Group, Stevens Point, WI. For a complete listing of companies, visit sentry.com. Policies, coverages, benefits and discounts are not available in all states. Certain restrictions apply. See policy for complete coverage details.

304700 11/19/12



SENTRY
INSURANCE

EDITORIAL

SANDY SHOWED NEED FOR PARTNERSHIPS

Next week marks the one-year anniversary of Superstorm Sandy crashing into the East Coast and leaving a trail of destruction in the Northeast. Although the tropical storm had lost its hurricane strength before making landfall near Atlantic City, N.J., on Oct. 29, 2012, it still caused \$18.75 billion in insured losses across 15 states and the District of Columbia.

That makes Sandy the third-costliest U.S. storm in history for the insurance industry, behind Hurricane Katrina in 2005 and Hurricane Andrew in 1992.

Therein lies an important lesson from Sandy: Although Katrina and Andrew packed more powerful winds, Sandy's wrath was so extensive because of the population density in the Northeast.

During the 12 months since the deadly storm that killed 117 people and left insured losses, we're encouraged that many cities, towns and commercial property owners are taking risk management steps to gird their infrastructure and businesses for the potential Big One — a Katrina-like disaster that catastrophe risk modelers have said could cause \$200 billion in insured losses in the Northeast.

Perhaps the most promising example is a comprehensive risk-mitigation effort by New York state and city officials, who are being supported by the likes of the Rockefeller Foundation, the Clinton Global Initiative and Swiss Re Ltd.

This year, the global reinsurer helped detail for New York City recommendations for increasing resiliency of the city's buildings and infrastructure. It is the U.S. urban area most exposed to storm surge, with about 1 million people directly at risk.

The Rockefeller Foundation sees urban resilience against natural disasters as a top priority, so it recently pledged \$100 million for up to 100 cities to better withstand extreme weather.

We hope, as we recall Sandy, the public and private sectors continue working together with the insurance industry to ensure the entire eastern seaboard gets as ready as possible for the Big One.

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

ATTRACTING MILLENNIALS REQUIRES REVOLUTIONARY THINKING

As a member of the baby boom generation, I can see the dawning of a new “generation gap” emerging in the workplace.

With a “silver tsunami” threatening to significantly deplete the insurance industry’s brain trust over the next few years, it is imperative for companies and organizations to recruit younger workers. Demographers project more than half of the workforce by 2020 — that’s just six years away — will be comprised of Millennials, those born from the early 1980s to the 2000s.

How do we attract to an industry steeped in tradition and hierarchy a generation that seems to have a sense of entitlement nurtured by their “helicopter” parents?

Seth Mattison, a leading Millennial expert who spoke during the recent Risk & Insurance Management Society Inc.’s Canadian Conference, suggests we unharness their seemingly boundless energy and innovative ideas by giving them opportunities to participate in projects that historically might have been above their pay grades.

“They want to be impactful and influential,” said Mr. Mattison, himself a member of Generation Y, often referred to as Millennials.

Millennial children have been teaching adults their whole lives, beginning with showing their parents how to program their VCRs to walking them through setting up Facebook accounts so they could stay connected with them after they went off to college.

“They’ve been the chief technology officers at home since they were 7 years old. They are used to having a seat at the table and a voice at an early age. Seventy-four percent believe they influence the decisions of those around them,” said Mr. Mattison, drawing from



**JOANNE
WOJCIC**

SENIOR EDITOR

his research at generational human capital consultant BridgeWorks L.L.C.

Because of the pivotal roles they’ve played in their families during their formative years, they unconsciously overstep the barriers of traditional organizational structures, often thinking they can go directly to the president and CEO to express their ideas, he said. By contrast, we baby boomers, as

well as members of Generation X, have been following chains of command in place for generations.

We can’t expect this new generation of free spirits to just accept the way things have always been done when they’ve seen their peers do revolutionary things like overthrow governments with the power of social media, he said.

He said he is not suggesting that we totally abandon the “old way,” but that we regard with some respect this new way of thinking and communicating, especially now, during a time when we are experiencing rapid and radical changes in the world economy, the environment and in our society.

“Organizations today need revolutionary thinking,” he said. “You can tell them they may not get a (vice president) role in 18 months, but that they can still make an impact on the business.”

Put that in your next “help wanted” ad and you may pique the interest of some exceptional Millennials.

Unlock Your Best Opportunities

Upcoming issues to help you reach your marketing goals



BUYERS CHOICE AWARDS

Issue: Nov. 18 Ad closing: Nov. 6

These annual awards reinforce the changing needs of risk managers and what key components they seek in a service provider. An independent market research firm surveyed risk managers and other executives responsible for insurance purchases on their choice of insurers, brokers and TPAs. *Business Insurance* profiles the companies rated the highest and who are recipients of the 2013 Buyers Choice awards.

Don't miss this exciting opportunity to promote your company to our readers.

ALSO IN THIS ISSUE :

Special Advertising Section: Commercial Property Risks

This special advertising section covers the hot topics in commercial property risk management, and loss prevention. In the wake of recent storms like Sandy, as well as flooding, tornadoes, wildfires and other losses, readers are interested in hearing about new risks and how they can better protect themselves from those exposures.

The special section will include an overview by the Insurance Institute for Business & Home Safety, with an executive Q&A from the section participants on key topics. Q&A participation deadline November 1.

Bonus distribution: IRMI Construction Conference, NBCH Annual Conference.

BUSINESS INSURANCE®

www.businessinsurance.com

CALL TO RESERVE YOUR ADVERTISING SPACE TODAY!

Ron Kolgraf, Northeast/Canada/Bermuda 617-292-4856
Steve Middleton, Europe/Middle East/Africa +44 (0)7710128464
Bob Murray, Mid-Atlantic/International 212-210-0136

Monique Murray, Southeast/Classifieds 212-210-0129
Mary Pemberton, Midwest/West/Hawaii 303-898-4043
Fern Sheinman/Custom Media Group 619-944-5114

Or email advertising@businessinsurance.com

BEST

places to work

2013

The insurance industry is always on the hunt for talent, and providing a great place to work is a key factor in attracting and retaining the brightest prospects. In this special report, *Business Insurance* honors 65 elite employers that have created an environment in which people thrive and enjoy their work, making the companies the 2013 *Business Insurance* Best Places to Work in Insurance.

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

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

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

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

TOP 5 WINNERS

LARGE EMPLOYER

- 1 Lockton Cos. L.L.C.
- 2 West Bend Mutual Insurance Co.
- 3 Unum Group
- 4 Great American Insurance Group
- 5 Philadelphia Insurance Cos.

MEDIUM EMPLOYER

- 1 Assurance Agency Ltd.
- 2 Edgewood Partners Insurance Center Inc.
- 3 Discovery Benefits Inc.
- 4 Gilsbar Inc.
- 5 Accident Fund Holdings Inc.

SMALL EMPLOYER

- 1 Burnham Benefits Insurance Services Inc.
- 2 ARAG Insurance Co.
- 3 Dubraski & Associates Insurance Services L.L.C.
- 4 Alltrust Insurance Inc.
- 5 Insurance Program Managers Group Inc.

WINNERS' PROFILES

COMPANY	PAGE
Accident Fund Holdings Inc.	22
AdvoCare Group	30
AH&T Insurance	31
Alltrust Insurance Inc.	26
Amerisure Mutual Insurance Co.	22
ARAG Insurance Co.	24
Associated Agencies Inc.	30
Assurance Agency Ltd.	18
Avalon Risk Management Insurance Agency L.L.C.	27
Benefits Resource L.L.C.	30
Berkley Mid-Atlantic Group L.L.C.	23
Berkley North Pacific Group L.L.C.	30
BMS Intermediaries Inc.	27
Burnham Benefits Insurance Services Inc.	24
Business Benefits Group	31
Cambridge Consulting Group	31
CompWest Insurance Co.	30
Discovery Benefits Inc.	20
Dubraski & Associates Insurance Services L.L.C.	25
Eastern Insurance Holdings Inc.	30
Edgewood Partners Insurance Center Inc.	19
Energi Insurance Services Inc.	30
Falvey Insurance Group Ltd.	27
FirstPerson Inc.	30
Fred C. Church Inc.	31
GFI Insurance Brokerage Inc.	30
Gilsbar Inc.	20
GNW-Evergreen Insurance Services L.L.C.	31
Great American Insurance Group	17
Gunn Mowery L.L.C.	30
Higginbotham & Associates	22
HNI Risk Services Inc.	30
Hoffman Brown Co.	30
Holmes Murphy & Associates Inc.	22
Hylant Group Inc.	23
The Insurance Exchange Inc.	31
Insurance Program Managers Group Inc.	26
Kapnick Insurance Group	30
J. Smith Lanier & Co.	22
Liazon Corp.	30
Lockton Cos. L.L.C.	15
M3 Insurance Solutions Inc.	27
Maiden Reinsurance Co.	27
MarketScout	30
Matrixx Healthcare Services Inc., DBA myMatrixx	31
McGraw Wentworth Inc.	27
The MGIS Cos. Inc.	31
The Odell Studner Group L.L.C.	30
Partners Rx Management L.L.C.	30
Pennsylvania National Mutual Casualty Insurance Co.	23
Philadelphia Insurance Cos.	18
The Plexus Groupe L.L.C.	31
Poms & Associates Insurance Brokers Inc.	30
Precept Insurance Solutions L.L.C.	31
Pritchard & Jerden Inc.	31
Ross & Yergler Insurance Inc.	27
Safety National Casualty Corp.	23
Scirocco Group	30
Seubert & Associates Inc.	30
SilverStone Group	27
Swingle Collins & Associates	30
United Heartland	22
Unum Group	16
West Bend Mutual Insurance Co.	16
Wortham Insurance & Risk Management	23

BEST PLACES TO WORK IN INSURANCE METHODOLOGY

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

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

The 2013 Best Places to Work in Insurance awards have been made in three major size categories:

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

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

- Benefits brokers and consultants
- Claims managers
- Group life/health insurers
- Property/casualty insurers

- Retail agents/brokers
- Reinsurance brokers
- Reinsurers
- Wholesale brokers/managing general agents

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

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

Best Companies managed the registration, conducted the two-part survey process, evaluated the validity of the data, and chose the companies that have made the 2013 list of the Best Places to Work in Insurance.

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

Part 2 of the assessment involved a confidential 76-question employee engagement and satisfaction survey to

evaluate the employees' workplace experience and the company's culture. The employee score made up 75% of the company's overall evaluation.

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

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

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

More information is available at www.BestPlacesToWorkINS.com or toll-free at 877-455-2159.

Large Employers

RANK
1

Lockton Cos. L.L.C.

Kansas City, Mo.

Retail Agents/Brokers

An emphasis on growth and a willingness to play hard as well as work hard makes Lockton Cos. L.L.C. an attractive place to work.

“Lockton’s a growth company, and what that offers associates is the opportunity to grow their professional careers,” said Glenn Spencer, U.S. chief operating officer for the brokerage. “I look for people that want to own their jobs. When you find a person who wants to own their career, it’s a pretty appealing place.”

“Growth is a very important part why people choose to work at Lockton,” said Jo-Ann Gastin, senior vice president-human resources. “They see that as a great opportunity for them. And the fact that they can take personal ownership of their work is a very big deal for our associates.”

“The company spends an inordinate amount of time with candidates that are going to join the company, no matter what position,” said Mr. Spencer. “We want

anniversaries with Lockton.

“It’s not just things we do as much as what the company stands for. It’s the cultural and value of the company that people are attracted to,” said Mr. Spencer. “Because we are privately held, it allows us to focus solely on our clients. Doing the right thing for our clients just feels better,” he said, adding that it “leads people to believe this should be the best place to work in our businesses.”

By Mark A. Hofmann



Lockton’s Walk & Run in 2012. The company has a strong commitment to sports, sponsoring softball, soccer, rugby and other sports teams in the United States and internationally.



Mr. Spencer

Ms. Gastin

to make sure you fit into the culture. Being effective for our clients means you have to fit the culture of our organization.”

But it’s not all work at Lockton, said Ms. Gastin.

“We are a work-hard, play-hard company,” she said. One perk the company offers is “Beer Friday.”

“Not everybody drinks alcohol, but they all come down for the camaraderie,” she said. Beer Friday is generally held about 10 times a year, she said. According to Lockton, Beer Friday is held in conjunction with such events as the annual United Way kickoff or volunteer activities.

Lockton also encourages employee fitness, “a commitment that permeates the company,” said Ms. Gastin. She said that most locations have on-site gyms. In addition to the gyms, the company holds “lunch and learn” sessions on stress management, and many Lockton offices also offer Pilates, yoga and boot camp programs.

The company also has a strong commitment to sports, sponsoring softball, soccer, rugby and other sports teams in the United States and internationally.

In addition, employees received a Rolex watch upon their 10th



Diversity reflects who we are.

We are an insurance company dedicated to creating an inclusive environment full of many perspectives. A diverse workforce helps us learn, grow and share fresh insights.

Travelers provides varied opportunities for employees to network and develop their skills.

We invite you to consider joining us. You can apply for current openings at travelers.com/Careers.

Travelers was recognized by *DiversityInc* magazine for its commitment to diversity and inclusion.

TRAVELERS 

travelers.com

©2013 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. The Travelers Indemnity Company and its property casualty affiliates. One Tower Square, Hartford, CT 06183

BEST places to work

RANK
2

West Bend Mutual Insurance Co.

West Bend, Wis.

Property/Casualty Insurers

“We believe that part of our responsibility is to support the communities we live and work in. I’m really proud of the work we do to support our communities.”

Kevin Steiner,
West Bend president
and CEO

West Bend Mutual Insurance Co., West Bend, Wis., prides itself on providing employee fitness opportunities and general convenience by offering outside services on-site for its workers.

“We have a very mature health and wellness program — we’ve invested in an on-site fitness facility, which we call the gym, but it’s really a health club,” said West Bend President and CEO Kevin Steiner. “It’s managed in collaboration with our local YMCA.”

He noted that West Bend refers to its employees as “associates,” and that all of its associates, as well as their spouses and children age 16 to 24, have access to the facility. In addition to regular on-site fitness classes, “the company has fitness challenges like walking and bike-to-work programs. We have several miles of trails on-site,



West Bend’s on-site fitness facility reflects the investment the company has made in its employees’ health and wellness program.

so people don’t have to leave the property,” he said.

“We make it very convenient,” he said. “It’s part of our culture. The key to a successful wellness program is convenience and fun.”

Convenience extends beyond promoting employee wellness, said Mr. Steiner.

“In our work environment, we like to provide as much on-site as possible. We have a bank on-site, people can

drop off and pick up their dry cleaning,” as well as an on-site convenience store, he said. “They can mail their packages from here.” He added that the company has a cafeteria known as “The Terrace,” which serves breakfast and lunch subsidized for the associates including free coffee, sodas and milk.

“That becomes a central meeting place,” he said.

He noted that the company sits on

160 acres of prairie land, and “we seek to be good stewards of our environment,” he said.

This includes having a community garden program for company employees “where they can garden on our property,” said Mr. Steiner. The insurer also has a used-battery drop bin and a used-computer recycle day.

The company also believes in exercising the brain as well as the body.

“We offer a lot of great educational opportunities,” said Deb Cahoon, assistant vice president-human resources. She said West Bend offers classes on-site with many of its employees acting as instructors.

Employees who earn the Chartered Property Casualty Underwriter designation receive a trip with one guest to the CPCU annual meeting, she said.

The company also promotes strong ties with the local community, Ms. Cahoon and Mr. Steiner both stressed.

“We have local bands and choirs come in at Christmas during lunch, which ties into our community environment,” said Mr. Cahoon. The insurer also has a diversity awareness program that celebrates different cultures every month.

“We believe that part of our responsibility is to support the communities we live and work in,” said Mr. Steiner. The company donates more than \$1 million annually to nonprofits in its communities. “More importantly, a large percentage of our associates give their time to volunteer,” Mr. Steiner said.

“I’m really proud of the work we do to support our communities,” he said.

By Mark A. Hofmann

RANK
3

Unum Group

Chattanooga, Tenn.

Property/Casualty Insurers

“This is my 19th year with the company, and it’s the only job I’ve ever had. It offers tremendous opportunity to bloom as a professional over the long term.”

Tim Kittredge,
Atlanta-based sales
manager

Because insuring disability benefits for 171,000 companies requires a highly skilled workforce, Unum Group strives to keep as much of its amassed talent in-house as possible.

The Chattanooga, Tenn.-based insurer’s dogged focus on talent retention and career development is just one aspect of the company’s workplace culture that earned it a spot among *Business Insurance’s* 2013 Best Places to Work in Insurance, its fourth appearance on the annual list in five years.

“We’re dedicated to making sure that we recognize and reward talent, and making the most of that talent that we possibly can,” said Jack McGarry, Unum’s executive vice president of individual disability and long-term care closed block operations. “We’re very loyal to the people who work here, and that loyalty is reciprocated by the people who work here, in that they recognize that we’re making those investments and that they have those opportunities.”

At Unum, Mr. McGarry and other



A Unum employee works on a United Way “Day of Caring” landscaping project, part of a Unum program that lets workers volunteer on company time with pay.

senior executives conduct annual talent reviews to identify developmental opportunities for high-potential employees. The company’s talent board meets throughout the year to

discuss employees’ progress, particularly for those enrolled in its professional development program, which guides candidates through a multi-year series of interdepartmental rota-

tions in order to provide exposure and hands-on learning experiences across Unum’s operations.

“Unum does a fantastic job of attracting and retaining high-quality people with high standards of performance, while maintaining an uncompromising integrity,” said Tim Kittredge, an Atlanta-based sales manager who has spent nearly two decades with Unum. “This is my 19th year with the company, and it’s the only job I’ve ever had. It offers tremendous opportunity to bloom as a professional over the long term.”

Employees also are encouraged to bring their own ideas and strategies for career development to their supervising managers, no matter how novel.

“If there’s something that you’re interested in, or that you want to learn about, they’ll put you in touch with the right people in order to build out a unique developmental opportunity,” said Ashley Mehrer, a Chattanooga-based director and associate life pricing actuary. “The job I’m in now didn’t exist until I was here. I talked with a few different managers about what I wanted to do, and everyone I spoke with was at least willing to entertain that idea. The attitude here is much more focused on making something work rather than on all of the reasons it won’t work.”

By Matt Dunning

RANK
4

Great American
Insurance Group

Cincinnati

Property/Casualty Insurers

Health and wellness, as well as a focus on work-life balance, are paramount for Great American Insurance Group and its 4,496 employees.

The Cincinnati-based insurer offers two fitness centers at its headquarters, as well as fitness facilities at its satellite offices and discounts on gym memberships. Employees also receive rebates for participating in weight-loss and smoking-cessation programs, and Great American offers matching health care contributions for employees who complete biometric screenings as part of its wellness program.

For workers who aren't feeling well, Great American provides an on-site wellness center where employee can visit a nurse practitioner for medical checkups. A prescription concierge service delivers medications right to employees' desks.

"It's really been a great feature for pretty much everybody that's used it," said Keith Seger, division-



Carl Lindner (left) and Craig Lindner, co-CEOs of Great American Insurance Group.

al vice president of operations in Great American's annuity division.

Employees say Great American has a generous paid-time-off program in which they are encouraged to take vacations. The company provides a flexible scheduling policy, employees say, which allows them to attend school events or take family members to doctor appointments.

"I wanted to be able to have a great career but also have a great career at home as a mom, and Great American has allowed me to do that," said Shelly Gillis, senior vice president and chief administrative officer with American Financial Group Inc., the parent company of Great American.

Executives at Great American have an open-door policy that allows employees of all levels and seniority to talk with them. That open communication, as well as a general sense of camaraderie at Great American, helps employees understand and support the company's objectives.

"You really feel like you're working toward a common goal, and you understand how your contri-

bution matters," said Ashley Lurtey, senior production underwriter in Great American's property/casualty division.

Education is promoted among Great American employees, who receive public recognition and financial rewards for completing insurance-specific certifications and classes. Young professionals also can participate in leadership development programs to build their careers within Great American.

"The focus on continuous learning and opportunities is something that continues to keep me

motivated and enjoying working here everyday," said Jessie Fleetwood, division vice president of human resources for Great American.

Great American aims to make work fun for its employees outside of business hours. Its annual holiday parties have included such performers as Tim McGraw, Harry Connick Jr. and Lionel Ritchie. Employees also can participate in an annual company baseball game at Great American Ball Park, home of the Cincinnati Reds Major League Baseball team.

By Sheena Harrison



Markina Lacey (center) cheers at Great American Ball Park, the home of the Cincinnati Reds. Some employees donned jerseys and hats and took the field, while the rest cheered their fellow co-workers as they competed in the company ballgame.

SEPTEMBER 5TH, 1:45 A.M.

A DEADLINE AND A BUSINESS LIFELINE

IN AN INSTANT,
DOUG HOLT
REMEMBERS
WHY HE TRUSTS
HIS AGENT

Doug wakes up wondering if that fire at his supplier's facility might also send his own future up in smoke. It's also the instant he remembers his property coverage, underwritten by CNA, and that if he needs to file a claim, they'll make it as painless as possible. Sleep tight, Doug.

To learn more about our broad portfolio of insurance products and services, and the industries we serve, visit www.cna.com.

Construction • Education • Financial Institutions • Healthcare • Manufacturing
Professional Services • Real Estate • Retail • Technology • Wholesale Distribution

CNA

We can show you more.®

Please remember that only the relevant insurance policy can provide the actual terms, coverages, amounts, conditions and exclusions for an insured. All products and services may not be available in all states and may be subject to change without notice. CNA is a registered trademark of CNA Financial Corporation. Copyright © 2013 CNA. All rights reserved.

BEST places to work

RANK
5

Philadelphia Insurance Cos.

Bala Cynwyd, Pa.

Property/Casualty Insurers



Philadelphia Insurance Cos. provides all employees a paid day each year to participate in some sort of community service activity.

"I ask people all the time what do we need to do better. I get some great ideas because they're doing the jobs every day; I'm not."

Robert D. O'Leary, president and CEO

At Bala Cynwyd, Pa.-based Philadelphia Insurance Cos., the commitment to a high-quality workplace is part of what Robert D. O'Leary, the company's president and CEO, sees as a simple formula for success.

"We had a consultant come in last year," Mr. O'Leary said. "He said the secret to being a good company is very easy. You want to be a company that everyone wants to do business with, and you want to be a company everybody wants to work for."

Philadelphia Insurance Cos. — or PHLI — provides insurance coverage to more than 100 niche business markets. It has more than 1,500 employees in 45 offices across the United States. In 2008, PHLI became a member of the Tokio Marine Group.

Open communication is an important element of the PHLI workplace. "I ask people all the time what do we need to do better," Mr. O'Leary said. "I

get some great ideas because they're doing the jobs every day; I'm not."

PHLI has an open-door policy under which anyone at any level of the company can request a meeting with any member of senior management.

The company holds regular companywide and department-level town hall meetings so senior management can update employees on PHLI results and other aspects of the business. Each of those meetings ends

with a question-and-answer session where employees can ask questions of the senior management.

There's also a CEO suggestion box displayed prominently on the company's intranet site. "We answer every one of those suggestions," Mr. O'Leary said. "If we can't do something, we explain to them why we can't do it."

There's another element of communications that's extremely important at PHLI, according to Mr. O'Leary: "I

think saying thank you to your employees is extremely important."

Mr. O'Leary, who became president and CEO in February, said PHLI also seeks to create an atmosphere of trust in the workplace. "When I first came in here, I said anyone who's doing any kind of project that's designed to show somebody doing something wrong, we're going to eliminate that," he said. "We trust our employees."

Laura Boylan, PHLI's assistant vice president for human resources, said the company's goal of "continuous improvement" across all aspects of the insurer's business includes the quality of the workplace. The company values feedback from employee engagement surveys, and programs like Best Places to Work in Insurance "are hugely important to us," she said. "We probe deeper and do focus groups with our employees around the results."

PHLI looks for opportunities to provide programs and benefits that are valued by employees, Ms. Boylan said. Among those programs and benefits are various employee training and development efforts, health and wellness incentives, a company book club, and a GREENPHLI initiative to help improve the local environment.

"We have a huge push toward community service," Ms. Boylan said, and the company provides all employees a paid day each year to participate in some sort of community service activity.

"I think we treat our employees very holistically," Ms. Boylan said. "It's not just about the job they do for the company, but how do we give back to the employees."

By Rodd Zolkos



Assurance's quarterly casino night is one of the activities the company sponsors to give employees a fun environment to work in.

Medium Employers

RANK
1

Assurance Agency Ltd.

Schaumburg, Ill.

Retail Agents/Brokers

Just because insurance is a serious business doesn't mean they don't have fun at Assurance Agency Ltd.

In fact, fun inside and outside the office is a priority at the Schaumburg, Ill.-based agency, said Dan Klaras, Assurance's president, citing the company's quarterly casino night and annual employee appreciation day.

"What we do is a lot of hard work, so we want to give employees a fun environment," he said. "We try to do a lot of things throughout the year that give employees a chance to experience some nonwork fun together."

Yet, the atmosphere at Assurance is not a matter of chance; it has been purposely nurtured and protected since the company started in 1961. "One thing I'm most proud of is that we have grown tremendously but have been able to maintain our culture," Mr. Klaras said.

The company employs a three-pillar strategy to ensure employees are happy, he added.

The first pillar is making sure the company's operations are transparent, which helps keep all

"Our management goes above and beyond to make sure we are happy,"

Blake Croson, account executive

employees connected to the company, Mr. Klaras said. "We want to make sure that employees understand the financial numbers and how they help drive them," he said.

The second pillar revolves around clearly identifying a career development path for each employee and making the requisite investment in the employee to make sure goals are achieved. "We make sure that when an employee enters the company at one point, we help them to see where they can go within the organization," he said.

The third pillar, according to Mr. Klaras is making sure that employees engage with the community through charitable works.

"We want our employees connected to the community," he said. "It helps give them a sense of purpose."

Another area of focus for Assurance is wellness. In addition to having fitness classes on-site with a personal trainer, the company hosts an annual 5K race, Mr. Klaras said.

"We are shooting for everybody in the company to complete a 5K this year, whether they run it or walk it," he said.

Blake Croson, an account executive for Assurance, said the sum of these efforts to put employees first is not lost on him and his co-workers.

"Our management goes above and beyond to make sure we are happy," he said. "To borrow a sports analogy, it makes us willing to run through walls for the good of the team."

By Bill Kenealy

RANK
2

Edgewood Partners Insurance Center Inc.

San Francisco
Retail Agents/Brokers

The major theme that emerges while talking with employees at San Francisco-based Edgewood Partners Insurance Center Inc., a retail property/casualty and employee benefits insurance brokerage and consulting firm, is how much they support one another.

First and foremost, what makes EPIC a great place to work is its people, says Irvine, Calif.-based senior account manager Kim Pechar, who has been with the firm more than eight years. Everyone works as a team member at EPIC, she said. At other companies she has worked for, the attitude is "I'm a producer. I'm here to sell and you're here to process." That's not how it is here," she said.

Furthermore, at EPIC "you will always have someone who will actually listen to you, take your advice and maybe implement something," said Ms. Pechar.

San Francisco-based account manager Zohreh Talebzadeh, who has worked at the company almost seven years, said what makes it a

EPIC's philosophy is "if you create a great place for people to work and be productive and satisfied, they do great work for their clients, and if they do great work for their clients, our shareholders will be rewarded."

Employees say they love EPIC's benefits, including its 401(k) match and wellness program, and that it "provides open and honest communication." They say it also provides generous paid company holidays, including an EPIC Appreciation Day that employees can take at their discretion.

By Judy Greenwald



EPIC's San Francisco Finance and Accounting team was recognized in the company's EPICenter Newsletter for their "EPIC Excellence" earlier this year.

MOVING LARGE, COMPLEX BROKERAGE FORWARD.



EPIC co-founder and President John Hahn (left) and co-founder Dan Francis.

good place to work is "the environment, the camaraderie, and the effort everyone makes, which is truly a team effort to ensure we're not only servicing our client as best we can, but servicing each other to ensure the best outcome possible."

"It's very energetic and open. It's truly like a family, but also like a sports team, where you always know whom to pick for the right team," said Ms. Talebzadeh. And, "if someone's stuck, there's always someone there to help them out."

Corporate environments, where she has worked previously, "can be very cold, very closed off and kind of robotic, so to speak, where EPIC is just one big family, and we're all connected and very happy to be here."

EPIC co-founder and President John Hahn said, "I think we're kind of a unique blend of culture and teamwork and entrepreneurialism and passion. We believe in work/life balance. We have a blend of experienced people, and also young people, and I think we find a way to have fun and celebrate."

Most large companies, he added, "have lost their focus on that, and they worry about shareholders."

Burns & Wilcox Brokerage serves brokers and agents by providing expertise for complex and difficult-to-place risks. Leveraging our full expertise and experience, we deliver seamless access to global market centers to structure the right solution for even your toughest client challenges. Learn more at burnsandwilcoxbrokerage.com



Burns & Wilcox
B R O K E R A G E

BEST places to work

RANK
3

Discovery Benefits Inc.
Fargo, N.D.
Claims Managers

“You feel valued, and everyone is appreciated for what they can contribute, even if they’re new, and that’s helped us develop a lot of very strong individuals.”

Kenzie O’Shaughnessy, senior lead program manager

Employees at Discovery Benefits Inc. frequently refer to themselves as empowered, but that doesn’t mean they throw the term around lightly.

The Fargo, N.D.-based benefits administration and claims management firm places a high value on fostering a culture of open communication between all levels of its staff, going so far as to formalize an “open-door” policy within its employee handbook.

“At a lot of companies, you don’t typically walk through the halls and see your executive team talking to people right at their desks, knowing their name and taking an interest in what they’re working on,” said Kenzie O’Shaughnessy, a senior lead program manager at the company’s Fargo headquarters. “You feel valued, and everyone is appreciated for what they can contribute, even if they’re new, and that’s helped us develop a lot of



Discovery Benefits has been named one of *Business Insurance’s* Best Places to Work in Insurance for the fourth year in a row.

very strong individuals.”

“All the team members, from upper management on down — we have a common goal to become more efficient every day,” added Kirsten Stiening, a Fargo-based compliance analyst. “We’re all empowered to look, create and share for those efficiencies, and everyone’s ideas are valued equally.”

Discovery Benefits’ commitment to supporting the free flow of ideas,

strategies and solutions — from its entry-level staffers all the way up to its senior executives — is one of the many reasons the company has been named one of *Business Insurance’s* Best Places to Work in Insurance for a fourth consecutive year.

“There’s always a fear when it comes to new strategies about what happens if it doesn’t work. But here, there’s a willingness to try new

things, and if it doesn’t work, we can always change again,” said Rhonda Moser, a partner and integration executive at Discovery Benefits’ Fargo home office. “There’s no fear of failing here, as long as we’re trying to do something helpful.”

In addition to its “open-door” policy when it comes to mapping out operational strategies, Discovery Benefits’ employees said the company has invested a great deal of time and energy in their professional development. Employees are encouraged to enroll in the company’s six-month leadership development program, job shadowing and cross-training arrangements, and an ongoing series of webinars covering topics such as improving communications, critical thinking and employee engagement.

Another aspect of its workplace environment that employees said makes Discovery Benefits unique is the extent to which its Cultural Committee — comprising a rotating roster of 10 or so employees from varying departments — has helped dissolve many of the traditional social barriers of modern office life.

“So many times when I’m interviewing applicants, they’re coming from a company where they only ever knew the four people that work in the cubicles around them, and they never really get outside of that,” Ms. Moser said. “That can wind up stifling their growth and prevents them from seeing other opportunities within the company. You establish a rapport with people from other teams that becomes valuable.”

By Matt Dunning

RANK
4

Gilsbar Inc.
Covington, La.
Group Life/Health Insurers

“The goal is to increase the overall well-being of our associates. It’s about making Gilsbar a great place to work, where people really enjoy getting out of bed and coming to work in the morning.”

Doug Layman, executive vice president and chief sales and marketing officer

It’s no wonder employees of Gilsbar Inc. always seem to be smiling: Their company restrooms are stocked with pre-pasted, single-use toothbrushes, which employees are encouraged to use as part of the company’s full-spectrum wellness program.

“Oral health is critical,” said Doug Layman, Gilsbar’s executive vice president and chief sales and marketing officer. “It can lead to so many other problems. We’ve also focused on financial wellness, on kids, and getting the spouses heavily involved.”

Employees of this Covington, La.-based third-party claims administrator can earn up to \$750 annually in incentives for participating in on-site health screenings, exercise challenges, volunteering, completing wellness webinars and other activities. These “wellness bucks” can then be used to purchase sportswear and sporting goods, or to pay for their kids’ school activity fees or other wellness-oriented programs.

“Or they can purchase time off at year-end or put the leftover funds into

a health savings account,” said Cackey Haun, internal wellness and communications coordinator at Gilsbar. “It’s an internal program that’s available to employees but also is sold to clients,” she said. “Spouses are also able to participate, but they cannot earn the wellness bucks. We also have held specific kids’ challenges with prizes.”

For example, employees’ children who participated in a recent summer reading challenge all received leather bookmarks, with winners receiving Barnes & Noble Inc. gift cards.

The incentives are so popular that 90% of Gilsbar’s 315 employees participate in the wellness program, Ms. Haun said.

Claims manager Peggy Cardella said she always maxes out her wellness bucks and looks forward to using



Gilsbar focuses on wellness with events such as the annual Covington Classic 5K, above, and by stocking pre-pasted single-use toothbrushes in its restrooms, below.



them to purchase time off the following year.

“I’m very competitive. This gives me a push to do a little more,” said Ms. Cardella, who runs in numerous races year-round. “Gilsbar will pay your entrance fee for races, and if you turn in your number afterwards, you get wellness bucks,” she said.

“We’re very into engagement, because we also do this for a living for our customers,” said Mr. Layman. “We try to have something that interests everybody. It’s not just about lowering health care costs. The goal is to increase the overall well-being of our

associates. It’s about making Gilsbar a great place to work, where people really enjoy getting out of bed and coming to work in the morning.”

“A lot of companies talk about people being their greatest asset,” Mr. Layman said. “It is the absolute truth in our organization. Our people have such passion for what they do. They take their jobs very seriously and very personally. This award honors them,” he said, responding to being named one of the Best Places to Work in Insurance by *Business Insurance* magazine.

By Joanne Wojcik

The best thing about teamwork is that our team works.

Working, playing, helping our community—whatever we do, we do it as a team. At Philadelphia Insurance Companies, we've raised money and pledged time for Ronald McDonald House Charities and the American Red Cross. The Children's Hospital of Philadelphia, Face to Face, and the Challenged Athletes Foundation. Scholarship funds and the arts. We've shown these organizations and the nonprofits we insure every day that teamwork works. Because our team works. We are hiring! Join the Team. Call 855.411.0797 or visit PHLY.com/careers.

A.M. Best A++ Rating
Ward's Top 50 2001-2013
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.

BEST places to work

“There is a strong sense of community both within the walls of the company as well as in the communities where we do business.”

Darcy Kerr, vice president of human resources

RANK
5

Accident Fund Holdings Inc.

Lansing, Mich.

Property/Casualty Insurers

Sponsoring fundraising activities follows from a corporate culture steeped in connecting Accident Fund Holdings Inc. companies to the communities they serve.

The events also drive employee engagement and are a part of the reason Accident Fund’s operating units have gained recognition as great places to work.

“There is a strong sense of community both within the walls of the company as well as in the communities where we do business,” said Darcy Kerr, Accident Fund Holdings’ vice president of human resources.

A weeklong corporatewide Caring and Sharing event, for example, raised \$85,700 in 2012 by combining fun, employee generosity and company



Community commitment is one reason why Accident Fund units were selected among the Best Places to Work in Insurance.

matching donations to help a long list of community charitable organizations. Activities included a paper airplane-making contest, a euchre card game tournament and ethnic foods prepared by employees and sold to fellow employees.

Community commitment, a strong

benefits package, wellness programs and frequent communication from executives explain why Accident Fund units were selected among *Business Insurance’s* Best Places to Work in Insurance.

Among the Accident Fund units selected for the honor are Lansing,

Mich.-based Accident Fund Insurance Co. of America; New Berlin, Wis.-based United Heartland; and Santa Ana, Calif.-based CompWest Insurance Co.

Keeping employees informed makes them feel valued, said Mike Britt, president of Accident Fund Insurance Co. of America.

“We have quite a few all-employee meetings, and we share with them good and bad and how we are doing from a financial performance standpoint, what the strategy is, what the marketplace is doing,” Mr. Britt said. “They feel more connected to the business and not just simply punching a ticket from 9 to 5.”

Informed and involved employees are also good for the employer, added Elizabeth Haar, president and CEO of Accident Fund Holdings.

“You need people aligned to the same strategies, which takes a lot of communications,” she said. “People who enjoy the organization they work for and are proud of it and are proud of the role they play in their community are going to be more engaged with our company and more excited and committed to providing the best customer service that we can, and they are more committed to our overall vision.”

“People have a sense of the importance of the work that they do every day, whether it be in the life of an injured worker ... or the community within which we do business,” Ms. Kerr said.

By Roberto Cenicerros

MEDIUM EMPLOYERS 6-15

6

UNITED HEARTLAND

United Heartland, the marketing name for United Wisconsin Insurance Co., is a New Berlin, Wis.-based property/casualty insurer that targets workers compensation insurance and specializes in eight industry segments, including health care, nursing homes, nonprofits, social services, manufacturing, transportation, schools and wholesale/retail. Its 252 employees enjoy perks such as:

- A benefits package that includes 100% paid premiums for most benefits, including health, and up to \$2,250 toward employee health savings accounts.
- Employee appreciation events.
- On-site fitness clubs and health promotion events.
- A Healthy Advantage program that encourages employees to earn “health points” by participating in healthy activities, with the total earned health points converted to cash in the first quarter of the following year. Employees may earn up to \$1,000 annually.
- Annual on-site blood drives.



7

J. SMITH LANIER & CO.

J. Smith Lanier & Co. is an employee-owned company based in West Point, Ga. The retail agent/broker specializes in the management of business, alternative risk, employee benefits and personal insurance. The company employs 563 people in five states and 19 offices and provides employees benefits such as:

- Bonuses include a \$1,000 bonus for nonincentive-based employees when the company meets its goals and an annual \$300 Christmas bonus for all employees.
- Annual employee conference.
- Employee stock ownership program.
- Generous holiday schedules.
- Employee lunches provided.

8

AMERISURE MUTUAL INSURANCE CO.

Amerisure Mutual Insurance Co. is a Farmington Hills, Mich.-based property/casualty insurer that provides workers compensation expertise and commercial property/casualty insurance. The firm specializes in large accounts in the manufacturing, contracting and health care industries. Its 693 employees enjoy benefits such as:

- Flexible work hours, working from home or working remotely.
- Paid time off to volunteer in the community.
- “Family commitment time” to provide support to loved ones.
- “Champions through excellence” rewards for employees who make outstanding contributions within a performance year.
- Wellness reimbursements that include up to \$120 annually for health club memberships and \$50 annually for employees who participate in weight-loss or smoking-cessation programs.

9

HOLMES MURPHY & ASSOCIATES INC.

Holmes Murphy & Associates Inc. is a West Des Moines, Iowa-based retail agent/broker that partners with business and industry leaders in the areas of property/casualty, employee benefits, captive insurance, risk management and loss control. Its 554 employees enjoy such benefits as:

- Workweek schedule of 38.75 hours.
- Fitness club membership reimbursements.
- Early dismissal on the day before a holiday.
- Peer-to-peer recognition program, among other rewards.

10

HIGGINBOTHAM & ASSOCIATES

Higginbotham & Associates is a Fort Worth, Texas-based retail agent/broker providing commercial and personal property/casualty coverage, employee benefits, retirement plans, life insurance and executive compensation through more than 250 regional and national insurers. It employs 545 professionals and boasts benefits such as:

- Quarterly wellness program contests including “hydrate for health” and “10,000 steps a day,” with prizes awarded.
- Monthly chair massages.
- Periodic team and department outings to spas, bowling alleys, shopping malls, lunch and more.
- An annual Halloween party with a costume contest and/or annual holiday party with spouses.
- An annual one-day retreat to the lake or beach depending on employees’ office location.



11

BERKLEY MID-ATLANTIC GROUP L.L.C.

Berkley Mid-Atlantic Group L.L.C. is a Glen Allen, Va.-based regional property/casualty insurer offering commercial property/casualty coverage solely through independent agents in eight mid-Atlantic states. Its 256 employees enjoy benefits such as:

- Casual Fridays.
- Summer flexible hours, which entail working an extra hour Monday through Thursday and leaving at noon on Friday.
- Holds a “bring a child to work/employee appreciation day” that provides morning activities for children and a company picnic off-site.
- Tuition and education reimbursements, including salary bonuses for completion of industry-related designations and certifications.
- Eight hours of paid time off annually to volunteer at a nonprofit organization.

12

HYLANT GROUP INC.

Hylant Group Inc. is a Toledo, Ohio-based, privately-owned retail agent/broker that provides risk management, employee benefits,

wellness strategies and insurance services to clients in the United States and internationally. It employs 644 professionals, with benefits that include:

- Flexible schedules.
- An employee referral program that provides a \$500 reward to employees who recommend a qualified candidate who is hired.
- Wellness program that includes “lunch and learns,” biometric screenings and a health care newsletter.
- Paid time off for participants in corporate-sponsored charitable events.
- “Career account celebrations” where every employee is rewarded when a career account goal is met.

13

SAFETY NATIONAL CASUALTY CORP.

Safety National Casualty Corp. is a property/casualty insurer that provides excess workers compensation coverage to self-insured employers and groups nationwide. The company offers large-deductible workers compensation, auto and general liability, workers compensation treaty reinsurance, loss portfolio transfers, Texas nonsubscriber coverage, self-insurance bonds and other alternative risk programs. It employs 320 professionals, offering them:

- A 37.5-hour workweek, with the option to work flexible hours.
- Employer-paid benefits program.

- An employee game room.
- A companywide appreciation day at and a weekday baseball game.
- Up to three bonuses per year available for all employees, regardless of rank.

14

WORTHAM INSURANCE & RISK MANAGEMENT

Wortham Insurance & Risk Management is a retail agent/broker providing insurance, risk management and employee benefits services to companies, professional practices and individuals. It offers a comprehensive portfolio of services, including insurance brokerage, claims management, loss control, risk management consulting, personal life insurance and employee benefits. Its 500 employees enjoy benefits such as:

- Employee bonuses for production, tenure and the attainment of designations.
- Annual health screenings.
- Discounted health club memberships.
- Biggest loser contests.
- Overtime kept to a minimum.



15

PENNSYLVANIA NATIONAL MUTUAL CASUALTY INSURANCE CO.

Pennsylvania National Mutual Casualty Insurance Co., which does business as Penn National Insurance, is a Harrisburg, Pa.-based property/casualty insurer that sells commercial property/casualty insurance; personal auto, homeowners and umbrella insurance; and surety bonds through independent agents in nine states. Its 791 employees enjoy benefits such as:

- Flexible schedules that include a condensed workweek, varying start and end times, and telecommuting.
- A “volunteerism time off work program” offering up to two paid days off per year to allow employees to volunteer for a nonprofit organization.
- Monthly “casual for a cause” dress-down days allowing employees to dress casually if they donate to charity. In 2012, its employees reportedly raised \$9,000 for various organizations; over five years, employees donated a total of \$48,798.
- A special award program that provides cash payments for unique and outstanding employee contributions to the company. Payments can total up to 3% of the employee’s annual compensation.
- Employees can receive up to \$250 annually in cash incentives for physical activity, health and lifestyle awareness, nutrition and biometric screenings.

A mere six microns long, the staphylococcus bacteria can jeopardize a doctor’s financial health.

Catlin underwriters don’t just recognize potential risk. They anticipate it. At Catlin, our healthcare underwriters focus strictly on Healthcare Liability. They recognize every risk, from the obvious to the imperceptible. And use that expertise to provide your client the best coverage. Add to that our reputation for integrity and superior claim service and you have every reason to talk to a Catlin underwriter with the expertise you need in any of our wide array of product offerings.

Start a long-term relationship with us today at CatlinUS.com/expertise.

CATLIN
Underwriting Ambition

SPECIALTY INSURANCE

REINSURANCE

Accident & Health | Aviation | Casualty E&S | Energy | Environmental | Equine

HEALTHCARE LIABILITY

Marine | Multiline E&S | Professional Liability

AM Best rating of A (Excellent) XV

BEST places to work

Small Employers

RANK
1

Burnham Benefits Insurance Services Inc.

Irvine, Calif.

Benefits Brokers and Consultants

“We have hybrid roles, and I think that is unique. We want to give employees opportunities to go to different places in the organization.”

Kristen Allison, president

An open door and flexible work environment makes working at employee benefits brokerage Burnham Benefits Insurance Services Inc. special, its employees say.

“There are really no closed doors. Everyone has an equal voice. At the end of the day, the company really wants to know how everyone feels,” said Melanie Thomas, a senior vice president and partner in the company’s Irvine, Calif., office.

That feeling of employee camaraderie is fueled in other ways. “When it is your birthday, you bring in something to share with a group. It might be lunch or breakfast. It is fun and special,” Ms. Thomas said.



Melanie Thomas (left), a Burnham Benefits senior vice president and partner in the company’s Irvine, Calif., office, and President Kristen Allison.



And Burnham takes other steps to making the company a special place to work, says President Kristen Allison.

One of those steps is what Ms. Allison calls “hiring ahead of need.” For example, when several employees took maternity leave, they knew they

could take the necessary time off and that their clients would continue to receive needed support from other Burnham staffers because new hires were added to take on the additional work in their absence.

“Employees know they can take

three or four months off or whatever is the appropriate amount of time off,” Ms. Allison said.

Employees also know they will be given the resources they need to help clients. “Our passion is to do a great job. Employees know they can spend extra money to help clients. We want to be strategic and to do the right thing for our clients,” Ms. Allison said.

Employees also can hold down different job functions simultaneously, giving them the ability to develop new expertise. “What people love here is that they are not slotted. We have hybrid roles, and I think that is unique. We want to give employees opportunities to go to different places in the organization,” Ms. Allison said.

Ms. Allison describes the company’s home office as beautiful, noting that employees love the feeling they receive when they walk through the front door. “People are happy. They feel they are rewarded,” she said.

Employees agree. “The office environment includes floor-to-ceiling windows, significant plant life and surround-sound music providing a positive atmosphere in which to work,” an employee wrote in the *Business Insurance* Best Places to Work in Insurance survey.

Ms. Allison notes that stress can get in the way of employees being able to do their jobs, and the company does whatever possible to reduce it. Those efforts are appreciated by employees. “Senior management will often shut Burnham down early around holidays and at impromptu times — especially after busy times of the year — allowing employees to give some extra time off,” an employee wrote.

By Jerry Geisel

RANK
2

ARAG Insurance Co.

Des Moines, Iowa

Property/Casualty Insurers

“Employees work hard while they are here, but I want to make sure they are saving for retirement and are able to send their kids to college.”

David Murray, president and CEO

Employees of Des Moines, Iowa-based group legal insurance provider ARAG Insurance Co. know how to make work fun.

Whether it’s taking turns trying to dunk President and CEO David Murray during a recent United Way fundraising campaign or tossing bean bags into “cornholes” during the company’s Summer Fun Days, ARAG’s culture encourages its employees to “work hard, play hard,” said Ann Cosimano, general counsel. “That sets the tone for our workplace.”

The company wants make employees feel they are all equally important, Mr. Murray said.

“We try to treat each other the way we want to be treated,” he said. “Everybody has a voice. Once a quarter, we get together for employees’ birthdays. It’s called ‘Dessert with David,’ and they get an opportunity to ask me questions.”

Beyond this egalitarian environment, ARAG also offers exceptional benefits, including a lucrative 401(k) plan match of 9% of salary and an annual employer contribution of up to

\$500 per child to a college savings plan.

“Employees work hard while they are here, but I want to make sure they are saving for retirement and are able to send their kids to college,” Mr. Murray said.

ARAG’s family focus has increased in intensity in recent years with its shift in employee demographics, according to Erin Barfels, chief human resource officer. Following several years of adding to its workforce in response to business growth, “we have a very young demographic. Our average age is 37,” she said. “The company conducted a survey, and employees expressed concern about how they would pay for their kids’ college.”

A subsidiary of Dusseldorf, Germany-based Allgemeine Rechtsschutz Versicherungs A.G., ARAG now has 150 employees in the United States, most of whom work out of its Des Moines, Iowa, headquarters, which also features an on-site gym with state-of-the-art exercise equipment and showers.

Employees are encouraged to be active as part of a comprehensive wellness program that offers up to \$100 annually in financial incentives and also emphasizes emotional and financial well-being, according to Ms. Barfels.

Though the homegrown program began with an emphasis on physical health, “we’ve tried to look at it holistically,” she said.

By Joanne Wojcik



Whether it’s taking turns trying to dunk President and CEO David Murray during a recent United Way fundraising campaign or tossing bean bags into “cornholes,” ARAG’s culture encourages its employees to “work hard, play hard.”

RANK
3

Dubraski & Associates Insurance Services L.L.C.

San Diego

Retail Agents/Brokers

A flexible work policy and recognition of the value of a work/life balance are among the things that make working for Dubraski & Associates Insurance Services L.L.C., a brokerage that specializes in the health care industry, so special, say its employees.

Senior associate Joanne Dane, based in San Diego, said what makes Dubraski so different from other places where she has worked is that "I'm truly able to balance my work life and my family life."

"I've been able to dedicate myself to my career without sacrificing the needs of my family," said the eight-year employee.

The flexibility provided to Ms. Dane permits her to take two or three hours off during the day for a child-oriented activity, then finish up work from home at night, she said.



"We don't need a lot of bricks and mortar. We need good people."

Robert J. Dubraski, CEO and founder

the company back 100%, and get the job done no matter how long and what it takes," says Ms. Dane.

"We've built this company around people," not cities, said Mr. Dubraski. "We made the decision from the beginning" to hire the best people and "let them live and work where they want," he said. "We don't need a lot of bricks and mortar. We need good people."

The company was willing to establish two offices in Minneapolis, said principal Cathy Sussman, because she and a colleague wanted to work close to their homes. Despite the higher cost of two offices instead of one, Mr. Dubraski said, "I see the value in that," according to Ms. Sussman, who has worked for the firm since 2008.

Senior associate Patrick Moylan, an eight-year employee, says he appreciates being able to work either from his office in Manhattan or his Westchester, N.Y., home, if that is more convenient. "The company is extremely flexible in creating a work environment that works for everyone," whether they prefer to work in the office or remotely, he said.

Comments on the Best Places to Work survey include that all employees have access to manage-

ment and are encouraged to offer ideas or suggestions. "It's definitely not a typical corporate employer. Every employee has a voice and something to say that our leadership will listen to," said Mr. Moylan.

Ms. Sussman agreed. Six months ago, at a company meeting in Florida, "everyone sat around at a table, and said, 'This is what we should be doing,'" said Ms. Sussman. "The company executed on almost all our suggestions."

"This is a company that I plan on being with for the rest of my career," she said.

By Judy Greenwald



The staff of Dubraski & Associates at a company meeting this past May.

XL Group
Insurance



INNOVATIVE

It's not a buzzword. It's who we are.

When the insurance crisis struck in the late 1980s, XL Group saw the need. Led the way.

As risks get more complex, the world needs innovators. And the world turns to XL Group.

Day in. Day out. We look for ways to make things better.

Complex, hard-to-place risks: When others say no, we look for solutions and turn convention on its head.

Learn more about our *επιχειρηματική* thinking: xlgroup.com/fast-fast-forward

MAKE YOUR WORLD GO

and **MAKE YOUR WORLD GO** are trademarks of XL Group plc companies. XL Group is the global brand used by XL Group plc's insurance subsidiaries. In the US, the insurance companies of XL Group plc are Greenwich Insurance Company, Indian Harbor Insurance Company, XL Insurance America, Inc., XL Insurance Company of New York, Inc., and XL Specialty Insurance Company. Not all of the insurers do business in all jurisdictions nor is coverage available in all jurisdictions.

BEST places to work

“The office atmosphere is warm and inviting, it is about having fun and working.”

Suzy Circle, senior benefits consultant

RANK
4

Alltrust Insurance Inc.
Palm Harbor, Fla.
Benefits Brokers and Consultants

A compassion for its employees and a warm environment makes Alltrust Insurance Inc. a great place to work, its employees say.

“This is an agency that cares about its employees,” says Suzy Circle, a senior benefits consultant with Palm Harbor, Fla.-based Alltrust.

“If you need, for example, time to take off because of a family situation, there never are any questions,” Ms. Circle said.

At the same time, Ms. Circle said, “the office atmosphere is warm and inviting, it is about having fun and working.”

Alltrust also is a company that takes the extra step to help employees get to know one another better and work together as a team, which, in turn, helps them as well as their clients, Ms. Circle said.

“We close early Friday afternoons so



Alltrust takes the extra step to help staff members get to know one another, employees say, and that camaraderie is noticed by clients.

we can talk with each other about issues” such as “how did the week go and what can we do better?” Ms. Circle said.

Joe Part, who founded Alltrust in 1994, describes the work environment as open. “Rarely do you see a closed door. There is a sharing of informa-

tion,” he said.

Employees often eat together in a conference room, which further tightens their relationships with one another. “When you eat and laugh together, it is psychologically bonding. We are an eclectic group, but also a very tight group,” Mr. Part said.

That tightness comes through when employees are going through difficult times. For example, Mr. Part recalled a situation involving an employee who was going through a difficult pregnancy.

“The day her doctor said she needed to stay at home, everyone in the office said, ‘What can we do to pick up the load for her?’ Everyone at the firm was praying for her and was concerned about her. There wasn’t a week that went by where I hadn’t heard from employees asking what they could do for the woman,” Mr. Part said.

The compassion of employees extends beyond the office, Mr. Part said. “Employees have projects in their communities, whether it is in social services, the arts or charities. Employees take a lot of pride to help make our community a better place to live, and that, I think, is very binding,” Mr. Part said.

That camaraderie is noticed by clients. “I don’t think a week goes by that we don’t share a note from

a client saying how we have” excelled and taken that extra step beyond the normal scope of services, Mr. Part said.

“We share those emails among colleagues, and it is very special to see the trail of congratulatory notes,” he said.

By Jerry Geisel

RANK
5

Insurance Program Managers Group Inc.
St. Charles, Ill.
Wholesale Brokers/Managing General Agents

“We are 100% employee-owned. Everything we do every day affects what we ultimately bring home.”

Susan Oswald, human resource manager

One might not need to even enter the building to deduce that Insurance Program Managers Group Inc. is a fun place to work. Those kegs of beer you notice in parking lot? They are there for the company’s Oktoberfest bash.



Susan Oswald, human resource manager for IPMG, said the St. Charles, Ill.-based insurance brokerage is constantly thinking about new ways to demonstrate to employees that their efforts are appreciated. “We are not afraid to try something new,” she said.

For example, to help employees enjoy the bucolic setting around the company’s headquarters, the company recently purchased cruiser-style bicycles for the office, Ms. Oswald said.

Employees looking for a more active lunchtime can avail themselves of the company’s on-site workout room and showers, she said. And to keep employees eating healthfully, IPMG has fresh fruit delivered to the office on a weekly basis.

“We are really unique and have a very lovely location,” she said. “It’s the perfect storm for a wonderful job.”

Ms. Oswald credits much of the company’s commitment to employees and the laid-back vibe to the leadership of IPMG President and CEO Gregg Peterson. “He makes people feel valued when they are here,” she said. “Everybody knows that their opinions count.”

The company’s corporate structure, known as an employee stock ownership plan, gives employees stock in the company as part of their compensation and helps encourage cohesiveness, Ms. Oswald said.



Employees, top, say the work environment at Insurance Program Managers Group is “caring” and “family-like.” Bottom, an Oktoberfest bash adds to the company’s fun atmosphere.

“We are 100% employee-owned,” she said. “Everything we do every day affects what we ultimately bring home.”

This employee buy-in is evident in the anonymous surveys the company conducts to elicit employee sentiment, where respondents use terms such as “caring” and “family-like” to describe the work environment at IPMG.

The positive atmosphere in the office also helps IPMG take better care of

clients, Ms. Oswald said, noting that many of the firm’s clients recently traveled to St. Charles to help the company celebrate its 16th birthday.

“We weren’t sure how many people were going to come, but by the time the party was due to start at 3, people were lined up out the door,” she said. “It was a great feeling that people wanted to come and meet the people here.”

By Bill Kenealy

6. McGRAW WENTWORTH INC.

McGraw Wentworth Inc., a unit of Marsh & McLennan Agency L.L.C., is a Troy, Mich.-based benefits broker and consulting firm that assists midsize organizations of 100 to 10,000 workers in Michigan with group benefits design, implementation and management. It offers its 71 employees:

- Eight-week "summer fun" program in lieu of an employee appreciation day. The company surprises employees with small, frequent tokens of appreciation, including free meals, free massages, company logo items such as collapsible coolers, jeans days and "leave two hours early" coupons.
- Mentoring, where new employees are assigned a senior staff member to guide their training and development. Mentors ensure the new hires receive the training necessary to perform their jobs and be the go-to person for questions.
- An annual \$180,000 longevity bonus program that rewards more than 50 nonmanagement employees for their years of service using a formula that factors in each employee's tenure and pay scale.
- One paid day of volunteer service per year at a nonprofit of the employee's choice.
- A free weekly yoga class, held on-site, conducted by a licensed yoga instructor.

7. SILVERSTONE GROUP

SilverStone Group is an Omaha, Neb.-based retail agent/broker resource management firm that provides tailored solutions to protect and enhance clients' organizational and financial stability. Its offerings include risk management, employee benefits, consulting and private-client services. Standout offerings for its 194 employees include:

- Matching employee donations for a local charity and then celebrating the fundraiser at an annual tailgate party, providing free lunch and, for donating

associates, an afternoon off.

- Company wellness group that sponsors a weekly farmers market during the summer in the parking lot, giving employees convenient access to fresh food while providing coupons and other incentives.
- Aside from complimentary healthy snacks daily and a free meal each Wednesday, the wellness group also sponsors "lunch and learn" sessions throughout the year that include a healthy lunch and speakers on wellness topics such as nutrition, elder care and relaxation techniques.
- Producers who meet their personal production goals each year are taken on an all-expenses-paid trip to celebrate and plan for the next year.
- Employer-sponsored elder care assistance for employees with aging family members, such as transportation to medical appointments or meal delivery; securing proper care and/or assistance facilities; information about financial resources; and counseling support for caregivers.

8. BMS INTERMEDIARIES INC.

BMS Intermediaries Inc. is an Edina, Minn.-based specialist reinsurance broker built around teams of experts in the fields of wholesale, direct insurance and underwriting subsidiary businesses. For its 90 employees, its benefits package includes:

- Daily free snacks and beverages and free breakfasts on the first Friday of each month.
- Happy hours on-site to celebrate business wins and support networking opportunities.
- Company-sponsored Olympics, fiestas, holiday parties, March Madness, and monthly "lunch and learns."
- Management services incentive bonuses, based on personal performance, for employees who do not directly generate

independent revenue but provide professional support services.

- Up to \$750 in company matching funds for employee contributions to approved charities of their choice when the employee also volunteers 30 hours of community service with the charity.

9. M3 INSURANCE SOLUTIONS INC.

M3 Insurance Solutions Inc. is a retail agent/broker based in Madison, Wis., that provides employee benefits, property/casualty insurance, executive benefits, employer-sponsored retirement plans and personal lines. For its 196 employees, it offers:

- Three additional paid vacation days for employees to use between Memorial Day and Labor Day.
- One paid day off each year to volunteer at an organization of an employee's choice and one paid day off for employees to volunteer at a child's school.
- A "props month" dedicated to employee recognition, including several drawings for prizes, weekly paid lunches, free coffee and a week of casual dress.
- Four on-site fitness classes at its headquarters each week.
- "Crop shares" that deliver fresh vegetables to employees and families at work to make healthy eating options convenient.

10. ROSS & YERGER INSURANCE INC.

Ross & Yerger Insurance Inc. is a Jackson, Miss.-based retail agent/broker providing innovative risk management solutions through products that include commercial insurance, employee benefits, bonding and personal lines. Benefits for its 94 employees include:

- A \$350-per-year bonus for employees who meet exercise goals and wellness

doctor appointments. All employees get 30 minutes off two days a week to exercise.

- One Friday off per month during the summer.
- Employees whose cost-saving ideas are implemented are awarded 10% of the annual cost savings as a bonus.
- Quarterly stress management seminars on various topics, such as caring for elderly parents, work/life balance, attention deficit disorder and more.
- During December, all employees are given a \$100 bill and a half day off to go Christmas shopping.

11. MAIDEN REINSURANCE CO.

Maiden Reinsurance Co. is a Mount Laurel, N.J.-based reinsurer that specializes in personalized solutions. Maiden Re was formed in 2008 through the acquisition of GMAC Re by Maiden Holdings Ltd. Benefit highlights for its 116 employees include:

- The flexibility to telecommute, enabling the reinsurer to retain valuable employees who might otherwise have left.
- Employees who make a monetary donation to a local food bank can wear jeans on Friday, and the company will match the donation.
- Managers can make immediate monetary awards, to recognize employees who go above and beyond their typical duties.
- Monetary incentives or extra paid time off is provided when overnight travel is required for work.
- When the weather is inclement, the company buys lunch for all employees.

12. AVALON RISK MANAGEMENT INSURANCE AGENCY L.L.C.

Avalon Risk Management Insurance Agency L.L.C. is an Elk Grove Village, Ill.-based privately held retail agent/broker that specializes in the transportation and

logistics industry. With 10 offices in the U.S. and a network of agents worldwide, it employs 115 people. Benefit highlights include:

- Flex time and time off for family commitments and volunteer opportunities.
- Early dismissal on Friday during summer months and early dismissal before holidays.
- Weight-loss, walking and dancing fitness competitions where employees can win "Avalon dollars" for prizes as well as talent and sporting contests.
- Nonsales employees are eligible for a semiannual bonus ranging from 2.5% to 10% of base salary, depending on the company's profit margin and employee's achievement of individual goals.
- A monthly "spa day" providing free chair, sports, hand or foot massages on-site.

13. FALVEY INSURANCE GROUP LTD.

Falvey Insurance Group Ltd. is a North Kingstown, R.I.-based wholesale broker/managing general agent specializing in marine cargo cover for the high-tech and life science industries. It is the largest cargo coverholder facility under Lloyd's of London with approximately \$40 million in gross written premiums. For its 48 employees, it provides:

- Complimentary fresh fruit along with water, coffee, tea and soft drinks.
- An in-house fitness facility and shower rooms.
- Employees can earn a 5% bonus based on achievement of individual goals set at the beginning of each year.
- Sponsored periodic healthy eating contests, such as a healthy soup challenge. Employees receive paid time off as an incentive.
- To promote a healthy work/life balance, there is no overtime.

Insurance coverage is underwritten by member companies of Allied World. Coverage is subject to underwriting. Member companies may not be licensed in your state or jurisdiction. To find out if coverage is available, please contact your insurance broker.

Journey further.
With specialty insurance from Allied World.

GENERAL CASUALTY | GENERAL PROPERTY | HEALTHCARE | MANAGEMENT LIABILITY
PROFESSIONAL LIABILITY | PROGRAMS | RISK CONTROL | TRADE CREDIT & POLITICAL RISK

At Allied World, our expertise breeds confidence. We aren't afraid to journey into new markets or explore new products. By working closely with clients to find innovative ways to balance risk with reward, we are pushing boundaries and challenging assumptions. At Allied World, we don't follow the path, we chart new ones.

Specialty solutions. Worldwide.

alliedworldinsurance.com



QBE Unriva

Separate yourself from the competition with a company rated A Excellent by A.M. Best in the XV financial size category and A+ by S&P.

In North America, QBE has been recognized as one of the industry's best. Our distinctions stem from consistent growth, our diverse and specialized insurance portfolio, and a unique understanding of and appetite for risk. They are attributes that have helped us stand out from other insurers, while helping businesses of all sizes gain advantages over the competition. Simply put, we provide customers with the insurance needed to become unrivaled—and in today's competitive business world, there's nothing you'd rather be.

For information visit QBEunrivaled.com

led

Made possible by



14. ASSOCIATED AGENCIES INC.

Associated Agencies Inc. is a Rolling Meadows, Ill.-based full service retail agent/broker that assists businesses and individuals with their property/casualty, employee benefits and individual benefit needs. It handles all lines of coverage from basic insurance to complex programs with professional liability needs. Among the benefit highlights for its 73 employees are:

- Health club dues reimbursement and annual wellness challenges with prizes and seminars.
- Half-day Fridays during summer and seven-hour workdays.
- Paid time off for charity work as a group and individually.
- Year-end bonus based upon completion of annual goals and contribution to the agency's success.
- On-site personal development and/or stress management workshops, seminars or classes.

15. KAPNICK INSURANCE GROUP

Kapnick Insurance Group is an Adrian, Mich.-based retail agent/broker providing business insurance, employee benefits, personal insurance, risk management and financial strategies to a diverse base of clients worldwide. Benefit highlights for its 126 employees include:

- A multifaceted wellness program that offers employees an annual health risk assessment and a biometric screening. Employees who choose to participate receive a semimonthly cash incentive.
- An employee referral program, with awards ranging from \$100 to \$500, for recommending job candidates who are hired.
- A corporate fun event every third Thursday.
- Employees receive a paid holiday on their birthdays.
- Every employee is rewarded when a career account goal is met.

16. BENEFITS RESOURCE L.L.C.

Benefits Resource L.L.C. is an Aliso Viejo, Calif.-based benefit broker and consultant for health- and welfare-related companies. Its wellness solutions increase health and productivity and reduce absenteeism to optimize clients' investments. Key benefits for its 34 employees include:

- Company events, such as poker Fridays, birthday lunches and companywide annual trips.
- Weight-loss competitions.
- Bonus program based on overall company performance and available to all full-time associates.
- Team members are allowed time off to participate in local community programs such as food banks, children's events and more.
- Quarterly team day events that include beach cleanups and feed-the-homeless events. The company also sponsors team walking and running competitions.

17. MARKETSCOUT

MarketScout is a Dallas-based wholesale broker/managing general agent with more than 30,000 licensed insurance agents as users of its electronic insurance exchange. Licensed insurance agents use MarketScout to access insurers that have been prequalified as best-in-class and offer competitive quotes in hundreds of industries and coverage classifications. It employs 42 people, providing benefits such as:

- Weekly "lunch and learns."
- Flip-flop Fridays.
- Adoption assistance, not limited to reimbursement of agency fees, travel fees, legal assistance, and paid time off before or after adoption.
- Team recognition events and celebrations to watch horse races, kickball, bowling, whirlyball, and monthly and quarterly team lunches.
- Annual holiday parties and celebrations including a Halloween costume contest and birthday lunches.

18. GFI INSURANCE BROKERAGE INC.

GFI Insurance Brokerage Inc. is a New York-based retail agent/broker that provides customized insurance solutions nationwide to businesses and individuals, focusing on property/casualty insurance and employee benefits, multiperil coverage, liability, business interruption, and auto and homeowners insurance. Employee benefits include group health, life, disability and workers compensation. Highlights of its benefits program for its 39 employees include:

- Company-sponsored baseball games and bowling.
- Company cocktail and holiday parties.
- Paid time off during the summer, which allows employees to take selected Fridays off.
- Free pizza lunches throughout the year.
- A \$500 reward for employees who refer a friend who stays with the company more than three months.

19. SEUBERT & ASSOCIATES INC.

Seubert & Associates Inc. is a Pittsburgh-based independent retail agent/broker with a 40-year history of supporting clients with their day-to-day risk management through consulting and providing brokerage services. Products include commercial and personal property/casualty insurance, employee benefits, surety bonds and life insurance. Its offerings for its 84 employees include:

- A health-improvement plan where participating employees meet with a personal trainer weekly during work hours to receive coaching in physical fitness. The trainer provides progressive challenges for continuous improvement and results.
- A key performance indicator goal-setting program for employees. Employees sit with their managers and list three goals; those who complete their goals by the end of October receive a \$1,000 bonus at the end of the year.
- Healthy snacks including fresh fruit, nuts and whole grains are always available for free.
- Stock eligibility based on production and/or 10-year tenure.
- The company pays the entry fee for employees and family members to participate in the annual Susan G. Komen Race for the Cure. It also promotes employee participation in several local 5K run/walks that benefit a wide variety of nonprofit causes.

20. FIRSTPERSON INC.

FirstPerson Inc. is an Indianapolis-based benefit broker and consultant that specializes in benefits, human resources, regulatory compliance, communications and wellness. Key benefits for its 49 employees include:

- "Above and beyond" bonuses for employees who consistently perform above their normal, everyday responsibilities.
- Impromptu time off to participate in community activities and for jobs done well.
- Free chair massages, financial coaching sessions, yoga sessions and walking breaks. A new on-site fitness activity is offered each quarter.
- Concierge services that include daily lunch delivery, dry cleaning and car maintenance.
- Holiday events and gatherings to welcome new hires and celebrate anniversaries to strengthen relationships.

21. ENERGI INSURANCE SERVICES INC.

Energi Insurance Services Inc. is a Peabody, Mass.-based wholesale broker/managing general agent that offers core property/casualty products and related risk management services, primarily to customers that operate in various segments of the energy industry. For its 129 employees, it offers:

- A shifted summer schedule.
- Daily healthy breakfasts and snacks.
- Up to \$50 per month for employees who are health club members.
- "Heart to Heart" award for an employee who has done personal community outreach.
- Company-paid entry fee for employees who participate in the JP Morgan Corporate Challenge Road Race and custom athletic shirts.

22. HOFFMAN BROWN CO.

Hoffman Brown Co. is a Sherman Oaks, Calif.-based retail agent/broker providing large and small companies and individuals with commercial, personal, life, group and individual medical, long-term care and disability insurance. For its 50 employees, it offers:

- Absentee bonus program rewarding teammates for good attendance.
- "Super Head Hunter" program rewarding teammates \$500 for the hire of their referral who completes 90 days of employment.
- Wellness program paying 50% of membership up to \$175 annually for activities that include gym, bowling, baseball, karate and yoga.
- Employees who are TV game show contestants get paid for the day off.
- Programs include financial education and retirement planning.

23. PARTNERS RX MANAGEMENT L.L.C.

Partners Rx Management L.L.C. is a Scottsdale, Ariz.-based claims manager that helps companies acquire and manage their benefits, wellness programs, mail order services, and Web-based programs and services. Its benefits packages for its 81 employees include:

- "Bagel Fridays," when the company provides bagels and spread for all employees.
- Fresh fruit for the entire office on Tuesdays and Thursdays to promote healthy eating.
- Healthy eating alternatives to replace traditional meals.
- Special events including a picnic at an Arizona Diamondbacks game, a chili cook-off and a Heart Walk to support the American Heart Association.
- Regular "town hall" company meetings, where managers review progress and new initiatives and recognize employees.

24. COMPWEST INSURANCE CO.

CompWest Insurance Co. is a San Francisco-based property/casualty insurer selling workers compensation insurance in the western United States. The company is focused on employees who want leading strategies to achieve long-term cost savings, a term they refer to as "Workers' Compensation With Care." Benefits for its 84 employees include:

- Health promotion events with an emphasis on community service.
- Flexible working hours with creative scheduling.
- Monthly healthy living brochures distributed to all employees.
- Paid on-site flu shots.
- Time for participation in communities with activities such as Kids' Chance, the Juvenile Diabetes Walk, the National Kidney Walk, Habitat for Humanity building, food bank fundraisers, and a Caring and Sharing campaign similar to the annual United Way campaign.

25. GUNN MOWERY L.L.C.

Gunn Mowery L.L.C. is a Camp Hill, Pa.-based independent retail agent/broker providing commercial and personal insurance, employee benefits, bonds, captive insurance and financial services. Highlights in its benefits offerings for its 55 employees include:

- Fully equipped on-site gym available to employees and their families.
- Various "lunch and learn" programs with information on health, fitness and stress.

- Free coffee, tea, hot chocolate, filtered water, birthday cakes and luncheons.
- Employee wellness program that includes on-site health fairs and biggest loser contests that include prizes.
- Allowing producers at retirement age to work fewer hours but keep their office space and support staff.

26. HNI RISK SERVICES INC.

HNI Risk Services Inc. is a New Berlin, Wis.-based retail agent/broker that has clients in most industries but focuses mainly on transportation, construction, manufacturing, retail and the public sectors. For its 107 employees, it offers:

- On-site yoga room and Zumba classes.
- Activity-based wellness incentives that reward employees up to \$400 in annual contributions to their health savings accounts or health reimbursement accounts.
- "Working on Wellness" week consisting of five days of total well-being, from "lunch and learns" regarding financial wellness to organized team sports and community service opportunities.
- Rewards of up to \$600 per year for healthy results and outcomes on annual employee and spouse biometric screenings.
- Sales professionals that generate more than \$150,000 in annual sales receive a \$3,000 travel voucher.

27. POMS & ASSOCIATES INSURANCE BROKERS INC.

Poms & Associates Insurance Brokers Inc. is a Woodland Hills, Calif.-based retail agent/broker that offers commercial insurance, employee benefits, personal lines, risk control and risk management consulting services to public and private entities. Offerings for its 166 employees include:

- A seven-hour workday.
- Fresh fruit delivered twice a week.
- Partial reimbursement for gym and weight-loss membership fees.
- Free daily on-site exercise classes as part of a comprehensive wellness program.
- New business incentives for nonsales staff at 10% of the account's revenue for the first year.

28. SWINGLE COLLINS & ASSOCIATES

Swingle Collins & Associates is a Dallas-based property/casualty insurer that provides commercial and personal insurance. Its 60 employees enjoy:

- All medical benefits paid by employer.
- Summer and Christmas bonuses based on company performance.
- Flexible hours to allow employees more quality time with their families, attend children's school events and actively participate in the care of loved ones.
- Minimal overtime, with meetings and staff-only events limited to work hours.
- Thanksgiving lunch and office potlucks.

29. LIAZON CORP.

Liazon Corp. is a Buffalo, N.Y.-based private benefits broker and consultant for businesses across the U.S. Its Bright Choices exchange is an online benefits store that helps employers and employees buy benefits. Bright Choices helps employers save money on their health care costs by setting predictable budgets while guiding employees to purchase better health, dental, vision, life and disability benefits. Its 89 employees enjoy:

- Unlimited paid personal and vacation days.
- Monthly birthday potlucks.
- Paid time off for community service.
- Free snacks.
- Annual employee bonuses ranging from 5% to 30% of base salary.

30. THE ODELL STUDNER GROUP L.L.C.

The Odell Studner Group L.L.C. is a Radnor, Pa.-based retail agent/broker with specialties in life sciences and technology, group captives and alternative risk transfer, health care, real estate, social services and for temporary staffing and professional employer organizations. A range of benefits offered to its 46 employees include:

- Breakfast for the entire staff when a new employee starts and periodic

- company-paid lunches.
- Leaving early four Fridays each summer.
- Holiday potlucks and summer and holiday parties.
- Company profit sharing.
- Annual golf outing.

31. EASTERN INSURANCE HOLDINGS INC.

Eastern Insurance Holdings Inc. is a Lancaster, Pa.-based specialty property/casualty insurer with an emphasis on managed care and workers compensation products and services for businesses and organizations. Benefits for its 220 workers include:

- Health and wellness commitment that includes an on-site wellness coach, fitness center and weekly yoga, Zumba and personal training classes.
- An employee stock ownership program that rewards employees' contributions to the company's success.
- Performance bonus for all employees with six months of service. Up to 85% of employees receive a bonus averaging 3% of salary.
- Offices close early the day before holidays.
- Quarterly on-site chair massages.

32. BERKLEY NORTH PACIFIC GROUP L.L.C.

Berkley North Pacific Group L.L.C. is a regional property/casualty insurer with W.R. Berkley Corp. based in Bellevue, Wash. The unit provides an assortment of commercial property casualty coverage designed to meet needs of businesses in the Pacific Northwest. Among benefit highlights for its 103 employees are:

- Wellness activities to promote healthy living, including a workout facility at its Boise, Idaho, office.
- Company events such as picnics, holiday parties and potlucks.
- Program that encourages walking during break times.
- Tickets to local events such as baseball games, college football and the circus.
- Flexible schedules and benefits for part-time employees, which employees have used in anticipation of retirement.

33. ADVOCARE GROUP

AdvoCare Group is a Cleveland-based group of claims managers specializing in comprehensive case management for workers compensation, disability, disease and wellness services for workplace absence management. For its 84 employees, it offers:

- Work-life balance and flexible work scheduling that includes varied start and end times, job-sharing, part-time and work-from-home options, and condensed work weeks.
- "Denim donations" program that allows employees to wear jeans once a week for \$1 a day or \$50 for the entire year, with all proceeds donated to charity.
- Employees are allowed to hold on-site fundraisers and lunches to support their favorite charities and are given paid time off to help them exceed their fundraising goals.
- Up to \$30 off every employee's monthly health insurance premium based on an annual biometric screening.
- On-site conveniences such as dry cleaning and breakfast/lunch delivery, library, postage and company discount programs on cellphones and wholesale club memberships.

34. SCIROCCO GROUP

Scirocco Group is a Hasbrouck Heights, N.J.-based retail agent/broker that provides risk analysis and risk management services for clients in the construction, real estate, manufacturing, retail/wholesale distribution, public entity and transportation sectors. It offers its 110 employees benefits such as:

- Early dismissal on Fridays during the summer.
- Charity team fundraising.
- Surprise raffles that include free vacations, event tickets and gift baskets.
- Regular employee recognition breakfasts or luncheons that serve to recognize and celebrate achievements of the entire organization.
- Employees may wear denim on Fridays.

35. GNW-EVERGREEN INSURANCE SERVICES L.L.C.

GNW-Evergreen Insurance Services L.L.C. is an Encino, Calif.-based retail agent/broker that develops tailored programs to meet a variety of personal and business insurance needs, including business property, equipment, inventory, vehicles, and professional and management liability. Its 93 employees enjoy a variety of benefits that include:

- Participation in philanthropy events such as food drives, cancer fundraisers and holiday donations.
- Regular employee events such as chili cook-offs, holiday parties and a Cinco de Mayo festival.
- On-site chair massages.
- \$2,000 referral bonus paid to employees who refer candidates who are hired.
- Free wellness seminars and exercise classes.

36. PRITCHARD & JERDEN INC.

Pritchard & Jerden Inc. is an Atlanta-based retail agent/broker that caters to a variety of individual clients' needs. It is a company that values and requires continuing professional education. It employs 71 individuals and offers:

- Compressed work weeks in the summer.
- The option to telecommute one day a week.
- Walking challenges and healthy snack days.
- Regular luncheons for all employees.
- Annual bonus pool for all exempt nonproduction staff based on company and individual performance.

37. PRECEPT INSURANCE SOLUTIONS L.L.C.

Precept Insurance Solutions L.L.C. is an Irvine, Calif.-based national benefits broker and consultant that provides employee

benefits consulting and administration outsourcing services engaging senior management, employees, dependents, physicians, hospitals and insurers in efforts to control costs and manage risks. Its 163 employees enjoy perks such as:

- Employer-paid on-site annual biometric screenings and flu shots.
- Healthy breakfasts and wellness challenges sponsored by the wellness committee.
- Employee recognition program with quarterly monetary awards for exceptional individuals and teams.
- Bonus programs that include an incentive for nonsales employees of up to 10% of the first year's revenue of a new client if they assist in bringing in that client.
- Employer-paid charity sponsorship that includes various events to support cancer research.

38. FRED C. CHURCH INC.

Fred C. Church Inc. is a Lowell, Mass.-based retail agent/broker offering services that include commercial property/casualty insurance, risk management, self-insurance programs, employee benefits and personal insurance. Its 128 employees enjoy benefits such as:

- A 35-hour workweek.
- Ten personal days off in addition to paid vacation days.
- On-site office visits for chiropractic treatment, flu shots and financial planning.
- Frequent employee raffles for various events, such as sporting events and theater/arts performances.
- Company sponsorship in various walks to raise funds to fight cancer and Alzheimer's disease.

39. CAMBRIDGE CONSULTING GROUP

Cambridge Consulting Group is a Troy, Mich.-based benefit broker and consultant that focuses on wealth strategies, benefits consulting and risk management. Its 51 employees enjoy benefits that include:

- An annual holiday party, a barbecue during work hours and an employee outing to a sporting event.
- Quarterly raffles for prizes valued at \$250 to \$500, with the proceeds going to a charity.
- Flexible start times between 7 a.m. and 9 a.m.
- Paid time off to volunteer at a place of the employee's choice during "volunteer week."
- "Bagel Fridays," fresh fruit on Mondays and a sundae bar in the summer.

40. THE INSURANCE EXCHANGE INC.

The Insurance Exchange Inc. is a Rockville, Md.-based retail agent/broker providing comprehensive property/casualty, workers compensation, professional liability, fiduciary coverage, bonds and personal insurance, as well as a full range of employee benefits, retirement and investing services. It employs 37 people, offering a number of benefits that include:

- Bonuses twice a year.
- Flexible scheduling with a telecommuting option.
- Periodic free lunches.
- Events that include a crab feast and holiday party.
- Educational assistance.

41. AH&T INSURANCE

AH&T Insurance is a Leesburg, Va.-based retail agent/broker offers risk management consulting, employee benefits, surety bond and retirement planning services. With

offices in the New York, Seattle and Washington areas, it employs 135 people and provides perks such as:

- Telecommuting.
- Employee stock options.
- Sponsorship of charitable events.
- Bonuses for obtaining certain insurance-related designations.
- An annual golf tournament for the Leesburg and Seattle offices. The Leesburg office has donated more than \$340,000 to local charities in the past 23 years.

42. THE PLEXUS GROUPE L.L.C.

The Plexus Groupe L.L.C. is a Deer Park, Ill.-based boutique retail agent/broker with offices in Chicago, Dallas and Oklahoma City. It provides risk management consulting, insurance brokerage and value-added services to commercial enterprises. Benefits it offers its 77 employees include:

- Holiday parties, picnics and ice cream socials.
- Company team-building events.
- Paid time off tied into wellness incentives.
- Summer hours for support staff.
- A "walking" workstation that allows workers to use a treadmill.

43. MATRIX HEALTHCARE SERVICES INC., DBA MYMATRIX

Matrix Healthcare Services Inc. is a Tampa, Fla.-based claims manager that combines advanced technology, expert clinical support, productivity-improving processes, real-time alerts and comprehensive reporting to simplify management of workers compensation claims. It employs 153 people and offers:

- Generous paid-time off and flexible scheduling.
- Performance contests where employees

who meet or exceed their goals are eligible for gift cards or sports tickets.

- Fitness challenges throughout the year.
- Regular company outings and social gatherings.
- Employees can dress casually in return for a charitable donation.

44. THE MGIS COS. INC.

The MGIS Cos. Inc. is a Salt Lake City-based wholesale broker/managing general agent that designs and administers specialized group disability programs for physicians and their employees. It is a company that prides itself on protecting a physician's income. For its own team of 59 employees, it offers:

- Every other Friday off and telecommuting opportunities.
- Personal finance training for staff and their spouses.
- Participation in a charitable giving program.
- A wellness program for all employees and their spouses and health coaching for employees.
- A quarterly on-site "smoothie clinic" to encourage nutrition and healthy cooking classes.

45. BUSINESS BENEFITS GROUP

Business Benefits Group is a Fairfax, Va.-based, full-service benefits broker and consultant brokerage firm specializing in employee benefits, retirement planning, human resources and business insurance. It offers its 33 employees:

- Biggest loser weight-loss challenges.
- Participation in games, such as fantasy football and a shuffleboard league.
- Awards for customer service and for going "above and beyond" in the workplace.
- Holiday parties.
- Casual dress days.



Insuring North America's Energy Industry

"Energis values all employees and offers cutting edge, creative programs and an innovative corporate culture."

Doris G.

Regional Vice President, Safety & Loss Prevention

BUSINESS INSURANCE 2013
BEST places to work



www.energi.com

Face of catastrophe insurance changing as market evolves

PAGE 34

Controversy over foreign reinsurance taxes continues

PAGE 37

World's largest reinsurance brokers ranked

PAGE 39

Reinsurers exploring new territory in efforts to expand

PAGE 36

Reinsurers prepare for effects of global warming

PAGE 38

New capital drives down rates

Pricing for property catastrophe reinsurance expected to improve for cedents at year-end

BY SARAH VEYSEY

The recent influx of nontraditional capital into the reinsurance market will help to reduce rates for certain property catastrophe lines of coverage at the upcoming January renewals, experts say.

And the redeployment of capacity by traditional reinsurers into lines other than property catastrophe also may serve to push down prices in certain lines, they say.

Overall, in the absence of any major losses, the renewal season likely will be fragmented with no blanket movements in rates, observers say.

While there likely will be rate increases in areas that have been affected by losses, ample capacity will result in rate decreases in other areas, and the overall effect will be a relatively stable renewal, they say.

Rates and, to some extent, terms and conditions likely will improve for buyers at the Jan. 1, 2014, renewals as excess capacity and increased competition drive prices down, said Robin Swindell, executive vice president at Willis Re, the reinsurance unit of Willis Group Holdings Ltd., in London.

The largest effect on rates caused by the influx of nontraditional capital likely will be seen in short-tail property/casualty lines, where most of the nontraditional capital likely will be used, Mr. Swindell said. But reduced rates or improved terms and conditions for buyers also may be seen in areas where traditional reinsurers seek to redeploy some of their capacity as a result of the increased competition from nontraditional sources of capacity, he said.

For "peak perils," such as Florida windstorm coverage, the impact of nontraditional capacity on rates was seen at the June and July renewals and as well as rate reductions, some buyers were able to secure longer-term deals and other favorable terms, Mr. Swindell said.

The midyear renewals were the first in which coverage written by nontraditional capital providers was comparable in price, or in some cases less expensive, than that underwritten by traditional reinsurers, said David Flandro, head of business intelligence at Guy Carpenter & Co. L.L.C. in London.

Rates for property catastrophe business fell by as much as 30% at the midyear renewals, he said, though he pointed out that these renewals are dominated by Florida windstorm business.

The Jan. 1 renewals will include many other lines of business and geographies, so the overall rate reductions may not be so pronounced, he said.



AP PHOTO

The Danube River caused flooding throughout central Europe last summer.

FIRST-HALF CAT LOSSES

Floods in Europe, Canada and Australia and severe storms in the United States accounted for the top insured catastrophe losses in the first half of 2013, according to Swiss Re Ltd. and Munich Reinsurance Co. While the reinsurers varied on the ranking of the top insured losses, they agreed that flooding in Europe was the biggest in the first half and looks to be the second-highest insured flood loss on record behind the 2011 flooding in Thailand.

Event	Insured losses
June floods in Europe	\$3.9 billion ¹ -\$4.1billion ²
June floods in Canada	\$1 billion ¹ -\$2 billion ²
May U.S. thunderstorms, tornadoes	\$1.58 billion ¹ -\$1.8 billion ²
March U.S. thunderstorms, tornadoes	\$1.42 billion ¹ -\$1.6 billion ²
January floods in Australia	\$1 billion ² -\$1.1 billion ¹

¹ Munich Re ² Swiss Re

If there is no major catastrophe loss between now and the end of the year, rates for property catastrophe business likely will continue to fall, but prices still will be "adequate" for reinsurers' financial health, said Martyn Street, a director at Fitch Ratings Ltd. in London.

"Pricing outcomes will remain fragmented" at the Jan. 1 renewal, said Mr. Street, with some loss-affected lines likely to see rate increases. For example, he said, it remains to be seen what the effect on pricing will be of the Central and Eastern European flooding and German hailstorms that took place last summer.

"Reinsurance markets remain challenging" for 2014, with the effect of new capacity coming in at a time when interest rates are low — hampering reinsurers' ability to earn investment income — said Torsten Jerrowek, the member of the board of management of Munich Reinsurance Co. responsible for reinsurance.

The influx of nontraditional capital into property catastrophe lines may have the knock-on effect of traditional reinsurers redeploying capital into other lines of business, he said.

"We need to insist on the right pricing," he said.

Reinsurers such as Munich Re may reduce their participation in areas of the market where prices are not seen as adequate, he said.

While reinsurers have felt the impact of new capacity at some of the U.S. renewals, the effect has so far been small in other regions such as Europe, said Jean-Jacques Henchoz, CEO for reinsurance in Europe for Swiss Re Ltd.

The Jan. 1 renewal likely will be "flat" overall on the portfolio of Paris-based Scor S.E., said Victor Peignet, CEO of Scor Global P&C S.E. The market is fragmented, he said, with rate reductions in some areas and stability or rate increases in others.

While the rate reductions seen at the June and July U.S. renewals had an effect to some extent on the "sentiment" in the market, Hannover Re S.E. believes the renewals likely will be stable, according to CEO Ulrich Wallin.

Demand for reinsurance coverage is expected to remain stable at the Jan. 1 renewal, Mr. Wallin said.

The pressure of the low-interest-rate environment is one factor that encourages reinsurers to remain disciplined, he said, and recent flood events in Canada and Germany also likely will have a stabilizing effect on rates.

"At Jan. 1, we can expect a disciplined market and a stable renewal," he said.

While rate decreases were seen for U.S. catastrophe business at the June and July renewals, the extent to which this is continued at Jan. 1 will depend upon how active the hurricane season is between now and year-end, he said.

The markets are quite different in different areas, he said, and while there are "pockets" of rate decreases, there also likely will be some areas — such as business affected by floods in Europe or Canada — where rates will increase.

Overall, terms and conditions likely will not alter much at the Jan. 1 renewal, he said, although this, too, will be dependent on loss experience, among other factors.



If only it were this easy to find the right advisor

Insurance consultants often seem alike. How do you know who can really deliver?

The right expertise from the industry leader can deliver the insight you need to formulate a winning strategic vision and execute successfully on that strategy.

Towers Watson can help. We are leaders in risk consulting and software, reinsurance brokerage, investment management, insurance exchange solutions, benefits, and talent and rewards. We:

- Advise more than three-quarters of the world's leading insurers
- Were named Best Global Consultancy in 2012 and 2013 by *Reactions* magazine
- Are the world's largest insurance actuarial consultancy
- Are the world's largest provider of actuarial software
- Are the world's fourth-largest reinsurance broker and the insurance industry's leading risk management specialist

Let us show you. E-mail insurance@towerwatson.com, or visit towerwatson.com/insurance for more information.

Towers Watson. A global company with a singular focus on our clients.

Benefits
Risk and Financial Services
Talent and Rewards
Exchange Solutions

FACE OF CATASTROPHE COVER CHANGING AS MARKET, PRODUCTS EVOLVE

Traditional reinsurance, insurance-linked securities offer variety



“We still think there’s a complementary relationship between the two markets. Markets are just going to operate differently. I don’t think one is going to cannibalize the others.”

Paul Schultz, Aon Benfield Securities

BY DOUGLAS McLEOD

The rapid growth of insurance-linked securities is changing the playing field for traditional catastrophe reinsurers, creating price competition and forcing reinsurers to redeploy capital — in many cases into their own start-up ILS units.

Rather than battling for dominance, though, ILS products and traditional reinsurance are evolving to complement one another, offering varying advantages to buyers along with greater capacity and pricing efficiency, observers say.

“We still think there’s a complementary relationship between the two markets,” said Paul Schultz, chief executive of Aon Benfield Securities. “Markets are just going to operate differently. I don’t think one is going to cannibalize the others.”

“There will be multiple winners from multiple camps,” said Greg Hagood, Nashville, Tenn.-based co-founder of ILS fund manager Nephila Capital Ltd. “It’s not an us-versus-them argument.”

“Convergence capital” — including catastrophe bonds, collateralized reinsurance and industry loss warranties — is still a relatively small part of the property catastrophe market they primarily serve.

In a global market with \$313 billion in property catastrophe reinsurance capacity, traditional reinsurers still provide about 86% of the total, according to reinsurance intermediary Guy Carpenter & Co. L.L.C. Cat bonds accounted for 5%; collateralized reinsurance, 4.8%; retrocessional products such as sidecars, 2.6%; and industry loss warranties, 1.9%, Guy Carpenter reports (see chart).

The ILS market is in a boom period, though. New prop-

GROWING CAPACITY

The global property catastrophe market has \$313 billion in reinsurance capacity. While the vast majority remains traditional reinsurance, \$10 billion in new capital backing catastrophe bonds, structured industry loss warranties and collateralized reinsurance has entered the market in the past 18 months.

Category	Amount
Traditional reinsurance	\$268 billion
Catastrophe bonds	\$16 billion
Collateralized reinsurance	\$15 billion
Retrocessions	\$8 billion
Industry loss warranties	\$6 billion

Source: Guy Carpenter & Co. L.L.C.

Outside investors expected to take long-term view on reinsurance investments

BY DOUGLAS McLEOD

Convergence capital isn’t a flash in the pan, reinsurance market observers agree.

While the amount of capital committed to insurance-linked securities may ebb and flow with investment market conditions, catastrophe bonds and other ILS products will remain permanent features of the reinsurance marketplace, they say.

Part of the reason is the rise of pension funds and other longer-term investors as large sources of ILS capacity. While hedge funds were early capital providers, they have largely cycled out of the market as pension funds — searching for investments uncorrelated to their existing stock and bond portfolios — have taken a larger role.

Institutional investors — including pension funds — accounted for 41% of global ILS capacity for the 12 months ended June 30, 2013, up from 34% a year earlier, according to Aon Benfield Securities. State catastrophe funds provided a slightly larger share at 43%, but that share shrank from 51% in 2012. Mutual funds provided 12% of 2013 capacity, while hedge funds and reinsurers — amid shrinking yields on cat bonds — provided only 2% each.

Hedge funds are opportunistic, shorter-term investors that are likely to leave the market when yields are low and return when they rise.

Pension funds, on the other hand, have spent several years studying ILS risks and are likely to remain in the market for the long haul, even if the benign catastrophe loss picture changes or rising interest rates make other investments more attractive, sources say.

“They’ve done an enormous amount of due diligence,” said Rick Miller, managing director with Towers Watson Capital Markets Inc. and co-head of its ILS practice. “Once they have decided, it’s not like they are going to abandon the asset class when a catastrophe event happens.”

“Even in a rising interest rate environment, I think they are still interested in this,” said Paul Schultz, chief executive of Aon Benfield Securities in Chicago.

The ILS market draws on two general sources of capital, said Greg Hagood, a Nashville, Tenn.-based co-founder of ILS fund manager Nephila Capital Ltd. One is strategic investors, including pension funds, that may adjust their allocations to ILS funds in response to relative returns on investment but which will maintain a position in the market.

These investors “will just dial up or dial down based on market conditions,” he said.

The other source is what Mr. Hagood referred to as “accordion capital,” which enters and leaves the market quickly as needed.

ILS structures make more investment sense than the more expensive option of capitalizing a startup reinsurer in the wake of a large-scale catastrophe, because that reinsurer may find itself with excess capital when market conditions soften, he said.

“I think it’s a much healthier mechanism for these peaks and valleys,” he said.

Some observers express uncertainty about the impact of a big catastrophe event or rising interest rates on the inflow of capital to ILS funds.

It’s unclear, for example, whether the ILS market will continue to grow at its recent rapid pace if other investment options start to look more attractive, said Joe Calandro, managing director with the insurance practice of PricewaterhouseCoopers L.L.P. in New York.

While capital may ebb and flow from the market, though, ILS funds are here to stay, he said.

“These things are not going to disappear,” Mr. Calandro said.

erty cat bond issues totaled \$4.8 billion in the first seven months of 2013 and for the full year could surpass the record of \$7 billion issued in 2007, according to Guy Carpenter. Outstanding bonds totaled \$16.6 billion as of July 31, an all-time record.

The flood of investor capital has helped push down bond yields to the point where they are sometimes cheaper than traditional reinsurance, and reinsurers have responded by cutting their own rates, observers say.

The ILS alternative is having other effects besides price competition for property cat business, said Robin Swindell, executive vice president with Willis Re, the reinsurance arm of Willis Group Holdings P.L.C., in London. Some reinsurers are shifting capital to cat perils that ILS markets don't typically cover, such as Japanese earthquake risk; to long-tail casualty lines, including niche lines such as surety and credit reinsurance; and even to writing direct insurance for large corporations, Mr. Swindell said.

Overall, the growth of third-party capital could displace up to \$40 billion in traditional reinsurance equity capital, which reinsurers may return to shareholders or redeploy elsewhere, Willis predicted last month.

Expansion

ILS investors, meanwhile, will look for new ways to use their own capital and may expand beyond the high-layer property cat risks where they have a price advantage over traditional markets, observers say.

For instance, the new capital could move into lower layers of catastrophe programs or into marine, aviation or terrorism exposures, they say. And while ILS products historically have been aimed mainly at big global cedents, fund managers may increasingly seek out regional insurers, a "democratization" of the market made possible partly by ILS products adopting the indemnity triggers smaller cedents are more comfortable with, said Michael Popkin, managing director and co-head of the ILS practice at Towers Watson Capital Markets Inc. in New York.

ILS market growth still faces "significant headwinds," said William Donnell, president-U.S. property and casualty reinsurance with Swiss Re Ltd. in Armonk, N.Y. Investors have already gone after the "low-hanging fruit" of U.S. catastrophe risk and are facing a future of rising interest rates that could draw away capital and the challenges of expansion into lines that aren't modeled as thoroughly as U.S. cat risks, he said.

Despite competitive skirmishes, though, ILS products and traditional reinsurance are likely to co-exist and complement one another as the market evolves,

several observers say.

Traditional reinsurers are more flexible as underwriters, offering terms and products not available from ILS investors: reinstatements of limits, for example, or multiline property and casualty covers, reinsurance sources say.

Traditional reinsurers also emphasize services not as widely available from ILS managers, including benchmarking, audits and risk management consulting, said Mr. Donnell.

That added level of service "decommoditizes" reinsurance transactions, he said.

ILS providers, with their relatively low cost of capital, bring pricing efficiency to model-friendly risks, moderating the peaks — and potentially the troughs — of market cycles, said Kevin Madigan, director of actuarial and insurance management solutions with PricewaterhouseCoopers L.L.P. in Saratoga Springs, N.Y.

ILS capacity also will fill gaps where traditional reinsurers' risk appetites fall short: New York's Metropolitan Transportation Authority this year placed a \$200 million cat bond for storm surge risk through GC Securities after

finding traditional reinsurers were concerned about over-concentration of risk in lower Manhattan, said Chi Hum, global head of ILS distribution for GC Securities, a unit of MMC Securities Corp. in New York.

"This is not going to displace reinsurance. It's another reinsurance type of option," said Joe Calandro, managing director with PwC's insurance practice.

Traditional and convergence capital are increasingly likely to co-exist within the same companies, with large reinsurers setting up or expanding ILS operations

and ILS investors forming more traditional underwriting arms such as Lloyd's of London syndicates, sources predict.

Underwriting managers will be able to tap different "balance sheets" — traditional equity capital or ILS capital — to fill out programs as needed, said Rick Miller, a Towers Watson Capital Markets managing director and co-head of its ILS practice.

Over the next two to three years, he said, "it will become increasingly difficult to distinguish between reinsurance underwriters and portfolio managers."

In these turbulent times, who knows what opportunities may blow your way?

Crisis in the Eurozone. Global lack of confidence. Uncertainty. Unrest. In such a volatile economic climate, many people's first instinct is to run for shelter. But what if that meant missing out on fresh possibilities? At Swiss Re, confronting uncertainty has been our business for almost 150 years. And now, in today's ever more rapidly shifting risk landscape, our task is to be ever more agile and alert. We're here to identify emerging risks and opportunities alike, and enable our clients and brokers to look beyond the immediate challenges. At Swiss Re, risk is our raw material; what we create is opportunity.

Put some wind in your sails at www.swissre.com

Swiss Re



SWISS RE
150
YEARS

©2013 Swiss Re

Reinsurers eye perils covered by government programs

Public/private partnerships seen as coverage solution for some catastrophe risks

BY SARAH VEYSEY

Reinsurers seeking growth in a highly competitive marketplace are exploring the possibility of taking on some risks hitherto reinsured by governments or state-backed plans, experts say.

Increased confidence in modeling risks, coupled with the need to find growth outside of traditional areas of coverage or geographic exposure, are resulting in greater appetite to underwrite such risks, they say.

While about \$2 billion of reinsurance premium is generated by the reinsurance of government-backed programs to insure catastrophe risks, this remains a hugely untapped market with large amounts of potential reinsurance premium volume still being held by governments, said Dominic Christian, executive chairman of Aon Benfield International in London.

Such risks include U.K. and European flood and U.S. earthquake exposures, among others, he said.

There is a “great opportunity” for reinsurance capital providers to enter into public/private partnerships and transfer some of this risk, he said.

And coupled with increased appetite from reinsurers to grow into untapped markets, governments likely will be encouraged by the reinsurance market’s solid recent financial performance, Mr. Christian said.

At a time when many countries’ budgets have been stretched by recessionary pressures, this may add to a willingness to transfer more risk to reinsurance markets, he said.

Governments around the world are looking to move certain catastrophe risks off their own balance sheets, said Richard Booth, vice chairman at Guy Carpenter & Co. L.L.C. in New York.

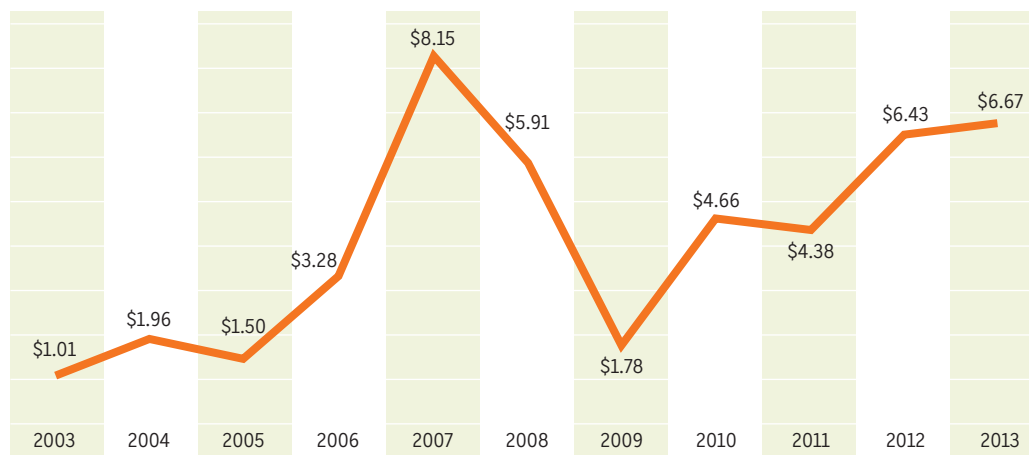
Flood risk

Flood risk, for example, is an economic and a political issue in almost every country, said David Priebe, vice chairman with Guy Carpenter in New York. Many governments are trying to work out how to manage that risk and, given the economic constraints that many of them face, there is an increased appetite for some of that risk to be transferred to the private sector, he said.

In some cases, governments like-

CAT BONDS

Annual issuance volume of insurance-linked securities reached \$6.7 billion in the year ended June 30, 2013, the highest since 2007. Catastrophe bond issuance for the years 2003-2013 ending June 30, in billions of dollars:



Source: Aon Benfield Securities

U.S. seeks ways to privatize flood risks

The private reinsurance market would like to assume a greater role in reinsuring risks such as flood and other catastrophic risks that are covered by federal or state insurance programs, according to industry leaders.

In fact, even the U.S. government through the Federal Emergency Management Agency has been tasked with exploring how the private reinsurance market could assume flood risk covered by the debt-ridden National Flood Insurance Program.

“The market is poised to take on more risk,” said Frank Nutter, president of the Washington-based Reinsurance Association of America.

Reinsurers in the U.S. have considerable exposure to U.S. wind risk, he said. “Both flood or earthquake are viewed as diversifying risk. And the market is very robust in capital, it has a lot of capital to deploy. Any opportunity like this one to explore underwriting a new risk like this one is very attractive to the market.”

R.J. Lehmann, senior fellow at the R Street Institute, a Washington-based free-market oriented

think tank, said that expanding private reinsurance’s role in public risk pools is “possible and a good idea, and it’s happening to some extent.”

He cited the California Earthquake Authority as an example of a public entity that taps the private market.

“They cede a significant part of their risk to reinsurers, and they’ve used cat bonds,” said Mr. Lehmann. He added that residual risk pools in several states, including Louisiana, Massachusetts and North Carolina have turned to the

private reinsurance market. He also noted that Florida’s Citizens Property Insurance Corp., which provides coverage to Florida citizens who cannot find coverage in the private market, closed a \$750 million, two-year cat bond last year.

Brad Kading, president of the Hamilton, Bermuda-based Association of Bermuda Insurers and Reinsurers, said private reinsurers already cover flood risks outside the U.S.

He said that giving private reinsurers a larger role in the U.S. flood market would benefit taxpayers by reducing additional federal debt from future flood losses.

“Private insurance and reinsurance also means that prices would be risk-based, and price signals would warn consumers of the risk associated with their properties,” he said.

The RAA’s Mr. Nutter said the Biggert-Waters Flood Insurance Reform Act of 2012 required FEMA to contract with an outside party to evaluate the interest of the reinsurance market to assume flood risk, to prepare a flood insurance model, and to evaluate privatization options more broadly than the reinsurance markets. The law also called for a separate study on affordability.

Mr. Nutter said requested proposals for the study were due at the end of August and the deadline for announcing who would conduct the study was supposed to be by Sept. 27, but the deadline passed with no announcement.

Mr. Nutter said there seems to be no organized opposition to the idea that private reinsurers become more involved in public risk mechanisms.

By Mark A. Hofmann

“Private insurance and reinsurance also means that prices would be risk-based, and price signals would warn consumers of the risk associated with their properties.”

Brad Kading,
Association of Bermuda
Insurers and Reinsurers

ly are unaware of the size of the risks they are retaining, said Christopher Schaper, president of Montpelier Re Ltd. “Event amplitude around the world will continue to increase,” he said, and there are opportunities for reinsurers to help governments with that increased need for capacity.

This is an area of opportunity for reinsurers, said Victor Peignet, CEO of Scor Global P&C S.E., a unit of Paris-based Scor S.E.

“The reinsurance market has shown that it can take natural catastrophe risks pretty well, and it makes sense to open (what currently is reinsured by governments) up to the markets,” Mr. Peignet.

“We see opportunities for public/private partnerships,” he said.

The influx of new capital from nontraditional sources, such as pension funds, likely will also help the development of such business, making it so it would not simply be “cannibalizing” existing business, Mr. Peignet said.

Sustainability issues

This is a big topic for the reinsurance industry, and brokers have worked hard and effectively in some cases to find solutions for governments wishing to transfer risk, said Jean-Jacques Henchoz, CEO of reinsurance for Europe at Swiss Re Ltd.

There are potential difficulties, as seen with a failed proposed plan to insure flood risk in the Netherlands, where authorities may deem funds anti-competitive, he said. But there are certainly insurance and reinsurance gaps in areas such as German flood risk or Italian earthquake exposure where the reinsurance industry can play a role, he said.

“We can really do a lot as an industry — and we should really do a lot — for sustainability,” he said.

While politicians frequently are focused on the short term, the reinsurance industry should kick-start a dialogue on longer-term sustainability issues, he said.

“We need governments and insurers to stand in line” and step up where there is underinsurance, said Michael S. McGavick, CEO of XL Group Ltd.

Areas such as U.S. flood risk provide huge opportunities for insurers and reinsurers to become involved in risks that are backed by governments, he said (see related story).

Controversy over foreign reinsurance taxes continues

New proposals reopen arguments over how entities outside U.S. are taxed

BY BILL KENEALY

With foreign-domiciled reinsurers accounting for a sizeable portion of the reinsurance capacity available to U.S. cedents, how these foreign reinsurers are taxed has long been a source of controversy.

With legislation pending in the U.S. House and Senate to disallow tax deductions for reinsurance premiums paid to affiliates based in any jurisdiction not subject to U.S. tax law, the issue is resurfacing.

"This proposal has been introduced in various forms since 2000," said Tracy D. Williams, a Chicago-based partner with law firm of Sidley Austin LLP.

She said the House and Senate bills are intended to correct a perceived advantage for the foreign-domiciled reinsurers, which pay an excise tax on reinsurance premiums while U.S.-based reinsurers pay an income tax on the premiums they earn.

"The idea was for domestic companies to pay the income tax and for foreign companies to pay the excise tax," Ms. Williams said. "There are some that believe that this is an adequate substitute and others that believe that the excise tax is insufficient to level the playing field."

Prominent supporters of the legislation include the Coalition for a Domestic Insurance Industry, which represents 13 U.S.-based insurance groups, including Berkshire Hathaway Inc., The Chubb Corp., W.R. Berkley Corp. and Liberty Mutual Group Inc.

William R. Berkley, chairman and CEO of W.R. Berkley and chairman of the Coalition for a Domestic Insurance Industry, said the issue is one of basic fairness, contending that current U.S. law gives a preference to foreign-controlled reinsurers over their domestic competitors.

"They should allow all of us to use it or none of us," Mr. Berkley said of the tax deduction.

Opponents of the legislation include the Coalition for Competitive Insurance Rates, whose members include insurers such as Ace Ltd. and Zurich North America as well as the Risk & Insurance Management Society Inc. They contend passage of the bills would cause foreign-based reinsurers to restrict their business in the United States, harming customers by raising the cost of insurance.

"We are making the case that these bills are bad for the consumer because they will lead to restrictions in the reinsurance marketplace," said Bradley L. Kading, president of the Association of Bermuda Insurers & Reinsurers, another member of the coalition opposing the bills.

Moreover, European governments can make the case that passing these bills would violate international tax treaties such as the General Agreement on Tariffs and Trade, Mr. Kading said.

Nonetheless, Mr. Berkley countered that the current rush of alternative capital into the reinsurance space negates the argument about a lack of capacity if foreign-domiciled insurers were to retreat from

the market.

Kirk Van Brunt, a Washington-based partner at Locke Lord LLP, said despite intense lobbying by both sides, the bills' future is far from certain given the congressional gridlock in Washington.

"Some form of this proposal has been rattling around Washington for many years," Mr. Van Brunt said. "It keeps coming back and never goes anywhere, so I don't

have any reason to think this is going to go anywhere either."

Yet Mr. Kading said there is concern among opponents of the legislation that the issue may be wrapped into broader efforts at tax reform.

"The arguments for these bills have not been persuasive in the past, but the key question now is whether we get swamped by the need for new revenue," Mr. Kad-

ing said.

Mr. Van Brunt said recent history has shown a limited ability for politicians to make large changes to the U.S. tax code.

"Other than the Tax Reform Act of 1986, any other attempt to do comprehensive tax reform never gets off the ground," he said. "It is going to take a sea change politically before anything meaningful is going to be done."

TOPICS Renewable App

Learn more about the opportunities and risks involved in renewable energies from an insurance perspective.

Available from iTunes and Google Play



Energy demand



Solar panel manufacturer



125 kWh/Month

The power of renewable energy is endless.

The demand for energy is rising – power from renewable sources is becoming more important. Our future depends on sustainable energy sources, which is in unlimited supply. We have the know-how to provide you with risk transfer solutions that make insuring and investing in technologies easier. Let's build a better future together.

Learn more at munichreamerica.com

NOT IF, BUT HOW

Products and services provided by Munich Reinsurance America, Inc. Princeton, New Jersey

Munich RE



Reinsurers preparing for effects of global warming

Catastrophe modeling, underwriting adapt to potential changes

BY BILL KENEALY

The reinsurance industry is making measured headway in accounting for the potential impact of climate change in operational areas such as underwriting and catastrophe modeling, experts say.

One of the primary challenges the industry faces in addressing the issue is that while climate change is a complex, long-term phenomenon, the industry operates on an annual cycle, said Carl Hedde, Munich Reinsurance America Inc.'s head of risk accumulation.

"From a day-to-day impact on our modeling and pricing, I wouldn't say that climate change by itself has a significant impact," Mr. Hedde said. "The models are based on historical data sets that may have embedded in them signals from climate change, but you can't say the exact amount related to climate change."

Likewise, Sibylle Steimen, head of catastrophe risk management for Allianz S.E. Reinsurance, said reconciling a long-term projection with short-term business operations was a challenge.

"We have to keep in mind that we are talking about long-term developments here," she said. "At the moment, long-term thinking is more prevalent in the life insurance sector. In (property/casualty), we are used to a more short-term view, so the whole industry is still working through how to implement this sort of thinking."

Nonetheless, Ms. Steimen said the company was starting to address climate change from an operational point of view. "We are regularly monitoring 45 scenarios

two times a year, so we have quite a broad view to what is going on, but more and more the topic of climate change is on our agenda as well," she said.

Mr. Hedde agreed that it is important for reinsurers to better understand what is going on in the environment and how that is reflected in the commercial models and internal models, noting that Munich Re was one of the first reinsurers to hire scientists to study weather-related issues.

"We study the perils ourselves and we have our own view of risk," he said. "We think it's important not just to license the third-party models, but to also understand how they work. So, we don't use any of the models off the shelf, we make our own internal adjustments."

Lara Mowery, head of the global property specialty practice at reinsurance broker Guy Carpenter & Co. L.L.C., said the industry has made strides in how to better leverage the models provided by third-party catastrophe modeling firms such as Risk Management Solutions Inc., Eqecat Inc. and AIR Worldwide Corp.

"We are seeing insurers and reinsurers becoming more sophisticated about how they want to understand what goes into technical risk assessments and the assumptions made by modeling companies," she said.

In addition to increasingly making the assumptions behind their models open for analysis by users, catastrophe modeling firms also are continuing to improve their models as new scientific research becomes available and computers become more powerful.

Peter Dailey, San Francisco-

based vice president and director of atmospheric science of AIR Worldwide, said his firm's models continue to improve as new research becomes available, citing newly gained understanding of how three well-measured climate variables — sea surface temperatures, wind shear and steering currents — interrelate.

"The key climate conditions that we focus on are the ones that most highly correlate with the historical record," he said. "The reason wind

shear is important from a climate perspective is that El Niño and La Niña, which are Pacific phenomena, directly correlate with Atlantic windstorms."

Mr. Hedde also is optimistic about the improvement of models.

"Aside from the research being done in physical science and engineering, one of the catalysts for change has been increased computing power," he said. "This is allowing modeling firms to use more information and model in

'high definition.'"

Yet, Mr. Hedde said the industry should not ignore some more immediate ways to combat the potential effects of climate change, such as improved building codes.

"We are very active in promoting better building design and construction techniques," he said. "For example, what we are finding is that it is not much more expensive to put a roof on a house that stays on at higher wind speeds."

Insurance industry warms to new climate report

Members of the insurance industry have lined up to support the recently released first installment of the Intergovernmental Panel on Climate Change's Fifth Assessment Report.

"The entire process of insurance is predicated on being able to understand and assess current and future exposures, so when a report comes out that has vital information on how and why the world is changing, it's important for the industry to take a look," said Lara Mowery, Minneapolis-based head of the global property specialty practice at reinsurance broker Guy Carpenter & Co. L.L.C.

New York-based Mark Way, who heads reinsurer Swiss Re

Ltd.'s sustainability work in the Americas, said the insurance industry needs to demonstrate leadership on climate change, noting that Swiss Re will join an initiative that pledges companies to source 100% of their energy needs from renewable sources by 2020.

"When a body like the IPCC concludes that, with 95% certainty, mankind is causing climate change, we would be foolish not to listen," he said. "And yet, we are still not listening closely enough. The transition to a low-carbon economy and a more climate-resilient society cannot be thought of as options; they are necessities."

By Bill Kenealy

"When a body like the IPCC concludes that, with 95% certainty, mankind is causing climate change, we would be foolish not to listen."

Mark Way
Swiss Re Ltd.

WORLD'S LARGEST REINSURANCE BROKERS

Ranked by 2012 gross revenue from reinsurance brokerage and related services*

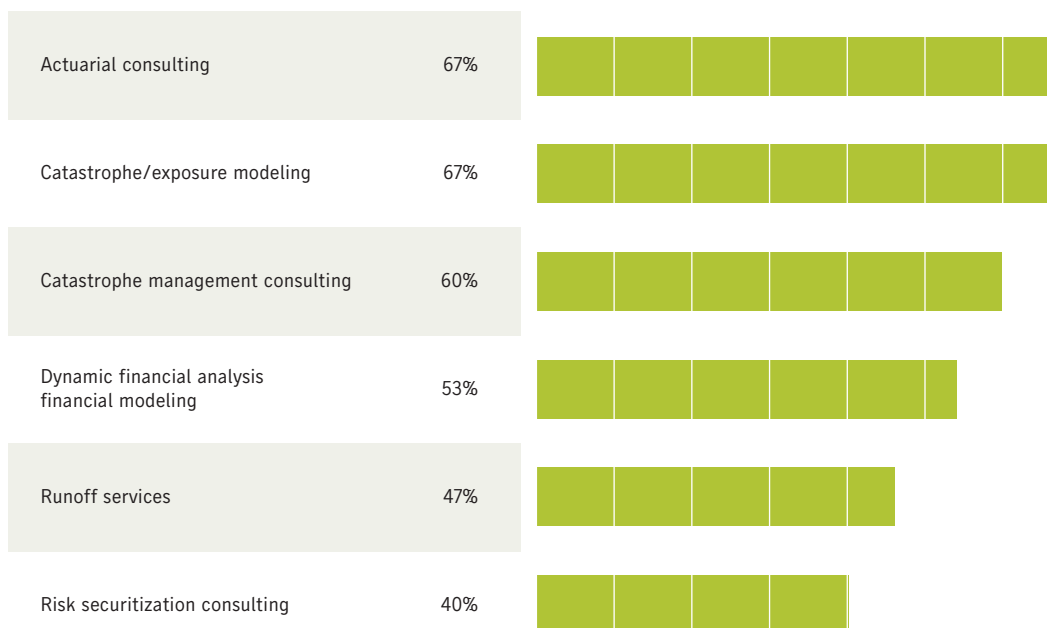
Rank	Company, address	Phone, website	2012 gross reinsurance revenue	2011 gross reinsurance revenue	% change	2012 employees	Officers
1	Aon Benfield 55 Bishopsgate London, England EC2N 3BD	44-207-088-0044 www.aonbenfield.com	\$1,505,000,000	\$1,463,000,000	2.9%	3,000	Michael Bungert, Dominic Christian, co-CEOs
2	Guy Carpenter & Co. L.L.C. 1166 Avenue of the Americas New York, N.Y. 10036-2708	917-937-3000 www.guycarp.com	\$1,079,313,000 ²	\$1,040,787,000 ¹	3.7%	2,215	Alex Moczarski, CEO
3	Willis Re 51 Lime St. London, England EC3M 7DQ	44-203-124-6000 www.willisre.com	\$837,000,000	\$763,000,000	9.7%	1,527	Peter Hearn, chairman-Willis Re; John Cavanagh, CEO-Willis Re
4	JLT Reinsurance Brokers Ltd. 6 Crutched Friars London, England EC3N 2PH	44-207-466-1300 www.jltre.com	\$197,598,973 ³	\$165,330,600 ⁴	19.5%	N/A	Alan Griffin, executive chairman
5	Towers Watson & Co. ¹ Centre Square East, 1500 Market St. Philadelphia, Pa. 19102-4790	215-246-1600 www.towerswatson.com	\$182,961,556	\$180,131,000	1.6%	412	Ross Howard, global managing director
6	Cooper Gay Swett & Crawford Ltd. 52 Leadenhall St. London, England EC3A 2EB	44-207-480-7322 www.cg-sc.com	\$137,825,000	\$132,690,000	3.9%	534	Toby Esser, CEO
7	BMS Group Ltd. One America Square London, England EC3N 2LS	44-207-480-7288 www.bmsgroup.com	\$102,000,000	\$84,600,000	20.6%	340	Dane Douetil, group CEO, BMS Associates Ltd.; Nick Cook, CEO, BMS Group Ltd.-broking
8	Miller Insurance Services L.L.P. Dawson House, 5 Jewry St. London, England EC3N 2PJ	44-207-488-2345 www.miller-insurance.com	\$85,186,270 ^{5,6}	\$82,241,415 ^{5,7}	3.6%	593	James Geffen, head-reinsurance; Michael Papworth, head-facultative reinsurance
9	UIB Holdings (U.K.) Ltd. 69 Mansell St. London, England E1 8AN	44-207-488-0551 www.uibgroup.com	\$60,864,760 ³	\$53,402,560 ⁴	14.0%	309	Bassem Kabban, chairman-United Insurance Brokers Ltd./CEO-UIB Holdings Ltd.
10	THB Group Ltd. 107 Leadenhall St. London, England EC3A 4AF	44-207-469-0100 www.thbgroup.com	\$55,000,000 ⁸	\$33,362,109 ^{8,9}	64.9%	700	Frank Murphy, CEO

* Includes all reinsurance revenue reported through holding and/or subsidiary companies.

1 In September, Towers Watson & Co. announced it would sell its reinsurance broking business to JLT Reinsurance Brokers Ltd. The deal is expected to be completed by year-end. 2 Includes aviation reinsurance business placed by Marsh Inc. 3 British pound = \$1.6274 (2012). 4 British pound = \$1.5524 (2011). 5 Fiscal year ending April 30. 6 British pound = \$1.5533 (April 30, 2013). 7 British pound = \$1.6238 (April 30, 2012). 8 Fiscal year ending Oct. 31. 9 British pound = \$1.6082 (Oct. 31, 2011).

SERVICES PROVIDED BY REINSURANCE BROKERS

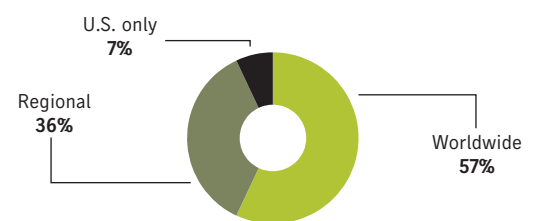
Based on percentage of companies offering services other than reinsurance broking from all BI survey participants.



Source: BI survey. Researched by Angelina Villarreal

GEOGRAPHIC SCOPE OF SERVICES

Includes all reinsurance brokers participating in the BI survey



REINSURANCE BROKERAGE REVENUE

Revenue of the world's 10 largest reinsurance brokers, in billions of dollars, increased for a fifth consecutive year in 2012.



SPECIALTY INSURANCE POSES CONSTANT NEW CHALLENGES

Q What makes Winston-Salem, N.C.-based BB&T and Crump a good match?

A Crump was a private company that had financial sponsors who were interested in exit strategies, and the range of potential strategic buyers for a wholesale insurance business is limited because carriers aren't generally good homes for wholesale insurance brokers. Neither are retailers. BB&T was a very attractive partner because it was a bank, but it was also a bank that understood insurance.

BB&T has been active in insurance since 1920, and has also been active in wholesale insurance for more than a decade through a variety of different businesses, including well-known brand names like CRC Insurance Services, Southern Cross Underwriters and TAPCO Underwriters. So when we looked at it, we thought that was a very good fit.

Q How does the Crump wholesale organization support BB&T's retail insurance operations?

Q&A

A BB&T's retail insurance operations are a significant customer for Crump, along with many other retail insurance operations. We're careful to treat each of our customers with the importance and confidentiality that they deserve. We provide a large platform that has a diverse array of specialists who have expertise in a wide array of niches. Those are capabilities that retail brokers generally can't afford to invest in on their own. By leveraging our platform, we give all of our clients access to specialists and, in some cases, markets

that they are not able to access otherwise.

Q Your career includes the broker and carrier side of the business, and you've been responsible for a variety of product lines. How does your diverse background contribute to your success?

A One of the lessons that I've learned is that perspective is incredibly important. By working in a variety of different roles, I have been able to develop perspective so that I can see things from our partners' point of view. I've encountered a wide array of challenges over my career, but in my experience, it always comes down to people. Insurance is a service business that's very dependent on relationships, and those relationships are developed through knowledge, expertise and shared values.

Q What do you like best about the work you do?

A Almost every day is different. I think that I would get pretty bored in a run-of-the-mill job



JOHN HOWARD

BB&T INSURANCE SERVICES INC.

John Howard is the Roseland, N.J.-based vice chairman and CEO of BB&T Insurance Services Inc.'s wholesale and specialty division, following its 2012 acquisition of Crump Group Inc., where he was the former president and CEO. He spoke recently with *Business Insurance* Senior Editor Joanne Wojcik about the factors that led to this union between a Northeast wholesaler and a Southern bank-owned insurance broker. Edited excerpts follow.

Q What don't most people know about you?

A One thing that I have tried to do over the years is to play great golf courses on some of my business trips. It helps me to strengthen relationships with individuals, and it also helps me to have a better connection with some of the areas that I travel to. I've now played almost all of the top 100 golf courses in the United States. Internationally, I'm at about 70 of the top 100.

where you did the same thing every day until you've retired. Specialty insurance is a field where you're constantly challenged to grow and develop and learn new things. Related to that is working with very interesting people. I like to think that the people who I work with really enjoy what they do and have a passion for the service that we provide. That passion is energizing. When I look at it, it's the excitement of coming to work every day to do new things with people that you respect.

COMINGS & GOINGS

UP CLOSE: BRETT SCHNEIDER

NEW YORK-BASED EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
National Financial Partners Corp.

PREVIOUS POSITION: New York-based senior vice president and controller for National Financial Partners Corp.

LOOKING FORWARD TO: First, I am looking forward to being a strategic partner with the rest of the executive management team, by helping them think through the financial implications of the core initiatives of the company. Secondly, to make sure the company is financially positioned to invest in those core initiatives.

CHALLENGES FACING INDUSTRY: Life insurance has been impacted by the low-interest-rate environment, which puts pressure on the carriers and offerings. On the benefits side, it's the uncertainty surrounding the (Patient Protection and) Affordable Care Act. That uncertainty has provided this company an opportunity to work with clients to help them navigate the changing landscape.

FIRST INDUSTRY JOB: I was with KPMG L.L.P. as an auditor in their financial services division.

WHAT SURPRISED ME: The fact that each state has a



different set of rules and regulations around product offerings. It requires us to have certain legal entities and individuals to be licensed in several states. It's an administrative burden.

MYSELF IN 10 YEARS: I see myself as the CFO of a (National Financial Partners) that is three times its current size.

OUTSIDE THE INDUSTRY, A DREAM JOB: A commercial architect. I like designing and building.

HOBBIES: Tennis, soccer, skiing and golf. Spending time with my family on the weekends.

FAVORITE BOOK: "The Kite Runner" by Khaled Hosseini. It gave me an insight and appreciation of the Afghani culture.

FAVORITE MEAL: Raw oysters.

BEST CITY: New York. It has a lot of restaurants. You have the water. You can go boating. There are the plays. There's a lot to do. Skiing in Vermont is close.

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

Cooper Gay Asia Pte. Ltd.	Julian Yu
Willis Capital Markets & Advisory	Brad Livingston
Willis North America Inc.	Linda Leigh Long
Lockton Cos. L.L.C.	Keith Mulvihill

INSURERS

Secura Insurance Holdings Inc.	Steve Miller
Liberty Mutual Insurance	Thomas J. Kelley
CNA Financial Corp.	Bob Schmid
Endurance Specialty Holdings Ltd.	Graham Evans
The Hanover Insurance Group Inc.	Greg Leffard
Ace Ltd.	Nicolas Givélet

REINSURANCE

Aspen Reinsurance	Michael Dicker
-------------------	----------------

OTHER

Mercer L.L.C.	Richard Dell
Hanover Stone Partners L.L.C.	Larry Lund

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: Kate Shepherd, *Business Insurance*, 150 N. Michigan Ave., Chicago, Ill. 60601-7524. kshepherd@businessinsurance.com.

Leverage Business Insurance's Media Experts

Savvy marketers understand that powerful content builds new business and cements existing relationships. Business Insurance's Custom Media Group can create, curate & distribute original content to your clients and potential clients through Business Insurance's media outlets. Custom services include:

White Papers	Infographics
Webinars	Custom Publications
Custom Events, breakfast/lunch networking & presentations	Interactive Media
Virtual Events	Email Development & Marketing
Customized Roundtables – live/print/virtual	Blog Posts
Commemorative collateral & campaigns	Lead Generation
Case Studies	Videos
Research	Social Media
	Case Studies

Our Custom Media Group can also help you re-purpose existing content, distribute and generate new qualified leads through multi-channel distribution, with a turnkey operation and customized programs for every budget. Together, we can develop the idea that links your brand to a powerful story.

Find out how BI Custom Media Group can provide consultation and assessment of your needs and develop custom content that will generate sales.



Contact Fern Sheinman, Sales Manager
at 619-944-5114 or fsheinman@crain.com





hap.org

Choosing the right health plan often starts with an expert referral.



*“Highest Member Satisfaction among
Commercial Health Plans in the Michigan Region,
Six Years in a Row.”**

And when you refer HAP, you can be sure your customers are treated right.

Don't just take our word for it – these last six years say it all. When you consider HAP's many advantages, it's easy to see why. As a licensed producer who contracts with HAP, you'll enjoy competitive commission schedules, attractive bonus programs, online quoting capabilities and access to products available both on and off the Health Insurance Marketplace. But you must be contracted with HAP to sell our products. So if you want to offer your clients HAP's award-recognized service as a contracted HAP Producer, email Gina Theisen at gtheisen@hap.org or give her a call at (248) 443-8505.

**Fully insured PPO, EPO and HMO plans • Self-funding/Shared-funding plans
Consumer-driven health plans • Medicare Supplement and PDP plans**



Personal • Group • Medicare



*Health Alliance Plan of Michigan received the highest numerical score among commercial health plans in the Michigan region in the proprietary J.D. Power 2008-2013 U.S. Member Health Plan StudySM. 2013 study based on 33,353 total member responses, measuring four plans in the Michigan region (excludes Medicare and Medicaid). Proprietary study results are based on experiences and perceptions of members surveyed December 2012 – January 2013. Your experiences may vary. Visit jdpower.com.

AIG's new tool estimates cost of recall incidents

American International Group Inc. has launched NOVI, a Web-based service to help companies estimate the cost of product recall incidents.

The insurer also has expanded its available accidental contamination coverage limits to \$35 million, AIG said in a statement.

The product was launched in response to the growing financial impact and frequency of product recalls for food and beverage manufacturers, distributors and importers in the U.S. and Europe, according to AIG.

The expenses companies face from product contamination requiring a recall can include replacement and destruction costs and lost profit from plant shut-downs, government intervention and brand damage, according to the statement.

NOVI provides food and beverage companies an estimate of their probable maximum recall loss in the event of product contamination. The estimate uses more than 80 data points and a methodology based on the insurer's experience providing contamination insurance, analysis of recall incidents and input from food safety consultant NSF International, according to the statement.

Euler Hermes expands North American services

Trade credit insurer Euler Hermes S.A. has launched CAP, a product that offers its U.S. and Canadian policyholders additional coverage for specific or short-term transactions of a size and risk that require more levels of support.

CAP is a second layer of insurance protection that allows businesses to purchase up to \$1.5 million in coverage above previously approved limits, the insurer said in a statement.

CAP provides coverage on trade credit receivables in domestic and export markets and aids customers that need additional coverage on partially approved or declined limits, have accounts receivable exposures above their approved limits or have peak-season sales opportunities, according to the statement.

"We created CAP in direct response to our customers' requests as they seek to make the most of every sales opportunity," Jochen Duemler, CEO and head of Paris-based Euler Hermes' Americas region, said in the statement. "While we continue to offer the most coverage possible under our customers' existing policies, situations can arise where they would benefit from increased coverage on higher-risk buyers."

Verisk Analytics launches climate division

Verisk Analytics Inc. has launched a new division, Verisk Climate, to provide solutions for managing enterprise climate and environmental risks.

The division aims to increase service to customers during high-impact events

PRODUCTS & SERVICES

Zurich launches global D&O policy

Zurich North America, a unit of Zurich Insurance Group Ltd., is introducing a Side A directors and officers liability policy that addresses evolving litigation issues and provides coverage for global liability exposures in countries that include Brazil, China, India, Japan and Mexico.

The coverage already is available in the United States and will be available to Canadian customers in the near future.

"A traditional D&O policy may have many limitations, opening up coverage gaps," Mike Karmilowicz, head of Zurich North America's management solutions business, said in a statement. "Zurich's Side A policy has broader coverage grants and limited exclusions that help provide coverage for a company's officers and directors."

Policy features include international coverage and services in more than 200 countries; broad coverage grants and limited exclusions; advancement of defense costs; an option for directors and officers to buy an extended reporting period; and nonrescindable coverage.

Zurich's multinational insurance application also offers greater compliance with insurance and premium tax regulations, Mr. Karmilowicz said. It covers more than 180 countries and territories, with information on local insurance laws in 41 risk categories such as business interruption and property material damage.

and improve resilience to the effects of environmental extremes, Verisk said in a statement.

Kyle Beatty, former senior vice president of Verisk's atmospheric and environmental research unit, has been named division president of Verisk Climate.

"Verisk Climate is fundamentally different than a weather forecasting company: The breadth of our scientific knowledge, our access to environmental big data, our ability to transform that data into decision analytics, and the integration we offer into clients' workflows through Verisk software platforms allow us to effect change in unprecedented ways," he said.

The solutions also can be used for supply chain management by manufacturers, suppliers and distributors for product demand forecasts, along with helping to

mitigate climate and environmental disruption risks to manufacturing facilities and suppliers, according to the statement.

"Verisk Climate's land surface terrain analytics are providing unprecedented information regarding a site's risk characteristics, including property slope, complexity of terrain and site accessibility, which can be used to further refine the 20 million property valuations conducted in Verisk Insurance Solutions underwriting platforms each year," Neil Spector, president of Verisk Insurance Solutions Underwriting, said in the statement.

The Verisk Climate division is headquartered in Lexington, Mass.

Zurich offers railroads crisis management cover

Zurich Insurance Group Ltd. is offering a crisis management communications solution for railroad companies.

The product provides reimbursement for communications and public relations services pertaining to railroad-related accidents, the insurer said in a statement.

Through Zurich, rail companies in the midst of a crisis can receive reimbursement of up to \$25,000 in communications/public relations expenses and access to a panel of public relations firms and experts, according to the statement. Services include setting up toll-free phone numbers to handle calls about the crisis, guidance on social media and other digital communications, message and press release development, and media relations help, Zurich said.

"Our first priority as an insurance company is to help our customers understand and follow best safety practices in order to help them mitigate their risks. However, when incidents do arise, our customers often need help beyond the payment of a claim," Ron Mathewson, rail casualty manager for the U.S. and Canada at Zurich, said in the statement.

New captive firm targets midsize organizations

Alterra Risk Management L.L.C., an independent captive solutions provider for midsize organizations, has started operations.

The firm was formed by a group of insurance industry veterans to provide a simplified approach to captive insurance for small- to middle-market companies, the company said in a statement.

Companies will be able to optimize insurance coverage needs, control risks, reduce insurance costs and retain underwriting profit and investment income by using Alterra's captive solution, according to the statement.

"Our programs simplify the entire captive process. We make the transition from commercial insurance to a captive solution seamless for our clients," Scott Gorman, Alterra's executive vice president of business development and co-founder, said in the statement.

Alterra offers solutions that allow more businesses to partner with commercial insurers and share profits generated from favorable loss experience and cost savings, Alterra said in the statement.

DEALS & MOVES

Gallagher buys benefits broker serving self-funded clients

Itasca Ill.-based Arthur J. Gallagher & Co. has acquired RJ Dutton Inc. of Overland Park, Kan.

RJ Dutton provides employee benefit consultation and brokerage services primarily for self-funded, large group clients throughout the United States.

It also offers benefits plan design; group purchasing programs; consumer-directed plans such as health savings accounts, health reimbursement arrangements and cafeteria plans; retirement plans; and regulatory compliance services.

The company specializes in the medical, energy, professional sports, mining, retail and hospitality industries.

Terms of the transaction were not disclosed.

Markel aviation business, staff moves to unit of Allied World

A unit of Allied World Assurance Co. Holdings A.G. has acquired the renewal rights to a book of aviation business written by a Markel Corp. unit.

Under terms of the agreement between Allied World Europe, a unit of Zug, Switzerland-based Allied World Assurance, and Markel International, a unit of Glen Allen, Va.-based Markel, Allied World will acquire the renewal rights to a book of business written by Lloyd's of London syndicate 1400 and Markel Europe P.L.C., the companies said in a statement.

Terms of the deal were not disclosed.

The business encompasses airline, aerospace and general aviation classes. The former Markel underwriting team led by Olivier Marre has joined Allied World Europe. The deal has received required regulation approvals from the Central Bank of Ireland and Lloyd's, the statement said.

Markel acquired the aviation book of business in May as part of its acquisition of Hamilton, Bermuda-based Alterra Capital Holdings Ltd.

JLT buys Taiwan-based insurance, reinsurance brokerage

London-based brokerage Jardine Lloyd Thompson Group P.L.C. has acquired Taiwan-based insurance and reinsurance brokerage ForVision Risk Services Ltd., JLT announced.

Terms of the deal were not disclosed.

JLT said the operations of ForVision, which specializes in marine, high-technology and corporate business, would be merged with its existing operations in Taiwan under the name JLT Taiwan.

Sunny Chen, CEO of ForVision, will be CEO of the combined entity, JLT said.

Mapfre acquires 20% stake in Indonesian insurer

Mapfre S.A. has acquired a 20% stake in Indonesian property/casualty insurer Asuransi Bina Dana Arta Tbk., the Madrid-based company announced.

Jakarta-based ABDA specializes in auto, property, marine cargo, and accident and health business, Mapfre said in a statement.

The company posted net income of 9.29 million (\$12.3 million) in 2012.

Terms of the deal were not disclosed.

CLASSIFIEDS

To place your ad, contact Monique Murray 212.210.0129 E-mail: mmurray@BusinessInsurance.com
Business Insurance, Classified Department, 711 Third Ave., New York, NY 10017-4036
Call for details on print and internet advertising

PUBLIC NOTICES



CAREER CENTER

POST YOUR JOB OPENING

ENGAGE THE MOST QUALIFIED CANDIDATES

FIND THE EXECUTIVE YOU NEED!

POWERED BY JOBTARGET

LEGAL NOTICE

**IN THE MATTER OF THE LIQUIDATION OF CENTENNIAL INSURANCE COMPANY
Supreme Court of the State of New York
County of New York, Index No.: 402424/10
NOTICE**

Pursuant to an order of the Supreme Court of the State of New York, County of New York ("Court"), entered on April 27, 2011 ("Liquidation Order"), the Superintendent of Insurance of the State of New York and his successors in office were appointed as liquidator ("Liquidator") of Centennial Insurance Company ("Centennial") and, as such, has been directed to take possession of Centennial's property and liquidate its business and affairs pursuant to Article 74 of the New York Insurance Law ("Insurance Law"). The Superintendent of Financial Services of the State of New York has now succeeded the Superintendent of Insurance as Liquidator of Centennial. The Liquidator has, pursuant to Insurance Law Article 74, appointed Michael J. Casey, Acting Special Deputy Superintendent ("Acting Special Deputy"), as his agent to liquidate the business of Centennial. The Acting Special Deputy carries out his duties through the New York Liquidation Bureau, 110 William Street, New York, New York 10038. The Liquidator sought and obtained an order setting a bar date, but notice of the application thereof was inaccurate and therefore the Liquidator has filed an Order to Show Cause with supporting papers seeking an order: (i) vacating the order, signed by the Court on September 18, 2013, establishing September 30, 2013 as the bar date in this proceeding; (ii) establishing December 15, 2013, as the bar date ("Bar Date") for the presentation to the Liquidator of all claims against Centennial or its insureds other than the Liquidator's claims for administrative expenses and January 16, 2015 as the last date on which the holder of such a claim against Centennial or its insureds submitted by the Bar Date, other than the Liquidator's claims for administrative expenses, may submit to the Liquidator proof, including all facts regarding such claim, in support of the allowance of such claim; and (iii) providing for such other and further relief as the Court may deem just and proper.

A hearing is scheduled on the Order to Show Cause on the 19th day of November, 2013, at 11:00 a.m., before the Court at the Courthouse, IAS Part 15, Courtroom 327, 80 Centre Street, New York, New York. If you wish to object to the relief sought, you must serve a written statement setting forth your objections and all supporting documentation upon the Liquidator and Clerk of the Court, at least seven days prior to the hearing. Service on the Liquidator shall be made by first class mail at the following address: Superintendent of Financial Services of the State of New York as Liquidator of Atlantic Mutual Insurance Company, 110 William Street - 15th Floor, New York, New York 10038, Attention: General Counsel

The Order to Show Cause and supporting papers are available for inspection at the above address. In the event of any discrepancy between this notice and the documents submitted to Court, the documents control.

Requests for further information should be directed to the New York Liquidation Bureau, Creditors and Ancillary Operations at (212) 341-6589.

Dated: October 8, 2013, Benjamin M. Lawsky Superintendent of Financial Services of the State of New York as Liquidator of Centennial Insurance Company.

LEGAL NOTICE

**IN THE MATTER OF THE LIQUIDATION OF GRAND CENTRAL ASSURANCE CORPORATION
Supreme Court of the State of New York
County of New York, Index No.: 451373/2013
NOTICE OF LIQUIDATION ORDER**

Benjamin M. Lawsky, the Superintendent of Financial Services of the State of New York (the "Superintendent"), in his capacity as court-appointed liquidator (in such capacity, the "Liquidator") of Grand Central Assurance Corporation ("GCAC"), hereby gives you notice that on September 24, 2013, the Honorable Doris Ling-Cohan of the Supreme Court of the State of New York, County of New York signed an order (the "Liquidation Order"): (i) appointing the Superintendent and his successors in office as Liquidator of GCAC; (ii) authorizing and directing the Liquidator to immediately take possession of GCAC's property, liquidate GCAC's business and affairs, and dissolve GCAC's corporate charter; and (iii) authorizing and directing the Liquidator to take possession of GCAC's books, files, records and other property, wherever located. The Liquidation Order also provides for certain injunctive relief, which the Liquidator believes is in the best interest of the GCAC estate. In accordance with Section 7432(b) of the New York Insurance Law, all claims against GCAC must be presented to the Liquidator by no later than February 10, 2014.

Please take notice that a copy of the Liquidation Order has been posted at http://www.nylib.org/Documents/GCAC_Liquidation_OrderAm.pdf.

Requests for further information or questions should be directed to (212)341-6138 or to ehong@nylib.org. Dated: October 9, 2013, Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York as Liquidator of Grand Central Assurance Corporation.

LEGAL NOTICE

**IN THE MATTER OF THE LIQUIDATION OF ATLANTIC MUTUAL INSURANCE COMPANY
Supreme Court of the State of New York
County of New York, Index No.: 402424/10
NOTICE**

Pursuant to an order of the Supreme Court of the State of New York, County of New York ("Court"), entered on April 27, 2011 ("Liquidation Order"), the Superintendent of Insurance of the State of New York and his successors in office were appointed as liquidator ("Liquidator") of Atlantic Mutual Insurance Company ("Atlantic Mutual") and, as such, has been directed to take possession of Atlantic Mutual's property and liquidate its business and affairs pursuant to Article 74 of the New York Insurance Law ("Insurance Law"). The Superintendent of Financial Services of the State of New York has now succeeded the Superintendent of Insurance as Liquidator of Atlantic Mutual. The Liquidator has, pursuant to Insurance Law Article 74, appointed Michael J. Casey, Acting Special Deputy Superintendent ("Acting Special Deputy"), as his agent to liquidate the business of Atlantic Mutual. The Acting Special Deputy carries out his duties through the New York Liquidation Bureau, 110 William Street, New York, New York 10038. The Liquidator sought and obtained an order setting a bar date, but notice of the application thereof was inaccurate and therefore the Liquidator has filed an Order to Show Cause with supporting papers seeking an order: (i) vacating the order, signed by the Court on September 17, 2013, establishing September 30, 2013 as the bar date in this proceeding; (ii) establishing December 15, 2013, as the bar date for the presentation to the Liquidator of all claims against Atlantic Mutual or its insureds other than the Liquidator's claims for administrative expenses; and (iii) providing for such other and further relief as the Court may deem just and proper.

A hearing is scheduled on the Order to Show Cause on the 19th day of November, 2013, at 11:00 a.m., before the Court at the Courthouse, IAS Part 15, Courtroom 327, 80 Centre Street, New York, New York. If you wish to object to the relief sought, you must serve a written statement setting forth your objections and all supporting documentation upon the Liquidator and Clerk of the Court, at least seven days prior to the hearing. Service on the Liquidator shall be made by first class mail at the following address: Superintendent of Financial Services of the State of New York as Liquidator of Atlantic Mutual Insurance Company, 110 William Street - 15th Floor, New York, New York 10038, Attention: General Counsel

The Order to Show Cause and supporting papers are available for inspection at the above address. In the event of any discrepancy between this notice and the documents submitted to Court, the documents control.

Requests for further information should be directed to the New York Liquidation Bureau, Creditors and Ancillary Operations at (212) 341-6589.

Dated: October 8, 2013, Benjamin M. Lawsky Superintendent of Financial Services of the State of New York as Liquidator of Atlantic Mutual Insurance Company.

Mark your Calendar...

**Professional Liability Report
Publishing: November 4
Classified Ad Close: October 29
Bonus Distribution: PLUS and
Voluntary Benefits Conference**

**Contact Monique Murray
at 212-210-0129
For Details**

YOUR TARGET AUDIENCE IS HERE...



Where is your ad?

Call (212) 210-0129 to reserve your space.

BUSINESS INSURANCE

MEDIA PARTNER



REGISTER TODAY!
National Business Coalition on Health

**Health Care Transformation:
Accelerating Purchaser Strategies
18TH Annual Conference
November 18-20, 2013
The Westin-Kierland Resort & Spa
www.nbch.org/2013-Annual-Conference**



Get Access

Get Answers

Get Ahead

See how with the
IRMI KnowledgeBase
Visit IRMI.com/Go/5




Adapting

with New Resilience

At the **ABA Insurance Risk Management Forum**, adapt to a changing insurance risk landscape with new resilience. Find out how to limit exposures to cyber crimes, social media threats and other new insurance exposures in a post Dodd-Frank world. Insurance risk experts will provide practical solutions you can put to work right away. Visit aba.com/IRM for the full program and to register today.

ABA Insurance Risk Management Forum
February 2-5, 2014
Hilton La Jolla Torrey Pines
San Diego, California



**Need to Publish a Legal Notice,
Announcement, Help Wanted or RFP ?**

Contact Monique Murray at 212-210-0129

TAKE FULL ADVANTAGE OF YOUR RESOURCES!

In Print...



and Online



For more information contact Monique Murray at 212-210-0129 for details

GL policies may cover flood pollution



Mr. Zola



Mr. Schweers

For energy firms facing potential liability from environmental contamination claims arising from the Colorado floods, liability insurance may be an important asset to help manage defense costs and remediation payments, says Jared Zola, a partner and the Northeast regional leader for Dickstein Shapiro L.L.P.'s insurance coverage group, and Clark Schweers, a principal with BDO Consulting.

BY JARED ZOLA AND CLARK SCHWEERS

A recent culmination in weather conditions caused widespread water damage to many Colorado homes and businesses. More than 1.5 million acres saturated with water caused massive relocation and loss of life.

While most businesses are turning to their property and business interruption insurance to cover losses, energy companies facing potential environmental contamination allegations may find solace in their liability policies.

The Wattenberg Gas Field north of Denver is home to more than 20,000 oil and natural gas wells in Weld County and parts of Boulder, Adams, Larimer and Broomfield counties. This region experienced flooding, washed-out roads and mandatory evacuations. It's home to thousands of hydraulically fractured wells and pipelines that leading energy companies own or operate.

Energy industry companies operating in the affected area were working diligently to shut down wells and pipelines to prevent contamination. Despite efforts to eliminate potential environmental risks, flood waters threatened to dislodge tanks from their moorings or wash frack pit waste downstream. In fact, state and federal regulators were tracking two large spills and another eight releases that the Colorado Oil and Gas Conservation Commission categorized as "minor." For businesses that face potential liability from environmental contamination claims, liability insurance may be an important asset to help manage defense costs and remediation payments, even if contamination claims are wholly without merit.

Extensions and endorsements

Even in connection with unmeritorious claims, companies may incur significant defense costs disputing liability and may eventually pay some amount of money toward remediation to resolve potentially larger liabilities. While some companies may have specialized environmental liability insurance policies to respond to these potential liabilities, others may turn to their general liability policies for coverage. General liability policies sold to businesses involved in the energy industry may contain avenues for

seeking coverage.

For example, one common energy pollution liability extension states that the policy's pollution exclusion does not apply to: "bodily injury," "property damage" or "remediation costs" caused by a "pollution incident," meaning a discharge of "pollutants" into the "environment," provided that the discharge is both unexpected or unintended from the standpoint of the "insured;" the discharge commenced abruptly and instantaneously and can be clearly identified as having commenced entirely at a specific time on a specific date during the policy period; the discharge commenced, at or from a site, location or premises owned by or occupied by, or rented or loaned to, any "insured" at the time the discharge commenced; or at which any "insured," or any contractor(s) or subcontractor(s) working directly or indirectly on any "insured's" behalf was performing operations at the time the discharge commenced; the discharge was known by any "insured" within 30 days of the commencement of the discharge of "pollutants;" and the discharge was reported to us within 60 days of the commencement of the discharge of "pollutants."

This endorsement incorporates insurance coverage concepts that policyholders and insurers litigated for decades, including the fight over what is unexpected or unintended and abrupt or instantaneous. Perhaps most importantly, policyholders should immediately report any circumstances or occurrences for which they may be liable. In light of the short reporting period, policyholders should report immediately even if potential liability is presently unknown.

Underground resources and equipment coverage frequently also is part of energy industry general liability policies. This endorsement modifies exclusions that apply to "property damage" and "bodily injury" by stating that the "damage to property" exclusion does not apply to any "property damage" included within the "underground resources and equipment hazard" other than "property damage" to that particular part of any real property on which operations are being performed by you or on your behalf if the "property damage" arises out of those operations. The endorsement defines "underground

resources and equipment hazard" as including "property damage" to any of the following: oil, gas, water or other mineral substances which have not been reduced to physical possession above the surface of the earth or above the surface of any body of water. This endorsement may provide coverage for losses incurred from property damage to "water or other mineral substances."



AP PHOTO

An oil and gas well pump site near Greeley, Colo., was flooded during September floods. The floods shut down hundreds of natural gas and oil wells in the state.

At the same time that a policyholder assesses potentially available coverage, it must become acquainted with the magnitude of potential losses as a result of a catastrophic loss. Leading companies frequently rely heavily upon external resources — such as forensic accountants, engineers, construction specialists, brokers and outside legal counsel — to support an internal working group that may include finance, accounting, sales/marketing, operations and the general counsel's office.

Steps to follow

When seeking coverage for large-scale property and business losses, our experience teaches that insureds find increased success by implementing the following three steps:

- First, the policyholder should work

to quickly determine a low and high estimate of the claim, which enables the insurer to assess the potential scope of monetary loss at issue.

- Second, the insured's internal and external stakeholders apply significant effort to create a well-documented claim submission including critical financial and property damage costs.

- Third, the insured and its repre-

sentatives work to answer any questions from the insurers that might arise from the claim submission and attempt to resolve any differences that may surface.

It is important to recognize that policy language varies significantly and specific policy language — such as the energy pollution liability extension noted above and notice provisions — may require that businesses act quickly.

Jared Zola is a partner and the Northeast regional leader for Dickstein Shapiro L.L.P.'s insurance coverage group and is based in the firm's New York and Stamford, Conn., offices. He can be reached at 212-277-6684 or zolaj@dicksteinshapiro.com. Clark Schweers is a principal in the Washington office of BDO Consulting. He can be reached at 301-634-0281 or cshweers@bdo.com.

“This is what we work for ... to ultimately show the results and demonstrate the results to our chief executive officers.”

Michael W. Simmons, Riverside Community College District

CALIFORNIA

Continued from page 4

“This is what we work for the other 364 days a year ... to ultimately show the results and demonstrate the results to our chief executive officers,” and others in upper management, Mr. Simmons said.

The panelists discussed several claims management efforts that they say ultimately shape their actuarial reports.

With 35,000 employees working around knives and flames — which drives claims frequency but not severity — The Cheesecake Factory found the adoption of a telephone nurse triage program helpful, Mr. Leisure said.

Employees like the program because they receive immediate attention from the telephone nurses and it relieves restaurant managers from helping determine whether an employee should see a doctor for a minor injury that can be treated with first aid.

Of the injuries employees call in to the nurses, 40% never become a workers comp claim, Mr. Leisure said. “Why is that important? Because the actuaries look for frequency,” he said.

Mr. Simmons told of his past experience as risk manager for a fast-food company where he hired general liability defense attorneys rather than lawyers experienced in defending claims in California’s workers comp system.

General liability attorneys practice in the civil arena, so they are not discouraged by “years and years of being battered in the work comp system,” Mr. Simmons said. “They don’t know they can’t win.”

To build trust and respect for his department and to educate company managers on where the money spent managing workers comp claims flows, Andrew S. Flor, director of risk management for Montage Hotels & Resorts in Laguna Beach, Calif., encourages key corporate personnel, such as the CFO and human resources staff, to attend claims review meetings.

“What better place for people within the organization to see you in action — to demonstrate your abilities, your knowledge, your expertise — than in the file review,” Mr. Flor said. “Just invite them once. Trust me, they are not going to want to go again.”

Similarly, Mr. Flor advises inviting actuaries to attend file reviews as part of an overall effort to educate them on the company’s claim-closure efforts.

“They are not claims people,” Mr. Flor said. “Make them into claims people.”

Educating actuaries on any new claims-management program improvements can encourage the

actuaries to lower the expense estimates contained in their analysis, said Dustin Gary, an actuary at Overland Park, Kan.-based Centric Actuarial Solutions L.L.C.

“Talk (to them) about the big claims and why they are outliers and it will never happen again,” Mr. Leisure said. “Those shouldn’t throw off your whole program. But if you apply the actuarial numbers to them and the development factors, it typically does.”



The California Workers’ Compensation & Risk Conference was held Oct. 1-4 in Dana Point, Calif.



BUSINESS INSURANCE

RMS 2014

RISK MANAGEMENT SUMMIT

INNOVATIVE IDEAS FOR
THE RISKS OF TOMORROW

SAVE THE DATE

March 19-20, 2014

Downtown Marriott | NYC

For sponsorship and event information, please contact Susan Stilwill, Advertising Sales Director, at [sstilwill@businessinsurance.com](mailto:ssstilwill@businessinsurance.com) or 312-649-5224; or Martha Donato, Director of Events & Brand Marketing, at mndonato@businessinsurance.com or 845-545-0653

BUSINESS INSURANCE

WESTERN

Continued from page 4

Fortunately, insurance coverage is readily available to protect businesses and organizations from data liability exposures, according to Ms. Dauphinais.

“The market has come a long way in the past 10 years” since the first cyber risks policy was issued, she said.

Actual claims experience proved different than what many underwriters expected when cyber liability insurance was first introduced, leading to the fine-tuning of coverage, said Ms. Dauphinais.

There haven’t been that many third-party suits filed by victims of data breaches, she said. Instead, most claims have been filed to obtain coverage for breach response and to address other network security incidents, such as when hackers intrude into an information technology system but are unsuccessful in actually stealing data.

“Not every incident turns into a breach,” she said. “Someone could hack into your network and not get any information. You could lose a laptop, but if it’s completely and fully encrypted, no information is available. A backup tape could fall off the truck, but if it’s

fully encrypted, there’s no way they’re going to get any information from it. It’s an incident; it’s not a breach.”

But while first-party coverage is readily available to respond to the direct costs of network security incidents, no insurance coverage yet exists to compensate businesses and organizations for indirect costs of data breaches, such as lost income due to reputational damage or intellectual property theft, according to Ms. Dauphinais.

Based on the University of Utah’s experience when backup tapes containing patient information from the school’s hospital were stolen out of a contractor’s vehicle in 2008, Mr. Allred recommended that organizations considering buying insurance to respond to data breaches negotiate coverage for electronic and physical breaches.

“It didn’t take us long to rack up \$3.5 million in costs, and much of that went to postage and envelopes,” he said. “It’s a big deal when you have a breach.”

About 170 risk managers and industry vendors attended the Risk Management Elevated conference, which was hosted by RIMS’ Utah chapter. The 2014 Western regional RIMS conference will be held next fall in San Diego, hosted by that city’s local RIMS chapter.

“Not every incident turns into a breach. Someone could hack into your network and not get any information. You could lose a laptop, but if it’s completely and fully encrypted, no information is available. A backup tape could fall off the truck, but if it’s fully encrypted, there’s no way they’re going to get any information from it. It’s an incident; it’s not a breach.”

Kristen Dauphinais, Beazley P.L.C.



BEST.

We know you are, now let everyone else know.

Let the Custom Reprint Department help you promote this great press.

BUSINESS INSURANCE® **2013**
BEST places to work



Plaques

Celebrate your accomplishments with a plaque of your companies ranking/profile. Comes in multiple finishes to match any décor. Great for display in the office.



Hard Copies

Premium high quality reproductions on 80 lb. glossy paper that are designed to meet your specific marketing needs. Can be used for client mailings, reception area reading and for inclusion in press kits. Minimum order of 100.



Eprints (Digital Reprints)

Maximize your exposure and 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.

Other products include logo license, posters and postcards.

It's not too late to license the Best Places to Work logo to use in all print and digital marketing

BUSINESS INSURANCE®

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

For more information contact
Lauren Melesio, Reprint Sales Manager
lmelesio@crain.com • tel 212.210.0707

AIG

Continued from page 3

declined further comment about the lawsuits.

Drew Pomerance, a Los Angeles-based partner with law firm Roxborough, Pomerance, Nye & Adreani L.L.P., contends AIG has not settled claims of underreported comp premiums with employers that bought workers comp policies from AIG and other insurers.

“While they’ve resolved some of their liability for some of their misconduct, they have never compensated the insured employers for the wrongdoing that we allege in this lawsuit,” Mr. Pomerance said. “I’m certain that we’re the first to draw the connection between their misconduct and the damage to insured employers.”

Plaintiffs in the three cases include Jayarvee Inc., operator of the famous Birdland Jazz Club in New York, Franjo Inc., a Fresno, Calif.-based medical clinic operator, and Newark, N.J.-based auto repair shop JPS Collision Inc.

Though most of the named plaintiffs are small businesses, Mr. Pomerance said the proposed litigation class could include “many thousands” of companies ranging from “mom-and-pop” shops to firms with “thousands of employees.”

The three complaints filed earlier this month say that AIG’s alleged underreporting of workers comp premiums affected insured employers, including those insured by AIG competitors, in two ways.

First, they allege underreported premiums artificially increased the amount of surcharges that employers paid for special-purpose funds in the states where the lawsuits were filed. That includes New York’s special disability fund, New Jersey’s second injury fund,

and fraud investigation funds in New York, New Jersey and California.

An example in the New York complaint said the state may assess a 1% surcharge on workers comp policy premiums to cover a theoretical \$1 million in costs for its special-purpose fund operations.

The complaint alleges, “If a (workers comp) insurer falsely reported that it collected \$25 million less in premium than it actually collected, the state regulators would still need \$1 million to operate their guaranty fund; but, incorrectly believing that all private insurers and state insurance fund wrote an aggregate premium of \$75 million in the state (rather than the \$100 million actually written), the regulators would believe that they needed to impose a surcharge of 1.3%, instead of 1%, to cover the cost of administering the guaranty fund. As a result all policyholders in the state would pay an inflated surcharge that year.”

Additionally, the three suits allege that AIG would have profited by collecting inflated surcharges from its policyholders without paying the full amount to state regulators.

“In this manner, the fraudulent underreporting of (workers comp) insurance premium allowed (AIG) to not only evade premium taxes they otherwise owed but also to unlawfully profit from the state-mandated surcharges that they levied on their policyholders,” according to the suit filed in New York.

Messrs. Pomerance and Brandt said there are no immediate plans for their firms to file additional suits against AIG, but said other attorneys could follow their lead.

“I certainly have no control over whether other lawyers who are now aware of our lawsuits rush to the court to file copycat suits in other states,” Mr. Pomerance said.

CANADA

Continued from page 4

Messrs. Seel and Otey urged employers to go beyond purchasing business travel accident insurance and to prepare their employees to know how to act when they confront potentially dangerous situations.

Mr. Otey said that for his company, as well as for many other employers with international business dealings, “the biggest risk is the traveler.” While security precautions can be put in place ahead of time to protect expatriates who are stationed overseas for long periods, the occasional business traveler is more exposed, he said. Moreover, regions once thought safe can change overnight due to the expansion of international terrorism.

“We are living in a dangerous world,” he said. “Pick a place: It’s good today but bad tomorrow. It changes every day.”

The best advice Mr. Otey said he could offer to business travelers is to blend in and not be conspicuous. He also recommended they take direct, nonstop flights and do not check bags. Bags also should be inexpensive so they aren’t attractive to thieves, he said.

Willis discourages its employees from taking taxis when traveling to certain countries and, instead, uses prearranged chauffeur services. Rather than holding up placards with employees’ names, Mr. Otey recommends these drivers use code words.

He said there have been situations where kidnappers have copied down names written on the placards and stepped ahead of these prearranged drivers to intercept employees.

Mr. Otey also advises international business travelers to pack a separate “grab bag” containing money, a passport and any medications they might need, which they can take with them should they have to evacuate suddenly.

COUNCIL

Continued from page 3

Newport Beach, Calif.

Property exposures in the Northeast may see more increases as insurers adjust their underwriting approach to reflect the catastrophe risk that was exposed by Sandy, he said. But on the casualty side, “there are spots of hardening, such as excess workers comp, but in general underwriters are being very aggressive.”

“The thing that tangibly feels different to me this year is just how much capacity is out there,” said Ben Walter, CEO of Hiscox USA in New York.

Casualty rate movements will vary depending on the sector, he said. “California workers comp, for example, may have a ways to go” with price increases.

Property rates, however, likely will decline, Mr. Walter said.

Pricing for property catastrophe business is likely to be affected by lower reinsurance costs, said John Eltham, head of North American broker business for Miller Insurance Services L.L.P. in London. Reinsurance experts talk about rates declining by 15% and “the knock-on effect of that is very hard to know,” he said.

But insurers are not expected to grant significant rate cuts, said Kevin T. Kenny, Madison, N.J.-based executive vice president and head of insurance brokerage and consulting at Wells Fargo Insurance Services USA Inc.

“There’s still an appreciable

amount of discipline within the underwriting decisions being made by the major carriers; they are not chasing market share yet,” he said.

The underwriting discipline is driven in part by improvements in the data available to underwriters and brokers, which is leading to pricing that reflects the individual risks, Mr. Kenny said.

“Those people that deploy capital in the business are still looking for a good return and that doesn’t come without discipline,” said Mario Vitale, New York-based

“Those people that deploy capital in the business are still looking for a good return and that doesn’t come without discipline.”

Mario Vitale, Aspen Insurance

CEO of Aspen Insurance, a unit of Aspen Insurance Holdings Ltd.

For specialty risks, rate decreases remain rare, Mr. Vitale said.

“At the moment, other than for property cat pricing, I don’t see rates going down. On the casualty side, rates are still going up,” he said.

Overall, pricing has been consistent across major markets, said Miller’s Mr. Eltham. Prices quoted by insurers in London and the United States have “converged,” bringing stability to the market, he said.

An unknown factor with which policyholders and insurers will have to grapple is the question of the whether the federal terrorism backstop will be extended by Congress beyond its Dec. 31, 2014 expiration date.

The Terrorism Risk Insurance Program Reauthorization Act of 2007, which is the second renewal of the Terrorism Risk Insurance Act of 2002, remains a vital backstop for the insurance industry, most insurers and brokers say. They cite the inability to model the risk and the potentially financially crippling size of the losses as key reasons why the industry still needs the backstop.

If the program is not reauthorized, the insurance industry can cover more terrorism risk than it does today, but prices for the portion of the risk that it can cover would increase significantly without the federal backstop in place, said Peter J. Eastwood, president of Berkshire Hathaway Specialty Insurance Group in Boston.

The London market could write significantly more terrorism insurance, “but not enough to fill the gap if (TRIPRA) is not renewed,” said Mr. Eltham.

There likely would be sufficient capacity to meet demand for coverage in second-tier U.S. cities, where many policyholders may decide not to buy coverage, said Hiscox’s Mr. Walter. “The market can absorb most of it, but it won’t be cheap.”


Without the backstop, there would be insufficient capacity to cover high-risk areas, such as midtown Manhattan, he said.

IN A WORLD OF COMPLEX DECISIONS


this one is easy

With all the risks associated with running a business, employee benefits shouldn't be one of them. When you partner with us, business gets a whole lot simpler.

- A full portfolio of products including FSA, HSA, HRA, TSA, COBRA administration and Billing Solutions
- Experienced and accountable staff—specialists in each line of business
- Award-winning customer service that leads to high retention rates
- Due to health care reform, our products are more important than ever. Offer your clients benefits they can really use.

 Scan to request a proposal

Find out why consultants nationwide recommend Discovery Benefits more than any other TPA.

 Request a proposal at DiscoveryBenefits.com or call 701-239-6225.

Mention code B12013 and get 10% off rates.

Discovery Benefits®
simplify.™

MANAGEMENT AND CIRCULATION

(Required by 39 U.S.C. 3685)

1. Publication Title: Business Insurance
2. Publication No.: 532-590.
3. Filing Date: 9-27-13.
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, Christopher J. Battaglia, Crain Communications Inc., 711 Third Avenue, New York, New York, 10017; Editor, Gavin Souter, Crain Communications Inc., 150 N. Michigan Ave., Chicago, IL 60601-7553; Managing Editor, Paul Bomberger, 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 addresses 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, 711 Third Avenue, New York, NY 10017-4036.
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 23, 2013.
- 15.

Extent and Nature of 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)	46,047	49,957
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)	32,866	33,686
(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 rate 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 USPS®	656	609
(4) Requested Copies Distributed by Other Mail Classes Through the USPS (e.g. First-Class Mail®)	2	0
c. Total Paid and/or Requested Circulation (Sum of 15b. (1), (2), (3), and (4))	33,524	34,295
d. Nonrequested Distribution (By Mail and Outside 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)	10,219	11,240
(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)	556	3,529
e. Total Nonrequested Distribution (Sum of 15d. (1), (2), and (3))	10,775	14,769
f. Total Distribution (Sum of 15c. and e)	44,299	49,064
g. Copies not Distributed (See Instructions to Publishers #4, (page #3))	1,748	893
h. Total (Sum of 15f and g)	46,047	49,957
i. Percent Paid and/or Requested Circulation (15c divided by 15f times 100)	75.68%	69.90%
16. Total circulation includes electronic copies. Report circulation on PS Form 3526-X worksheet.		
17. This Statement of Ownership will be printed in the 10-21-13 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).		
Christopher J. Battaglia, Publisher		
9-26-13		

International insurance regulatory group to formulate global capital standards

BY MARK A. HOFMANN

The International Association of Insurance Supervisors' planned capital standards proposal for insurers engaged in international insurance could have a major impact on U.S. insurers, according to industry observers.

The Basel, Switzerland-based IAIS announced this month that it was drafting capital standards with the intention of releasing its initial standards in 2016 and implementing final standards in 2019.

The group did not indicate what the standards might require.

The announcement drew a mixed response, particularly given the uncertain parameters of the proposal.

"It is clear that there will be significant challenges to the creation of a global capital standard for insurers, particularly within the time frame proposed," said John H. Fitzpatrick, secretary general of the Geneva Association, a think tank devoted to risk management and insurance issues, in a statement. "Development and implementation of global capital standards within other financial service sectors have taken many years to develop. This is because a careful assessment of both the direct and indirect consequences of implementing a global capital standard is of fundamental importance. We acknowledge that the IAIS may need to take incremental steps toward achieving this overall goal."

"The development of a global capital standard is credit-positive for insurers because globally active insurers currently lack comprehensive capital rules," Wallace Enman, senior credit officer for Moody's Investors Service Inc., said in an analysis published last week.

He added, however, that "details are limited and there is uncertainty among the insurance industry, observers and local regulators about how global capital standards will

be agreed upon and implemented."

Mr. Enman also noted that there is uncertainty over how the proposed standard would operate with other regulatory initiatives and with state-based insurance regulation in the United States.

"It would be foolish for any insurer, particularly a major insurer, to ignore it because obviously it will have a major impact," said Lawrence Mirel, a partner in the Washington office of law firm Nelson Levine de Luca & Hamilton L.L.C. and a former District of Columbia insurance commissioner.

"Some U.S. companies will be affected directly," said Mr. Mirel, adding that those insurers would be the ones designated as

"It is clear that there will be significant challenges to the creation of a global capital standard for insurers, particularly within the time frame proposed."

John H. Fitzpatrick, Geneva Association

"systemically important financial institutions" subject to heightened regulation.

He said although most U.S. insurers have not been designated as SIFIs, "once you have the standard and it's applied to international entities, it's bound to have an effect on everyone."

According to the IAIS, there could be approximately 50 internationally active insurance groups — property/casualty and life insurers — to which these new capital standards could apply, Insurance Information Institute Inc. President Robert Hartwig said in an email. He said there is concern that compliance costs and more rigorous capital standards could increase consumer costs.

"It is also possible, however, that there may be flexibility in terms of the solvency standards developed in various jurisdictions subject to minimum capital thresholds, for example," he said. "There has been and remains general concern in the global insurance industry that bank-centric regulations will be imposed on insurers, and any efforts to impose such regulations will likely be strenuously opposed by insurers."

David Snyder, vice president-international policy with the Property Casualty Insurers Association of America in Washington, said that there is "little evidence" of property/casualty insurers presenting any sort of systemic risk, adding that the global and U.S. regulatory systems performed "quite well" during the global economic crisis that exploded in 2008.

"We'll work with IAIS as they move forward. We will be vigilant about an outcome that creates a single global standard that could eventually give rise to systemic risk because regulators and companies are all doing the same thing in the same way," Mr. Snyder said.

"As you begin to discuss what should be key principles in capital standards, it should be based on the realities of the insurance market, which are very different from banking," he said. "It should not impose unnecessary costs on insurers that ultimately would harm consumers in terms of availability and affordability."

"You are better off in a ship with multiple airtight compartments than one with one big compartment," said Mr. Snyder.

"There are a great many details to be worked out in order for the IAIS plan for global insurance capital standards to be developed by 2016," said Mr. Hartwig. "Given the complexity and lack of agreement over how such standards should be structured — or even whether they should exist at all — some slippage in the current 2019 implementation might well be expected."

SOLVENCY

Continued from page 3

they would not seek to change the 2016 start date.

However, a proposal for a potentially different set of rules affecting the largest insurers and reinsurers in the world emerged later in the month.

The Basel, Switzerland-based International Association of Insurance Supervisors said that it would develop a global insurance capital standard by 2016 that would be fully implemented by 2019 (see related story).

Paul Clarke, partner and global insurance regulatory leader at PricewaterhouseCoopers L.L.P. in London, moving the Solvency II start date to 2016 was encouraging for the industry and reflected policyholder confidence that a resolution to outstanding disagreements — notably, the treatment of long-term guarantees — would be

achieved before European parliamentary elections next year.

The insurance industry could "breathe a sigh of relief" because of the 2016 implementation date, said Peter Ott, head of Solvency II at KPMG L.L.P. in London.

Marc Beckers, London-based head of analytics for the Europe, Middle East and Africa region for Aon Benfield, the reinsurance brokerage arm of Aon P.L.C., said regulators and insurers will work together to resolve the outstanding disagreements on Solvency II, particularly the long-term guarantee assessment.

Michaela Koller, director general of Insurance Europe, which represents insurers and reinsurers in Europe, said even with the delay until 2016, the likely tight time between resolving technical questions and implementing the rules would be challenging for insurers and reinsurers and may result in increased costs.

Adding to that cost and complexity is the IAIS plan to develop its

own risk-based capital standards.

While developing a global standard would increase comparability of insurers and reinsurers, a lack of detail about how the standard would work alongside other regulatory regimes such as Solvency II is creating uncertainty in the industry, Moody's Investors Service Inc. noted in an outlook.

Insurance Europe said more information is needed on the IAIS plan. "For example, the main objective of both capital requirements — and how they relate to each other and to other requirements, such as Solvency II — needs to be clarified, as well as to which entities each standard will apply," Insurance Europe said in a statement.

It is not clear how much Solvency II and the IAIS standards might overlap, said Chris Waterman, managing director and head of Europe, Middle East and Africa insurance at Fitch Ratings Ltd. in London.

This means Solvency II and the IAIS proposals represent "a couple

of moving targets" for European insurers and reinsurers, he said.

Part of the reason behind regulatory moves for insurers and reinsurers — and a drive to require them to hold more capital — is the belief that they might be systemically important, said Stuart Shipperlee, analytical partner at London-based Litmus Analysis.

But it is doubtful that the failure of one insurer or reinsurer would widespread economic effects, he said. Yet if capital requirements for reinsurers are increased, this may cause them to increase their rates. In turn, that would prompt insurers to buy less reinsurance and potentially increase the risk that insurers face, he said.

Preparations for Solvency II already have been time-consuming and costly for many insurers, he said. If there are meaningful differences between the IAIS-proposed capital rules and Solvency II, the increased complexity could actually reduce the effectiveness of the regulations, he said.

DIVERSIONS

Continued from page 1

American Society of Interventional Pain Physicians who treats workers comp patients and others in Conover, N.C.

"It's more and more of a concern," Dr. Hansen said. "They make serious threats. We know examples where tires have been slashed, cars have been keyed. In my case, a patient tried to throw a chair through a window."

Hostilities against doctors are common, with opioids becoming a public health concern and workers comp payers trying to reduce the inappropriate use or overuse of prescription narcotics, experts said. Often the threatening behavior occurs when a pain management specialist inherits a patient from another doctor who has prescribed the opioids over an extended period with few questions asked.

Stiffer enforcement and recent arrests of doctors supplying the drugs through "pill mill" operations has worsened the problem for physicians following strict prescription guidelines, said Dr. Sanford Silverman, a pain treatment specialist in Pompano Beach, Fla.

He said he warns new patients and workers comp claims managers that he does not prescribe narcotics on a patient's first visit.

"No one has ever told me 'I am going to kill you or your family if you don't give me this,' but I have been yelled at and screamed at," Dr. Silverman said. "I think it is getting worse. We have seen very explosive behavior from people who don't get what they want."

Increasingly, more doctors attempting to help patients suffering from pain have learned about the dangers opioid medications can pose to patients' health. Often they have adopted applied protocols or treatment guidelines that are considered best practices.

These protocols include: urine screening to ensure patients are

consuming drugs as prescribed and are not mixing them with illegal drugs; setting goals for medical and functional improvements patients are expected to achieve, with continued use of opioids contingent on meeting the goals; and using written agreements to document the patient's treatment plan and improvement expectations.

Increased media reports about the dangers of opioids, growing awareness on the part of patients and health care providers about the narcotic painkillers, and the implementation of the best practice guidelines are leading to fewer cases of threatening patient behavior, said Dr. Robert L. Hall, medical director for Progressive

Medical Inc., a Westerville, Ohio-based pharmacy benefit manager.

"The key, though, is in patient selection, early education and ongoing communication" with the patient, Dr. Hall said.

Dr. Teresa Bartlett, Troy, Mich.-based medical director for Sedgwick Claims Management Services Inc., said she hears about threats against physicians, including threats against their lives, about once a week.

This comes as Sedgwick, a third-party administrator, increases efforts to address aging workers comp claims that show signs of inappropriate opioid prescribing.

"Physicians are trying to use all the best practices and adopt proto-

cols for chronic pain then they find someone's drug screen is negative," Dr. Bartlett said. "They are not even taking the medication or they are taking illicit drugs with the medication. Then the doctor does the right thing. They say, 'I will still be your doctor and help you through this, but I can no longer prescribe for you or I am going to begin weaning you off immediately.' And then when there is a diversion problem, the injured worker gets very angry and it leads to threats."

The frequency with which she is seeing such cases shows the need for workers comp payers to scrutinize their claims through data mining for signs of diversion.

Dr. Bartlett described the case of an elderly claimant whose body cannot metabolize the amount of opioid narcotics prescribed for her. Her sons regularly accompanied her to doctor's appointments and police were called when the sons threatened the doctor who sought to cease the prescriptions.

While some doctors say they encounter no or few such cases, Dr. Hansen said that for those physicians with lengthy experience treating patients with chronic pain, "it's a very real thing."

"Sometimes the patients are not going to get the candy they want. They are going to get what they need, not what they want and that leads to hostility," Dr. Hansen said.

St. Baldrick's FOUNDATION
Conquer Childhood Cancers

BUSINESS INSURANCE
www.businessinsurance.com

Thank you!

These outstanding companies are helping Conquer Childhood Cancers

Avery, 10, one of five St. Baldrick's Foundation 2013 Ambassadors

A community of donors, shavers and volunteers in the insurance and reinsurance industries have enabled St. Baldrick's Foundation to currently fund more in childhood cancer research grants than any organization, except the U.S. government. Such generosity has helped position St. Baldrick's as a leading force in the fight against childhood cancers.

The Foundation recognizes the employees of the following companies who have raised \$50,000 or more in 2013:

- Allied World
- Dowling & Partners
- Farmers Mutual Hail
- General Re
- Guy Carpenter
- Odyssey Re/Hudson Insurance
- PartnerRe
- Towers Watson
- Transatlantic Re
- United Healthcare
- Willis Re

2013 National Partners and Major Supporters within the Insurance Industry



PartnerRe



Chubb & Son

Insurance Association of Guam

Transatlantic Reinsurance

Underwriters Alliance of Indiana

Join these companies to help Conquer Childhood Cancers. Contact Partnerships@StBaldricks.org.

ADVERTISER INDEX	
Issue of October 21	
ADVERTISER	PAGE #
ACE	9
Allied World Assurance	27
Berkshire Hathaway	2
Burns & Wilcox	19
Business Insurance	13, 41, 45, 49, 50, 55
CNA Insurance	17
Catlin	23
Chubb	5
Discovery Benefits	47
Energi	31
Florida State University	51
Health Alliance Plan	41R
JP Morgan	51
Liberty Mutual	56
Munich Re	37
Philadelphia Insurance	21
QBE	28/29
Sentry Insurance	11
St. Baldricks	49
Swiss Re	35
Towers Watson	33
Travelers	15
XL Insurance	25
Zurich North America	7

StBaldricks.org 888.899.BALD

BUSINESS

Continued from page 1

process,” he said. “Getting agreement from one insurer is tough enough, getting agreement from 15 to 20 can take some time.”

Moreover, business interruption claims, which made up about 30% of commercial claims, are inherently time-consuming as claims personnel and risk managers sift through causation issues and work to apply policy terms and conditions, Mr. Dempsey said.

“In the typical commercial business interruption policy, there are limits and sublimits that apply to the various causes,” he said. “So there are layers of decisions that need to be made to just get to the right part of the policy.”

The large number of business interruption claims is not surprising given that much of Sandy’s damage came from the knockout blow it delivered to businesses that depend on the Northeast’s communications and electrical infrastructure.

“Hurricane Sandy was a wake-up call,” said Robin Luo, Hartford, Conn.-based integrated risk officer at Munich Re Group/HSB Group Inc. “The economic loss, until we were able to restore full power to the region, was staggering

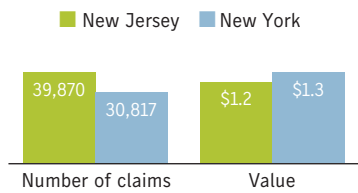
because people cannot operate their businesses without power.”

Cliff Rosenberry, principal at Ardsley, N.Y.-based McCartney, Verrino & Rosenberry Insurance Agency, knows this well.

Mr. Rosenberry said his agency was without electricity for almost 48 hours after the storm, until a generator was delivered to restore power.

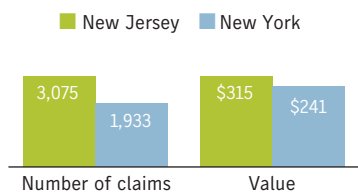
SANDY COMMERCIAL PROPERTY CLAIMS PAID

Number of claims and value, in billions, through June 2013



COMMERCIAL PROPERTY FLOOD CLAIMS PAID

Number of claims and value, in millions, through June 2013



Sources: New Jersey Department of Banking and Insurance, New York Department of Financial Services, Federal Emergency Management Agency

“My opinion is that for the first day or two after a disaster, you are going to be on your own, so you better prepare for that,” Mr. Rosenberry said.

Many of the common sense measures he applied prior to Sandy, such as printing employee phone lists and having a supply of diesel fuel ready, paid dividends.

Another lesson Mr. Rosenberry said he gleaned from Sandy is the need to have outside partners ready to aid in recovery, noting that his firm had retained Charlotte, N.C.-based Agility Recovery Solutions Inc., a provider of business continuity and recovery solutions.

“A lot of companies assume that they communicate the same way they always have the day after a storm,” Agility President and CEO Bob Boyd said. “That’s just not true.”

Indeed, Mr. Rosenberry said while his company’s landline telephone system was knocked out by the storm, company cellphones continued to work.

“Cellphones were a saving grace,” Mr. Rosenberry said. “When times are bad is when we as insurance agents are needed most.”

To help risk managers better gauge the likelihood of power outages, Mr. Luo said Hartford Steam Boiler teamed with Lexington, Mass.-based Verisk Climate, a unit



AP PHOTO

The Jolly Tar, a store in Bay Head, N.J., remained boarded up last month, nearly a year after Superstorm Sandy devastated parts of the Northeast.

of Verisk Analytics Inc., which will unveil a new consulting service this week that provides custom blackout modeling.

“A severe weather event with limited scope can have a huge impact hundreds of miles away because of the interconnected nature of the electrical grid,” Mr. Luo said.

Kyle Beatty, division president of Verisk Climate, said risk managers’ interest in blackout modeling has increased because of Sandy.

“What happened in lower Manhattan with Sandy is a great example of what has driven people to take weather information and

decisional analytics and include it into their operational processes,” he said.

Likewise, Lou Gritzko, Boston-based vice president of research at property insurer FM Global, said more risk managers now are receptive to many of the physical and operational mitigation measures recommended by the company’s engineers and underwriters.

“What Sandy did was bring to light the importance of resilience,” Mr. Gritzko said. “Savvy risk managers are now moving valuable equipment higher and having plans in place to make physical improvements to keep the water out.”

BUSINESS INSURANCE RISK MANAGER OF THE YEAR 2014

Do you know someone who deserves recognition for outstanding performance in the practice of risk management?

Business Insurance is seeking nominations for its 2014 Risk Manager of the Year® Award.

Nominate a candidate at www.businessinsurance.com/RMOYnominate.

The Risk Manager of the Year® Award is presented every year during the annual Risk & Insurance Management Society Inc. Conference and Exhibition.

April 29, 2014

Midsized policyholders reassess exposures in wake of Sandy

BY MATTHEW LERNER

Stunned by the devastation wrought by Superstorm Sandy a year ago, coastal towns in New Jersey and New York are taking steps with the help of their insurance brokers to guard against similar damage in future natural disasters.

For some of these middle-market public entities, the powerful October 2012 storm's destruction was unprecedented.

"It was unlike anything Belmar has ever seen," said Matt Doherty, mayor of the borough, one of New Jersey's popular shore communities that suffered about \$130 million in economic damage to public and private property.

In the aftermath of the storm, it was the first time that leaders of the borough of about 5,900 residents knew the community needed flood insurance, Mr. Doherty said.

For Belmar and many other mid-market entities in the public and private sectors in the Northeast, Sandy's widespread property damage and interruption of businesses was a first-time experience.

"Many of our middle-market clients hit by Sandy had never had a claim before," said Al Tobin, New York-based managing principal at Aon Risk Solutions' property practice.

Belmar has taken an aggressive response, from adding flood coverage in certain areas to physically hardening structures and acquiring equipment, such as generators, to be better prepared for the next extreme weather event.

Some structures damaged or destroyed by the storm, including the borough's boardwalk and some public pavilions, were not covered by flood insurance, but the replacements will be, Mr. Doherty said.

The boardwalk also will benefit from physical reinforcement, the mayor said. Piscataway, N.J.-based Epic Construction will rebuild the boardwalk as one continuous walkway, rather than the previous individual sections. Piling will be sunk to a depth of 25 feet, whereas some in the previous supports were as shallow as 6 feet.

On Long Island, the New York state town of Islip also has been rebuilding and fortifying its facilities after Sandy. Looking to mitigate against flood and wind, Islip is in the process of submitting hazard mitigation grant applications that the state will process to submit to the Federal Emergency Management Agency for 16 projects, an Islip spokeswoman said.

The projects include installing generators at several of the town's facilities, hardening critical community buildings to protect them from high winds and flooding, and improving roads and drainage

areas in many of the flood-prone coastal areas of Islip, the spokeswoman said.

Hardening efforts include two town hall buildings, structures at Long Island MacArthur Airport and buildings at Islip Beach. Aside from moving back and raising the beach buildings, the township also is seeking to raise roads in flood-prone areas in Bay Shore, East and West Islip, Islip, Oakdale and Sayville.

Belmar is also turning to available public funding for its storm-mitigation improvements. With the help of FEMA, Belmar is building a 1.3-mile dune system for about \$8 million and installing a \$1.7 million pipe system in nearby Lake Silver to allow for the movement of water. The pipe project is set to begin within 45 to 60 days, Mr. Doherty said.

The borough also has acquired about a \$1 million worth of equipment, such as generators and high-water vehicles, at no cost from the

were reduced by 50% or more and clients then had to buy excess limits. This was more painful than rate increases."

Some changes in flood limits were more drastic.

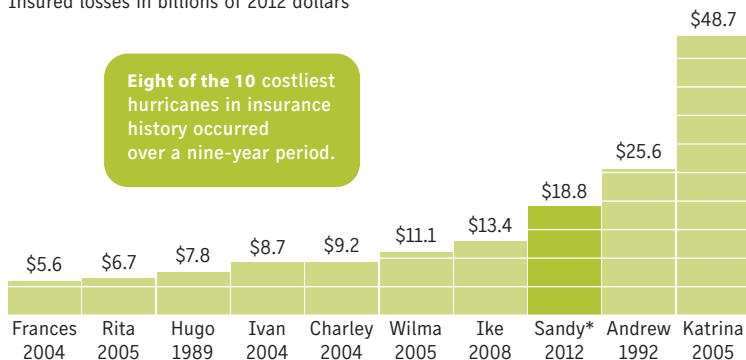
"One carrier cut (a client's) limit from \$50 million to \$5 million at four times the premium," said Dan Over, New York-based area senior vice president for brokerage Arthur J. Gallagher & Co. Sourcing and placing the remainder of the limit was "a big challenge."

Alternatively, at least one broker is moving to source primary flood insurance for its mid-market clients that do not participate in the government-sponsored National Flood Insurance Program.

"Willis is working with an insurance carrier to offer a private-sector alternative to the National Flood Insurance Program, which offers a variety of benefits including competitive rates and cover-

COSTLIEST HURRICANES

Insured losses in billions of 2012 dollars



*Sandy approached the Northeast as a Category 1 hurricane but weakened to a tropical storm.
Source: Insurance Information Institute

U.S. Army.

In some cases, mid-market policyholders are seeking recommendations on risk-mitigation projects to undertake when applying for FEMA capital grants, brokers said.

"Some clients are looking to us for guidance on capital projects ideas in conjunction with grant money," said Sam Coburn, New York-based senior managing director of commercial insurance services at Crystal & Co.

In addition to the capital improvement plans, Belmar was fortunate to be able to buy flood insurance after Sandy, because in many cases it's not easy to secure affordable coverage, said brokers serving the middle market. Since Sandy, many commercial insurers lowered flood policy limits, some significantly, forcing clients to buy excess flood cover.

"Where people really got hit harder was when they found that their flood limit had been reduced on renewal, whether they had a loss or not," said David Finnis, Atlanta-based executive vice president and national property practice leader at Willis North America Inc. "In some situations, limits

age terms more favorable than NFIP," said Mr. Finnis, who declined to disclose specifics for competitive reasons.

Aside from adding coverage, some mid-market organizations are exploring new ways to insure against extreme weather, such as manuscript policy forms or forming captives, and are pressing their brokers for more alternatives.

"Most mid-market (clients) are on a company form," said Robert Stein, New York-based U.S. middle market chief broking officer for Aon P.L.C. Some, he said, are considering a move to manuscript forms, which are customized for the client, to get more favorable terms.

"Company standard forms have various limitations," Mr. Finnis said. Some customers, he said, wanted options upon renewal to include coverage excluded by standard forms, such as peril of flood or high-hazard flood, and enlisted their brokers to ensure that such items could and would be included.

Regarding captives, Crystal & Co.'s Mr. Coburn said, "We have seen more middle-market clients participate in group captives, which allow some of the benefits without the administrative burden."

RESOURCE CENTER

ASSET MANAGEMENT

J.P. Morgan Asset Management's

Global Insurance Solutions

Delivering integrated solutions for insurers globally

- Proactive partnership with insurance companies
- Capital markets knowledge and strategic advice
- Global investment expertise and solutions

Please contact Matt Malloy at 212-648-0054 or matthew.malloy@jpmorgan.com

J.P. Morgan Asset Management is the brand for the asset management business of J.P. Morgan Chase & Co. and its affiliates worldwide. www.jpmorgan.com/institutional/assetmanagement



EDUCATION

ONLINE RMI MASTER'S DEGREE

- Take your knowledge and skills to the next level
- Earn our Top 10-ranked degree in under two years

business.fsu.edu/OnlineRMI

Every student – regardless of location – pays the same price, plus applicable fees, for coursework.

MARKETPLACE.com

MAXIMIZE YOUR EXPOSURE

With more than 160,000+ registered users to the website, Business Insurance's MARKETPLACE section allows you to list your products and services in an easy to search format, that can help influential executives easily find the information they need before they buy.

www.businessinsurancemarketplace.com

Call Today!
212-210-0129
and find out how affordable a Marketplace listing can be!

BUSINESS INSURANCE

www.businessinsurance.com

SANDY

Continued from page 1

While silos may be coming down, opinions differ on how best to protect vulnerable East Coast cities saturated by Sandy last October. New York is a prime example of these differences, said Malcolm Bowman, professor of physical oceanography and a Distinguished Service Professor at the Marine Sciences Research Center of the State University of New York at Stony Brook.

Mr. Bowman, a member of New York Mayor Michael Bloomberg's panel on climate change, cited differences in the approach Mr. Bloomberg supports and proposals promoted by New York Gov. Andrew M. Cuomo's administration.

"From the very first day that Sandy hit, (Mr. Bloomberg) declared that a European-style storm surge protection system was not in the cards," Mr. Bowman said. The mayor, he said, saw such multibillion dollar physical protections as too expensive and unable to protect all exposed property and infrastructure. "So the new term was resiliency," Mr. Bowman said.

Mr. Bloomberg's "A Stronger, More Resilient New York" report released in June included more than 400 pages of recommendations to rebuild neighborhoods affected by Sandy and increase the resilience of the entire city's infrastructure and buildings.

At the state level, a commission created by Gov. Cuomo has called for a series of measures, ranging from "soft" protections such as turning some shoreline areas back into oyster beds, to a storm-surge barrier with movable gates across the Narrows, the strait between Staten Island and Brooklyn. That barrier could cost up to \$20 billion alone, officials said.

Mr. Bowman sees the need for some European-style systems to protect New York. He cited the Thames River Barrier in England and the Delta Works system in the Netherlands, both built following a catastrophic 1953 storm, as well as current Italian efforts to protect Venice.

"The most interesting one to me is in St. Petersburg, Russia," Mr. Bowman said. There, a giant seawall around the city protects it from storm surge on the Neva River delta; it includes a series of dams around the city topped by a

highway with openings that allow ships to pass through, and gates that can be closed to protect against storm surge.

Mark Way, head of sustainability for the Americas at Swiss Re Ltd. in Armonk, N.Y., said a Netherlands-style system is designed to protect a 1-in-10,000-year disaster. "Building that kind of a system into an area like New York is rather unrealistic."

"At the end of the day, all of these things are tradeoffs," weighing protection vs. cost, Mr. Way said. "It comes down to the local community making a decision."

"There's no right answer," said Andy Castaldi, head of catastrophe perils for the Americas at Swiss Re in Armonk. "There's going to be different people with different viewpoints. If we could at least slow down the trend toward larger losses, I think that would be a major win."

In its 64-page report, the Washington-based Urban Land Institute made several recommendations intended to advance long-term strategies for resilience and adaptability in coastal areas.

The recommendations include regional coordination between the federal government and the various states and New York city government, said John L. McIlwain, a senior resident fellow at the institute. To that end, the organization recommended reconstituting the Hurricane Sandy Rebuilding Task Force initially established by President Barack Obama to aid Sandy recovery efforts.

The institute also recommended that flood insurance premiums be set at a price that accurately reflects the risk.

"Long-term we need to go to a full market price for all insurance," Mr. McIlwain said, though both federal and private flood insurance should adjust premiums to reflect risk-mitigation efforts.

Such risk-based insurance pricing also provides "the best signal to someone whether they're building responsibly or irresponsibly" for the area's risk profile, Swiss Re's Mr. Castaldi said.

The institute's recommendations have "pretty much dismissed the notion of a seawall across the Narrows," Mr. McIlwain said.

The Boston Harbor Association's Ms. Li said that since Sandy, she sees the sort of multijurisdictional cooperation the institute recommends occurring in efforts to determine how the Boston area should address storm risk.

Different agencies are "working together on a regular basis," she said. "People really share. They know they're vulnerable."

In addition to Boston's efforts to understand and plan for storm risks, the Massachusetts Department of Transportation received a federal grant earlier this year to study the potential effect of storm surge on Boston's Central Artery Tunnel road system, otherwise known as the Big Dig, Ms. Li said.

And a long-term strategic plan being developed over the next year by the Massachusetts Port



AP PHOTOS



Images remind the Northeast of Superstorm Sandy, which made landfall in New Jersey on Oct. 29, 2012. A parking lot full of taxi cabs is submerged in Hoboken, N.J. A vacant pizza shop in Seaside Heights, in the middle photo, was gutted by a fire after the storm. Sea water flooded the Ground Zero construction site in New York. The storm paralyzed much of Manhattan.



HEAR INTERVIEW
 Access Business Insurance's interactive digital edition to hear Malcolm Bowman, professor of physical oceanography at the Marine Sciences Research Center of the State University of New York at Stony Brook, talk about protecting New York against storm surge and extreme weather.

Authority will include a focus on protecting Boston Logan International Airport, the Port of Boston and waterfront property against sea level rise, storm surge and future Sandy-like weather events.

Allianz's Mr. Varney said he thinks it's valuable for businesses to work with various governmental entities, as they plan to prepare for future storms. Understanding government jurisdictions' capabilities can help businesses determine their own risk-mitigation needs, he said.

Sandy's effects have been felt beyond the Northeast, as it was a significant factor leading to a global partnership announced in September to assist at least 100 cities around the world to hire a chief resilience officer and develop a disaster resilience strategy.

The Rockefeller Foundation, which is leading the effort, has pledged \$100 million to the project. Swiss Re, the American Institute of Architects, the Architecture for Humanity charitable organization, and computer software and ser-

vices firm Palantir Technologies Inc. are partners in the project.

Going forward, a key is gathering the best information available and assessing catastrophe risk management scenarios for a range of possible outcomes, said Swiss Re's Mr. Way. As bad as Sandy was, a future storm could cause more damage in the Northeast, his colleague Mr. Castaldi said.

"Sandy was devastating and I do not mean to diminish that," Mr. Castaldi said, "but it was far from a worst-case event."

Tower Group units lose A- rating from Best

■ A.M. Best Co. Inc. has downgraded to below A-level the financial strength ratings of Tower Group International Ltd. and its affiliates, the rating agency said. The financial strength rating was cut to B++ from A-. A downgrade below A- usually means that brokers must obtain a client sign-off before placing risks with an insurer. The downgrade is yet another blow to Tower, which previously said it was bolstering its loss reserves by approximately \$365 million and taking a \$215 million goodwill impairment, both of which were cited by Best in its subsequent announcement.

P/C rates up in September, but should drop next year

■ Commercial property/casualty insurance rates rose an average of 5% in September compared with those during the same period a year earlier, MarketScout reported. This compares with an average increase of 4% in August, according to the Dallas-based electronic insurance exchange. Commercial property and general liability coverage experienced the largest increases, rising an average of 6%, while surety experienced the lowest at 1%. Meanwhile, Willis Group Holdings P.L.C. said in a report that U.S. commercial insurance buyers should see declining rates for property coverage in 2014. The report said a variety of factors, including new competition and falling reinsurance prices, will force property insurers to lower rates in the coming year. Willis said it expects property rates to fall an average of 10% to 12% for noncatastrophe-exposed risks, while risks exposed to natural catastrophes such as hurricanes are likely decrease in the 5% to 10% range.

Benmosche apologizes for inflammatory comments

■ American International Group Inc. CEO Robert Benmosche met with U.S. Rep. Elijah Cummings, D-Md., to apologize for insensitive comments he made last month that offended Rep. Cummings. Mr. Benmosche's remarks in a Wall Street Journal article, comparing the public anger over bonuses paid to AIG workers to lynch mobs in the South, prompted Rep. Cummings to call for the AIG executive's resignation. "I was very pleased to meet with Rep. Elijah Cummings earlier today," Mr. Benmosche said in a statement released by AIG. "In our meeting, I apologized for my reference to the South and the impact that it had on him and others." Rep. Cummings also released a statement that indicated his anger with the AIG CEO had subsided.

Penn State's sex-scandal bill crosses \$50 million mark

■ Penn State has spent more than \$50 million on fines, legal bills and other costs linked to a sex abuse scandal that has roiled the university for nearly two years, according to the school's website. That figure does not include up to \$60 million the university has set aside to settle civil claims from some 32 now-grown men who said they were sexually abused by former Assistant Football Coach Jerry Sandusky, a university spokesman said. The biggest single expense listed in the university's records

is a \$12 million fine paid to the NCAA, the first of five installments toward an overall \$60 million fine the organization imposed on Penn State. Running a close second to the NCAA annual payment were the university's legal fees, which totaled \$11.4 million. After that came \$8.1 million paid to the law firm of former FBI director Louis Freeh, who the university commissioned to write a report that laid out a narrative of the scandal, which many in the state rejected. Total spending so far comes to \$50.4 million.

Reuters

Brown & Brown's revenue increases 18% in third quarter

■ Brown & Brown Inc.'s revenue grew 18.3% during the third quarter this year over that of the same period a year earlier to \$359.3 million, Brown & Brown announced. Net income rose 14.7% to \$57.7 million year-to-year for the quarter. Fees and commissions totaled \$358.2 million, an 18.5% increase over those of the same period a year earlier. Of the \$55.9 million in overall core growth in commissions and fees, excluding contingencies, \$34.8 million was acquired revenue. About 80% of the new revenue was from Beecher Carlson Holdings Inc., which Brown & Brown acquired on July 1.

Vermont issues 1,000th license for a captive insurer

■ Vermont has issued its 1,000th license for a captive insurer, saying the state's Department of Financial Regulation has licensed Cassatt Insurance Group Inc. The new captive was formed by a group of nine independent non-profit hospitals in southeastern Pennsylvania. The group will use the sponsored captive in sharing medical liability risk for 1,200 physicians. Vermont's Department of Financial Regulation also said that it recently licensed two additional captives, bringing total new formations in Vermont this year to 16.

Health plan costs rise 3.3%, but larger hikes coming

■ Group health care plan costs increased a modest average of 3.3% in 2013, but bigger increases may be on the horizon, according to research released by Aon Hewitt. Group health care plan costs increased to an average of \$10,471 per employee in 2013, according to the Aon Hewitt analysis. Costs include employer and employee premium contributions, but not employee out-of-pocket costs, such as copayments and coinsurance. Aon Hewitt's findings, which are based on health care plans offered by 516 employers, are consistent with other research. For example, the Kaiser Family Foundation reported in August that premiums for family health insurance coverage rose an average 3.8% in 2013.

Large employers' pension plan funding levels top 90%

■ Funding levels of pension plans sponsored by large publicly held U.S. employers topped 90% in September as strong investment gains boosted the value of plan assets, Milliman Inc. said. Defined benefit plans offered by the 100 U.S. employers with the largest pension programs were an average of 91.4% funded, up from 89.3% at the end of August and 89.9% as of July 31.

Cities reduced health care, pension benefits in 2013: Survey

■ Nearly one-quarter of U.S. cities reduced health care benefits for their employees in 2013, and one out of every five reduced pension benefits, according to a survey by the National League of Cities. Eighty percent of the 350 city finance officers polled in the group's 28th annual City Fiscal Conditions Report said their city's ability to meet its budget needs had been negatively affected by its employee health benefit costs, more than any other factor cited in the survey. Seventy-five percent said pension costs were having a negative impact on their city's budget obligations.

House votes to put limit on crop insurance subsidies

■ Farm subsidy reformers praised a vote by the U.S. House of Representatives to make the wealthiest growers pay more for federally subsidized crop insurance, the first eligibility limit on a program that costs \$9 billion a year. The nonbinding House vote will be a factor in upcoming negotiations with the Senate on a final version of the new farm bill, which is a year overdue. Senators put a similar restriction on farmers with more than \$750,000 adjusted gross income a year in their bill. One percent of farmers, or about 20,000 people, would be affected by the provision, estimated to save \$1.3 billion over 10 years. Crop insurance is the costliest part of the farm safety net.

Reuters

American obesity rates unchanged at 35%

■ Almost 35% of American adults are obese, a statistic that remains unchanged from a year earlier, according to Centers for Disease Control and Prevention data. "There was no significant change in obesity prevalence between 2009-2010 and 2011-2012 among either men or women," the CDC reported. "In 2011-2012, the prevalence of obesity among men was 33.5%, compared with 35.5% in 2009-2010. Among women, obesity prevalence was 36.1% in 2011-2012 and 35.8% in 2009-2010."

Indiana OKs 7.7% decrease in workers comp rates

■ The Indiana Department of Insurance has approved a 7.7% decrease in workers compensation loss cost rates for 2014, according to a filing by the Indiana Compensation Rating Bureau. The agency requested the rate decrease in September, and the new rate takes effect Jan. 1.

Texas court rules no damages in BP pollution case

■ A Texas jury ruled in favor of BP P.L.C. and did not award damages to plaintiffs in three lawsuits who claimed they were harmed by pollution from a BP-owned refinery in Texas City, Texas, in 2010. The lawsuits were the first of 48,000 cases filed against BP over the release of vapors into the atmosphere from a hydrocracking unit in 2010. BP has denied claims that people were harmed by the emissions, which included 17,000 pounds of benzene.

Reuters

Vice President/Group Publisher:
Christopher J. Battaglia (New York)

Associate Publisher/
Online General Manager:
Paul D. Winston (Chicago)

Editor: Gavin Souter (Chicago)

Editor-at-Large: Jerry Geisel (Washington)

Managing Editor:
Paul Bomberger (Chicago)

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

Art Editor: William Murphy (Chicago)

Senior Editors: Roberto Cenicerros (Boise);
Judy Greenwald (San Jose);
Mark A. Hofmann (Washington);
Sarah Veysey (London);
Joanne Wojcik (Denver);
Rodd Zolkos (Chicago)

Associate Editors:
Matt Dunning (New York);
Sheena Harrison (Chicago);
Bill Kenealy (Chicago);
Matthew Lerner (New York)

Copy Desk Chief:
Katherine Downing (Chicago)

Copy Editor/Assistant Art Editor:
Ann Reus (Chicago)

Copy Editor/Video Producer:
Anna Gaynor (Chicago)

Editorial Assistant:
Kate Shepherd (Chicago)

Director of Research:
Angelina Villarreal (Chicago)

Editorial Cartoonist:
Roger Schillerstrom (Chicago)

Advertising Sales Director:
Susan Stilwill (Chicago)

Regional Sales Managers:
Ron Kolgraf (Boston); Robert B. Murray
(New York); Mary Pemberton (Denver)

Southeast & Classified
Advertising Manager:
Monique Murray (New York)

Sales Manager,
Content Marketing Services
Fern Sheinman

Production Manager:
J. Thomas Janka (Chicago)

Director of Events and Brand Marketing:
Martha Donato (New York)

Audience Marketing Director:
Michelle O'Malley (Chicago)

Director of
Demand Generation Services:
Steve Susina (Chicago)

Marketing Manager
Kathy L. Barnes (Chicago)

Digital Product Manager:
Christina Kneitz (Chicago)

Sales & Marketing Assistant:
Emily Stein (Chicago)

EDITORIAL: Boise: 208-286-1425;
Chicago: 312-649-5200;
Denver: 303-278-7444;
London: 44-207-457-1400;
New York: 212-210-0100;
San Jose: 408-774-1500;
Washington: 202-662-7200

ADVERTISING: Boston: 617-292-4856;
Chicago: 312-649-5224;
Denver: 303-898-4043;
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:
Gloria Scoby
Group Publisher:
Chris Battaglia

Vice President/Production & Manufacturing:
Dave Kamis

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)

BPA AMERICAN
WORLDWIDE BUSINESS MEDIA
The Association of Business Media Companies



PATRICK HARD/SHUTTERSTOCK.COM

A look-alike Mystery Machine was subject to an uninsured-driver crackdown.

Meddling police take Mystery Machine

The Scooby-Doo Mystery Machine recently turned up in the South East London borough of Greenwich when police seized it during a clampdown on uninsured drivers.

But neither Scooby-Doo nor Shaggy Rogers was in the van, which was among vehicles police have seized as part of Operation Cubo.

But that's no mystery. Vans mimicking the brightly painted bright blue and green Mystery Machine with its flower-power imagery are common worldwide.

It's probably safe to say that the police officers weren't rewarded with Scooby Snacks for their efforts.

Law school sues lawyer in legal wrangle

A law school can't proceed with a defamation lawsuit against attorneys who said the school inflated its post-graduate employment statistics because there's no indication that they acted with "actual malice," according to a recent U.S. District Court ruling.

Lansing, Mich.-based Thomas M. Cooley Law School sued New York law firm Kurzon Strauss L.L.P. after David Anziska, an outside attorney representing the firm, posted comments online saying that Cooley "was being investigated by the (Department of Education) for failing to adequately disclose" employment data and student loan default rates, according to court records.

Cooley sent a cease-and-desist letter to Mr. Anziska and demanded that he remove his comments from the Internet, records show. In turn, attorney Jesse Strauss of Kurzon Strauss published a retraction regarding a federal investigation of Cooley.

Still, Mr. Anziska posted a proposed class action complaint online that accused Cooley of "Enron-style" accounting techniques. Cooley sued Kurzon Strauss for defamation.

The U.S. District Court in Grand Rapids, Mich., unanimously dismissed Cooley's lawsuit. In its ruling, the court said Mr. Anziska did not have actual malice against the school because he researched his statements in published reports, blogs and in conversations with law professors before posting his comments online.

It also found Mr. Anziska's statements that Cooley would "continue to defraud" students with its "Enron-style" tactics were "exaggeration or hyperbole," which is protected speech.

BENTLEY BITES BACK AGAINST CHEAP IMITATIONS



ZORAN KARAPANCEV/SHUTTERSTOCK.COM

Bentley Motors has won summary judgment in a trademark dispute against two auto customization companies in Florida.

True luxury is a hard thing to fake, and attorneys for Bentley Motors Ltd. have prevailed in making it even more difficult. A federal judge recently granted the Crewe, England-based luxury car maker's request for a summary judgment against a pair of auto customization companies in Florida, barring them from continuing to manufacture and install body kits based on Bentley's GTC model.

In a lawsuit filed in July 2012 in the U.S. District Court for the Middle District of Florida, Bentley accused St. Petersburg, Fla.-based Fugazzi Cars Inc. and Clearwater, Fla.-based Real Auto Customizing Inc. of trademark infringement, claiming the companies unlawfully transformed "ordinary and inexpensive Chrysler and Ford vehicles into knockoff Bentley vehicles and intentionally misappropriated the overall appearance and shape of the Bentley GTC automobile, as well as various Bentley trademarks."

Both Fugazzi Cars and Real Auto Customizing and their owners — Matthew McEntegart and Robert Frary III, respectively — are permanently barred from using or misappropriating any of Bentley's logos, distinctive design features and other trademarks, and were ordered to publish notice of the court's decision in all places where their products were previously advertised.

The court declined, however, to issue a summary judgment on Bentley's request for statutory damages, noting that there remained material questions of fact as to the willfulness of the defendants' conduct.

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.

Hot mom hot after firing over nude photo

A Minnesota mom is suing her former employer, saying she lost her job after appearing on the cover of a "Hot Housewives" edition of Playboy Magazine.

According to reports, Jessica Zelinske claims Charter Communications fired her from her ad sales job even though her boss gave permission for her to participate in the photo shoot. The company, however, denies giving such permission.

Ms. Zelinske is seeking at least \$150,000.

Ms. Zelinske won out over hundreds of other women competing for the 2011 magazine opportunity. After the magazine appeared, she received a notice from her employer in September 2011 advising her that she was being fired for violating Charter's "standards of common decency" and the company's professional conduct policy "by making the personal choice to pose nude in a well-known publication," reports said.



AP PHOTO

Michael Hallat in his grocery store in Vancouver, British Columbia.

Irate pirate prevails in Canada

He doesn't wear an eye patch, have a wooden leg or sport a parrot on his shoulder, but a self-styled Vancouver, British Columbia-based pirate is celebrating victory against a U.S. retailer.

U.S. District Court Judge Marsha Pechman dismissed a case brought by specialty grocery chain Trader Joe's against a Vancouver store named Pirate Joe's, which resells Trader Joe's products.

Michael Hallat, a Canadian citizen with permanent U.S. alien status, operates Pirate Joe's, which resells goods bought at Trader Joe's in the U.S. with Canadian-compliant ingredient and nutrition labels — at a higher price.

Trader Joe's alleged that Pirate Joe's was committing trademark infringement, engaging in false advertising and hurting its brand, among other things.

The judge ruled Trader Joe's could not prove economic harm, as the goods were bought at retail price.

Pirate Joe's website describes the store as "unauthorized, unaffiliated and unafraid." After Trader Joe's filed suit, Mr. Hallat changed his company's name to "Irate Joe's."

Mr. Hallat said he was lucky his business insurance policy had paid for his defense.

BUSINESS INSURANCE

2013 TO WOMEN WATCH

LEADERSHIP WORKSHOP AND AWARDS LUNCHEON



DECEMBER 3, 2013
NEW YORK MARRIOTT MARQUIS



KEYNOTE SPEAKER:

MIKA BRZEZINSKI

CO-HOST OF MSNBC'S *MORNING JOE*

Best-Selling Author of All Things at Once, Knowing Your Value, and Obsessed: America's Food Addiction-and My Own

The daughter of former National Security Advisor Zbigniew Brzezinski, she is the cohost of MSNBC's *Morning Joe*. Ms. Brzezinski also is a best-selling author. In her first book, *All Things At Once*, she discusses the challenges of career, family and the news business. Her second best-seller *Knowing Your Value*, discusses perceptions of value and how successful women today have achieved their deserved recognition and financial worth in the workplace.

TICKETS ARE AVAILABLE NOW,
DON'T MISS ONE OF THE
HOTTEST INDUSTRY EVENTS
OF THE YEAR!

REGISTER TODAY

For sponsorship and event information, please contact Susan Stilwill, Advertising Sales Director, at [sstilwill@businessinsurance.com](mailto:ssstilwill@businessinsurance.com) or 312-649-5224; or Martha Donato, Director of Events & Brand Marketing, at mdonato@businessinsurance.com or 845-545-0653

Sponsored by:



XL Group
Insurance

Presented by:





© 2012 Liberty Mutual Insurance

YOUR BUSINESS FACES RISKS. WE CAN PROTECT IT. BEGINNING OF STORY.

Successfully navigating risk requires a partner with experience. From natural disasters and preventable accidents to sheer negligence, we've handled it all before. At Liberty Mutual Insurance, we take our vast experience and expertise and use them to apply a holistic approach to risk assessment and management for our customers. Which means not only do you get broad coverage choices, you also get a true partner that takes pride in protecting your business. Read all of the amazing case studies for each of our lines of business at libertymutualgroup.com/business-stories

Insurance underwritten by Liberty Mutual Insurance Co., Boston, MA, or its affiliates or subsidiaries.



 Follow Liberty Mutual Insurance.  @lmbizinsurance