



**ANALYSTS WEIGH IN ON AIG'S FUTURE AFTER NEW LOSS / PAGE 3**

**WHAT FACTORS SET APART BEST PLACES TO WORK IN INSURANCE? / PAGE 4**

**FOR MID-MARKET FIRMS, ASSESSING OVERSEAS RISKS AN ONGOING PROCESS / PAGE 6**

## In Brief

### Duperreault named to FIO advisory panel

Brian Duperreault, president and CEO of Marsh & McLennan Cos. Inc., is among 15 representatives named to the new Federal Advisory Committee on Insurance. Other representatives named to the panel, which will advise the Federal Insurance Office, include John Degnan, senior adviser to the CEO of Chubb Corp.; Christopher Mansfield, senior vp and general counsel of Liberty Mutual Group Inc.; Sean McGovern, director and general counsel of Lloyd's North America; and Scott E. Harrington, Alan B. Miller Professor in the health care management and insurance and risk management departments at the University of Pennsylvania's Wharton School in Philadelphia. Most of the rest of those named represent state regulators.

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## CASE STUDY

### PRODUCT LIABILITY: BEST PRACTICES

U.S. Consumer Product Safety Commission favors new technology that could raise safety standard for table saws; power tool manufacturers' liability could change if new rules are enacted.

**PAGE 11**

## CATASTROPHES



AP PHOTO

Vehicles were under water at the Honda car factory in the Rojana industrial district in Ayutthaya, 80 miles south of Bangkok, in Thailand's worst flooding in decades.

# Losses to property, income still rising in Thai flooding

*Claims may hit \$13B as industrial areas suffer major damage*

By NILS WRIGHT

**BANGKOK**—Hundreds of factories remained shut in and around Bangkok last week in the worst flooding in decades, disrupting supply chains around the world and resulting in insured losses that are expected to hit Japanese insurers the hardest.

The flooding—runoff slowly

moving south from the central plains to the north of the city after an unusually long and heavy rainy season—caused widespread damage in Thailand. Some 400 deaths were blamed on the flooding, which affected some provinces north of Bangkok for three months.

Expected insured losses range from Deutsche Bank's estimate of \$2.5 billion to the Thailand Office of the Insurance Commission's estimate of \$5 billion. In an analysis last week, JLT Re, the reinsurance brokerage arm of Jardine Lloyd Thompson P.L.C., said

insured losses could reach \$13 billion.

Large industrial estates, which house factories that make everything from hard drives to passenger cars, took the brunt of the damage. Four large estates in Ayutthaya, 80 miles north of Bangkok, include the Hi-Tech industrial estate, home to 143 factories that shut down due to the flooding. The nearby Bang Pa In industrial estate, with 90 factories, also flooded. More manufacturing areas on the east side of Bangkok were threatened.

Japanese companies account for the lion's share of direct foreign investment in Thailand, hence Japanese insurers are expected to absorb 80% of the claims, according to the insurance commission.

Even manufacturers not directly affected saw their supply chains disrupted and had to take remedial steps to keep their operations humming.

Dana Spicer (Thailand) Ltd.,

See **THAILAND** page 21

## WORKERS COMPENSATION

# Workers comp gets smarter with new tools

*Predictive models spot problems early*

By SHEENA HARRISON

A new generation of predictive modeling tools is rolling out in the workers compensation market, which experts say could make claims adjustment and management more of a science.

Modeling has been available in workers comp for years, but insiders say newer versions are more accurate in identifying problematic indemnity claims before their losses spiral out of control.

"I think everyone is always looking for that Holy Grail of information," said Paul Braun, managing director of casualty claims for Aon Global Risk Consulting in Los Angeles.

Liberty Mutual Group Inc. launched a new predictive model this year that uses up-to-date data to calculate whether comorbid health conditions and psychosocial issues—such as obesity, depression or job dissatisfaction—could hinder an injured employee's return to work.

Though a model Liberty Mutual introduced in 2006 considered such data, its revised VantageComp model is better at identifying claims that start small and grow slowly into larger indemnity losses, said George Neale, executive vp and general claims manager in Boston. Claim adjusters use the new data to point workers to resources that can help them recover faster, he said.

"Slow-emerging claims are

See **PREDICT** page 21

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# 32%

In a Towers Watson & Co. survey of more than 100 insurance executives, 32% said they use predictive models in workers comp, up from 18% in 2009.

# Business Insurance

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forum

**ONLINE FORUM:** Learn about unique risk management challenges facing middle-market companies with "Middle Market Risk Challenges," a virtual educational forum set for Dec. 14. Expert speakers will discuss alternative benefits financing strategies, ways to minimize the impact of catastrophes and mid-market D&O issues. Cost is \$100. Sign up at [www.BusinessInsurance.com/mmrisk](http://www.BusinessInsurance.com/mmrisk).

## MOST POPULAR STORIES

Week of October 31, 2011

1. Property/casualty insurance pricing stable going into 2012
2. AIG makes \$972 million TARP repayment to U.S. Treasury
3. Chartis, Hartford to cut staff in attempt to streamline
4. Thailand flooding insured losses may hit \$13 billion
5. U.S. likely to achieve Solvency II equivalence: Fitch
6. Large comp claims see higher cost inflation, slower payouts
7. Bailout of AIG provides lessons for the future: GAO
8. Duperreault named to federal insurance advisory committee
9. Vt. releases universal health care cost, savings projections
10. Marsh names David Batchelor head of international division

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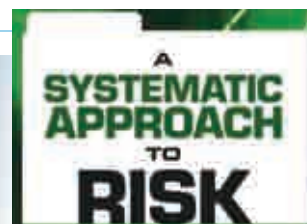


webinar

**MID-MARKET EXPANSION RISKS:** Join *Business Insurance* on Nov. 9 for "International Expansion Risks for Mid-Market Firms." This new webinar explores risks and liabilities that must be taken into account when expanding internationally. Register for this free online event at [www.BusinessInsurance.com/webinars](http://www.BusinessInsurance.com/webinars).



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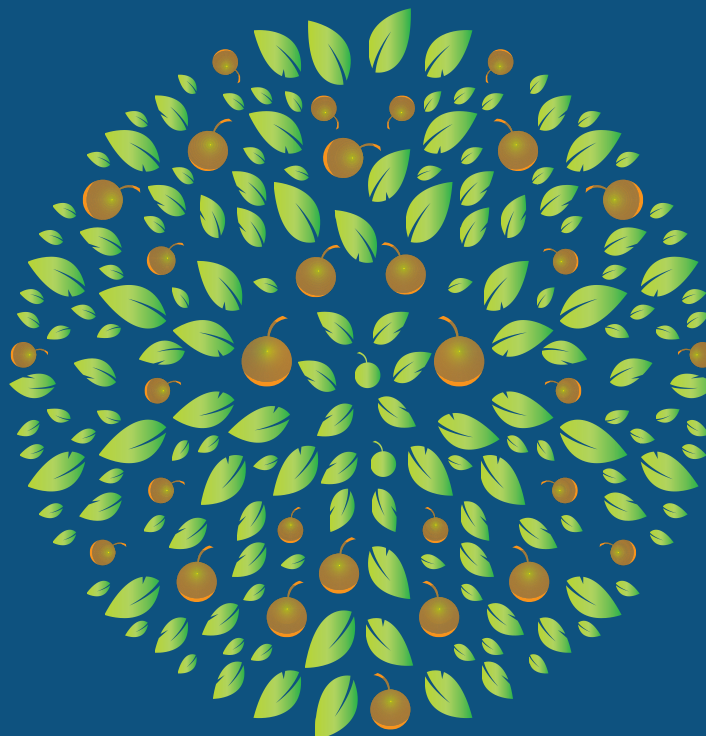
Aon Risk Solutions

# Challenge or opportunity?

The food, beverage and agribusiness industry has rapidly evolved over the past few years. As risks continue to emerge, enterprise risk management can play a vital role in your organization's planning and response. Is your leadership team armed with the latest information to manage these risks and embrace the opportunities?

Aon Risk Solutions will host a discussion regarding ERM for agricultural cooperatives **Thurs., Nov. 10 at 10 AM CT**, including a case study as well as best practices to consider.

Register for "Enterprise Risk Management for Agricultural Cooperatives Webinar" by contacting your Aon representative or visiting [aon.com/food](http://aon.com/food)



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## PROPERTY/CASUALTY INSURERS

# AIG continues payback despite loss

*Analysts welcome progress in turnaround efforts*

By **SONJA RYST**

**NEW YORK**—Despite a series of developments at American International Group Inc. last week that included a \$4.11 billion third-quarter loss, analysts remain cautiously optimistic about the future of the company and expect it to continue on its path away from government ownership.

While the government still holds a major stake in the New York-based company, AIG paid back close to \$1 billion in government loans last week.

Analysts expect the government to continue with its planned exit from AIG, but any sale will likely be delayed until stock market conditions improve, according to reports.

Meanwhile, a report critical of the 2008 bailout was released.

AIG reported significant losses for the third quarter and first nine months of 2011.

AIG's third-quarter loss of \$4.11 billion compares with a \$2.52 billion loss in the year-earlier period. For the first nine months of the year, it reported a net loss attributable to AIG of \$2 billion vs. a \$3.39 billion loss in the same period of 2010.

Pretax income for AIG's Chertis Inc. property/casualty unit plunged 71.8% year-over-year, falling to \$910 million during the first nine months of 2011. The unit reported net premiums written of \$26.99 billion, a 12.3% increase.

Some \$2 billion in catastrophe losses, a \$2.3 billion decline in the value of its stake in the Hong Kong insurer AIA Group Ltd. and a one-time \$1.5 billion charge on aircraft in its International Lease Finance Corp. unit hurt AIG's bottom line for the first nine months.

On a separate front last week, AIG repaid another \$972 million to the Treasury using money from last year's sale of American Life Insurance Co. That brought the government's remaining investment to \$50 billion, the

insurer and the federal agency said in a joint announcement. AIG owes the Federal Reserve Bank of New York \$17.5 billion in loans that are guaranteed by assets with a market value of about \$30.7 billion.

The U.S. Treasury Department still holds a 77% stake in AIG following the government's \$182 billion bailout. While the stated intention is for the government to eventually sell its stake in AIG, any share sale likely will be delayed until market conditions improve, according to a report in *The Wall Street Journal*.

AIG, meanwhile, also has authorized the buyback of up to \$1 billion in shares depend-



BLOOMBERG

Mr. Benmosche

ing on market conditions.

AIG President and CEO Robert H. Benmosche was optimistic about the company's prospects.

"Despite the difficult external environment, we are encouraged by the progress we've made and the underlying strength of our core insurance businesses," Mr. Benmosche said in a statement.

Analysts found pluses and minuses in the developments.

"They've reduced risk on their balance sheet," said Jimmy Bhullar, an analyst at JPMorgan Chase & Co. in New York. "Their challenge now is improving (profit) margins."

While the entire property/casualty industry has faced challenges this year, most insurers have bolstered their earnings with favorable

reserve development, whereas AIG in February had to strengthen its reserves for the 2010 fourth quarter, analysts said.

"The skeptics continue to say (AIG) is under-reserved. We tend to think that it's not possible to know," said Joshua Shanker, an analyst in New York at Deutsche Bank Securities Inc. "But AIG wanted to put as much distance as possible between them and future reserve charges, so we're not worried."

Rating agency analysts say the company appears more stable.

"From a ratings perspective, things have been stable," said Mark Rouck, an analyst in Chicago at Fitch Ratings Inc. "They've made progress on the restructuring and shoring up liquidity."

John Iten, director at the New York ratings agency Standard & Poor's Corp., said: "We feel the operation has stabilized." AIG just has to continue with its recovery plan and is "well down that path" already.

Treasury's possible delay in selling its AIG shares continues to pressure AIG's stock price, but analysts see this as temporary.

"The overhang on the stock shouldn't affect AIG's ability to run its business, unless they need to raise equity capital. But AIG doesn't need to do that," said David Merkel, a principal at Baltimore-based investment advisory firm Aleph Investments L.L.C.

John L. Ward, CEO of the private equity firm Cincinnatus Partners L.L.C. in Cincinnati, said nobody knows how long AIG needs to recover or how many detours it might hit on the way. But he noted that the insurer has already weathered many storms.

"They've still got a ways to go, but I expect they'll get through," Mr. Ward said.

Meanwhile, the Government Accountability Office released a report last week saying the Federal Reserve System may have overstepped its authority in handling the 2008 bailout of AIG. The report said the government could have begun the process of seeking private financing earlier and recommended that regulators use more sophisticated monitoring of financial companies.

## Forum covers mid-market risk issues

Amid a still-sluggish U.S. economy and a dramatically shifting landscape for health care, mid-market companies face a host of risks and strategic decisions that will shape their fortunes long term.

And because insurance brokers so often play a vital role in helping mid-market companies confront such challenges, it is crucial that brokers be positioned to provide them with cutting-edge advice and services.

In an effort to help brokers better serve mid-market clients, *Business Insurance* on Dec. 14 will present "Middle Market Risk Challenges," a virtual educational forum offering the latest insights into such companies' unique risks and strategic concerns.

Core topics to be covered during the online forum



Panel discussions will be moderated by the editors of *Business Insurance's* Mid-Market Executive and Brokers & Insurers channels.

include alternative benefits financing strategies, ways to minimize the business impact of catastrophes, and directors and officers liability issues for mid-market companies. Panel discussions will feature industry thought leaders and will be moderated by the editors of *Business Insurance's* Mid-Market Executive and Brokers & Insurers channels.

The forum's online environment allows attendees to download conference materials and use various interactive networking tools—including group and individual chat, scheduled discussions, message boards, vCard exchanges and Q&A tools—to connect with speakers, exhibitors and other attendees.

The cost to attend the virtual educational forum is \$100, and all registrants can request a voucher good for one course delivered by WebCE, a leading provider of certified online education.

For more information and to register, go to [www.businessinsurance.com/mmrisk](http://www.businessinsurance.com/mmrisk).

## WORKERS COMPENSATION

# CDC seeks data to help curb overdose deaths

*Calls for analysis of comp claims for pill-mill probe*

By **ROBERTO CENICEROS**

The U.S. Centers for Disease Control and Prevention last week called for tapping workers compensation claims data and cracking down on "pill mills" to avoid an epidemic of prescription pain medication overdose deaths.

Those and other CDC recommendations accompanied a report concluding that U.S. deaths from prescription painkillers more than tripled during the past 10 years, with more than 40 overdose deaths occurring daily.

While some insurers, self-insured employers and state agencies already track prescrip-

tion data to prevent abuse and misuse of prescription narcotics known as opioids, others could undertake such measures or refine their practices, said Christopher Jones, a health scientist for the CDC in Atlanta.

"We want to make sure that it's a concerted effort for all the companies out there, whether they are health insurers, pharmacy benefit managers...or workers comp claims programs," Mr. Jones said. "Because, one, they can save money, but it also can save lives."

The growing issue of prescription painkiller abuse is the subject of *Business Insurance's* newly launched workers comp channel solution arc at [www.businessinsurance.com](http://www.businessinsurance.com).

Other federal and state efforts, meanwhile, are focusing on arresting pill mill operators.

The law enforcement efforts have been particularly focused



**40** More than 40 overdose deaths from prescription painkillers occur daily in the U.S.

in Florida, although other states are not immune from pill mill operations.

Pill mills tend to be storefront operations, often operated by

"rogue doctors" who "are in fact drug dealers," and Florida is "ground zero" in the fight against

See **CDC** page 20

## INTERNATIONAL

# Solvency II equivalence likely for U.S.

*But politics likely to prevent big changes to existing rules*

By SARAH VEYSEY

**LONDON**—While the United States is not in the first group of nations whose regulatory structure is being considered for equivalence with Europe's upcoming Solvency II rules, experts say it is likely to be granted some form of equivalent status.

Bermuda, Japan and Switzerland are the first wave of nations being considered for equivalence under Solvency II, the European Union's risk-based capital regulatory regime for insurers and reinsurers that is to be phased in starting Jan. 1, 2013.

In an analysis, Fitch Ratings Ltd. said last week that it believes the United States will achieve Solvency II equivalence.

"Equivalence would be mutually beneficial for both markets," Fitch said.

"It would help European insurers and reinsurers with U.S. operations, which would otherwise face the same capital requirements in the United States as locally owned companies plus the extra capital requirements of Solvency II—a competitive disadvantage when pricing products," according to the analysis. "The U.S. insurance market would gain the capital and investment that European companies

bring via their U.S. subsidiaries."

The United States has a long-established risk-based solvency regulatory system, Fitch said. "If it is seen to give policyholders the same protection as Solvency II, despite fundamental differences in the underlying methodologies, we expect this to result in equivalence recognition from the European Union."

In 2008, U.S. regulators launched a solvency modernization initiative in response to the development of Solvency II, Fitch noted.

That initiative likely will result in an "own risk" and solvency assessment, which is required under Solvency II, and may include elements of Solvency II's group supervision rules, Fitch said, noting that the form of those changes is not yet clear.

Regulatory cooperation already has begun between Europe and the United States. For example, several U.S. states recently relaxed rules on the collateral that overseas reinsurers must post to be able to underwrite reinsurance. This, Fitch said, is a "positive sign that cooperation will lead to an agreement on equivalence."

But whether the United States will be granted equivalence remains a political issue, said Paul Clarke, global head of Solvency II at PricewaterhouseCoopers L.L.P. in London.

The U.S. likely will not wish to make wholesale changes to its system in order to gain equivalence, he said.

In addition to the formal equivalence

assessments that are under way on the regulatory regimes of Bermuda, Japan and Switzerland, the Frankfurt, Germany-based European Insurance and Occupational Pensions Authority has put into place a five-year transitional process for countries that do not wish to go through a formal equivalence process.

It is very likely that the U.S. system will, at the end of that five-year period, be deemed to be equivalent to Solvency II, Mr. Clarke said.

But there are some large differences between U.S. regulations and Solvency II that could prevent a formal equivalence declaration.

While EIOPA's assessment is very "granular," U.S. regulators are unlikely to want to make wholesale changes to their rules to meet the equivalence requirements, he said.

Meanwhile, EIOPA last month gave its equivalence assessment to the European Commission on the regulatory regimes of Bermuda, Japan and Switzerland. While Japan and Switzerland meet the criteria for equivalence with certain caveats, Bermuda does so only for certain classes of insurers and with certain caveats.

While this is an important step in the countries being granted equivalent status, there is no guarantee that the European Commission will agree, Mr. Clarke said.

However, the assessments strongly indicate that Japan and Switzerland are likely to be granted equivalent status while Bermuda may be considered partially equivalent, he said.



## RISK MANAGEMENT

## ERM programs evolving as firms embed strategy

*More change coming as risks, technology develop*

By RODD ZOLKOS

**SAN DIEGO**—The enterprise risk management programs of many organizations have changed during the past decade, and they'll likely change further during the decade ahead, a panel of ERM experts suggested last week.

Speaking as part of a panel looking at the Future of ERM last week at the Risk & Insurance Management Society Inc.'s inaugural ERM Conference in San Diego, Ryan Egerdahl, enterprise risk manager for the Portland, Ore.-based Bonneville Power Administration, said that when he first became involved with ERM at the BPA, it seemed to be an approach used only in discussions of exposures at the highest level of the organization.

However, today at Bonneville, ERM is a discipline applied to risks at every level of the organization, Mr. Egerdahl said.

"There's been a lot of change," said Mary Gardner, vp-Americas business resilience at Zurich Services of the Americas at Schaumburg, Ill.-based Zurich North America. Today, Ms. Gardner said, "Management really recognizes that risk management is their responsibility."

At Zurich, she said, while the company has always had an audit committee, in recent years the company's board has formed a separate risk committee as well.

Robert G. Torok, executive consultant, financial management services, at IBM Canada

Ltd. in Toronto, said he thinks one major change in ERM programs during the past decade has been an evolution away from a compliance-driven focus.

In addition, he said, ERM at many organizations has changed as a result of speed and transparency.

Speed has been a factor, as the pace of social media-driven communications has left companies no time to shape messages about events as information about them is disseminated on the Web. "You're forced to chase rather than lead because of the speed of technology," Mr. Torok said.

Transparency also has become more of a factor as many organizations face pressure from regulators or stakeholders forcing them to demonstrate how they're addressing various exposures, he said.

Mr. Torok said he anticipates the nature of ERM programs will continue to change in the next 10 years, with the focus becoming a more proactive one of identifying as-yet-unforeseen exposures that might affect the organization's ability to meet its objectives.

"The biggest change that has taken place in the past 10 years is moving away from a compliance- and insurance-based focus," he said. Looking forward, he told risk managers attending the conference, "Your responsibility will not be to stop the organization from stumbling by not complying with something. It will be to



### ERM Conference draws 175 attendees to San Diego

**SAN DIEGO**—The Risk & Insurance Management Society Inc.'s inaugural ERM Conference drew approximately 175 attendees to San Diego's Westin Gaslamp Quarter last week.

The conference featured sessions and speakers addressing a variety of issues related to enterprise risk management programs, as well as roundtables and facilitated discussions.

Among the topics addressed during the conference were communicating with key stakeholders to create long-term value, risk-adjusted performance management, using metrics to reduce volatility and drive action, defining risk appetite, strategic risk management and the role of the chief risk officer.

RIMS is planning to hold a second ERM Conference in 2012, with details to come. For more information, visit [www.rims.org](http://www.rims.org).

—By Rodd Zolkos

find that next big thing."

In 10 years, enterprise risk managers will be expected to lead their organizations as they try

See **ERM** page 20

Business Insurance.

**BEST**  
places  
to work 2011

## 50 companies recognized as top employers

Following an in-depth evaluation, 50 insurance industry companies are being recognized in this year's *Business Insurance* Best Places to Work in Insurance program.

Best Places to Work in Insurance is a joint effort of *Business Insurance* and the Harrisburg, Pa.-based Best Companies Group.

The competition is open to all publicly or privately held property/casualty insurers, group life/health insurers, retail agents and brokers, wholesale brokers/managing general agents, reinsurance businesses, group health advisers and claims managers with at least 25 employees working in the United States and serving the commercial insurance market.

The companies recognized this year, with profiles that begin on page 12, are an elite group of employers that have created high-quality workplaces that encourage employees to thrive in a work environment they can love.

Best Companies Group, an independent workplace excellence research firm that manages other regional and industry programs in the U.S. and Canada, managed the registration process, conducted the surveys, evaluated the data and selected the winning firms.

The assessment was a two-part process. The first part, which was responsible for 75% of a company's score, involved a confidential employee engagement and satisfaction survey, which was used to evaluate employees' workplace experience and the company's culture. The second part of the assessment, which was responsible for the remaining 25% of a company's score, was an employer questionnaire, which collected information about each company's benefit programs, policies, practices and other general information.

Using the two sets of data, BCG experts analyzed the strengths and opportunities at each company.

To make the Best Places to Work in Insurance list, each company had to demonstrate a minimum standard of excellence. BCG's work also involves comparative analysis of the companies on the list.

Participation in the program is free, though participating companies can purchase the BCG Employee Feedback Report that summarizes data collected in the employee survey process.

In addition to the employee opinion data, the report includes transcribed employee written comments, as well as the insurance industry benchmarking data from the participating companies.

# WHILE THEY'RE CARING FOR THEIR PATIENTS, WHO'S CARING FOR THEM?



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# Mid-Market EXECUTIVE

Helping C-level executives at midsize firms overcome critical risk and benefits challenges



## Unstable world creates risks

### Catastrophes, regulations lead to growth in exposures

By MATT DUNNING

For mid-market U.S. companies trading or operating in foreign markets, it can be tempting to treat risk assessment as a pre-transaction process undertaken primarily in advance of a major business deal or insurance renewal.

But without continuously evaluating the liability exposures associated with their overseas operations—as well as the insurance and loss control programs put in place to mitigate those exposures—mid-market companies run the risk of being blindsided by sudden regulatory, political, economic or weather-related changes abroad, experts warn.

In the past 12 months, natural catastrophes, increased regulation and enforcement, political and social revolutions, and economic turmoil have triggered significant fluctuations in property/casualty, employment and executive risk exposures for domestic companies trading internationally.

"It's all just so fluid," said Richard Hylant, a principal of Hylant Group Inc. and president of its Toledo, Ohio, office. "What had been stable trade markets up until these last couple of years seem to be pretty unsteady at this point."

One area of risk that experts said has become a critical focus for mid-market companies this year is that sector's exposure to supply line disruptions and breakdowns. In particular, weather-related events such as the earthquake and tsunami in Japan, flooding in Australia and Thailand, earthquakes in New Zealand—as well as tornadoes, floods and at least one hurricane in the United States—have presented significant, sudden threats to inter-

national supply chains and overseas business partners—on which experts said many small and midsize firms rely heavily but often do not plan adequately around for their possible disruption.

"Those events really have made it vital that mid-market companies, especially those that might not have a great grasp of their supply chain risk, take a second look from time to time and try to understand how that supply chain is put together," said Kevin Holland, a Kansas City, Mo.-based assistant vp at Lockton Cos. L.L.C. Aside from securing adequate business interruption and property insurance, Mr. Holland said companies should explore contractual redundancies that can reduce loss exposures in the event a supplier goes offline.

"As more and more U.S. companies become dependent on overseas suppliers, those companies need to confirm and reconfirm that they're insuring that risk appropriately, and that they're putting in place the right process to address a shutdown of a critical operation," Mr. Holland said.

Military coups, revolutions and uprisings, corporate nationalizations and other political risks also can manifest with little warning and wreak havoc on a mid-market company's business operations abroad, experts said. Mr. Holland pointed to the recent revolution in Libya as just the latest in a series of marketplace lessons to mid-market companies on the importance of actively monitoring events in any country that affects their operations.

"North Africa and especially Libya had only recently opened up again in terms of its receptiveness to U.S. companies," Mr. Holland said. "We saw a flood of oil field contractors and designers going in; and then in the course of nine months, everyone's got to get out again."

That has emphasized the need to consistently frequently monitor employee and

resource placements overseas, as well as secure insurance against losses stemming from dissolved contracts with ousted regimes. "Understanding the risks that you have tied to other governments outside the U.S. becomes more and more important, considering the contract frustration you can encounter fairly easily in some of these countries," he said.

Of course, experts said, there may not be a more erratic set of international commerce risks than those directly linked to the state of the global economy. In particular, the volatility of the European debt crisis has had a devastating effect on companies that have subsidiaries or other business relationships with ties to eurozone states, said Scott Kantrowitz, a New York-based regional manager for the ACE USA Inc.

"We're finding companies (operating internationally) unable to make to payments on contracts or invoices, which can result in bankruptcy or other financial trouble," Mr. Kantrowitz said. "We see that as a huge issue for our clients, and are starting to see potential shareholder litigation arising from displeased foreign investors."

However, laws stiffening penalties for bribery and increased enforcement of other rules in the United States and abroad present the greatest consistent risk for mid-market companies (see related story).

As long as economic recovery worldwide remains slow or stagnant, experts said countries are likely to continue building their regulatory footprint.

"It could be tax authorities, customs officials or any other regulatory agency," said David Williams, the Boston-based worldwide manager of the Chubb Group of Insurance Cos.' multinational solutions group. "Certainly, authorities around the globe are seeking more revenue for their governments."

### More countries putting focus on anti-bribery laws

In terms of claims frequency, experts says changes in international laws regulating bribery—as well as increased enforcement of regulations in the United States and elsewhere—present the greatest consistent risk to mid-market companies.

This necessitates not only a regular review of laws in relevant markets, but also the insurance solutions to respond to government actions.

The U.S. Foreign Corrupt Practices Act and the recently updated U.K. Bribery Act are the two most comprehensive such laws and the ones most likely to apply to mid-market companies, particularly those doing business in countries where corporate and government corruption may be the norm.

"I see a lot of corruption activity and compliance questions coming out of those areas of the world," said Greg Husisian, of counsel at Washington-based Foley & Lardner L.L.P. "You need to maintain regular oversight of your agents and representatives once you're on the ground over there, and consider whether you need to be doing any types of audits or whether they're exhibiting any kind of 'red-flag' behavior. You also need to make sure any local hires are adhering to your compliance program."

Additionally, a rising number of industrialized and emerging states have moved to outlaw or limit insurance coverage not purchased locally. Governments worldwide also are more closely scrutinizing tax enforcement, intellectual property and trademark protection, and workers' rights, largely as a means of generating revenue to supplement struggling local economies.

"Over the last several years, a number of countries have enacted laws that impose more corporate disclosure requirements, fiduciary duties and transparency rules for companies that want to do business within their borders," said Glen Bailey, a managing director at Atlanta-based Beecher Carlson Holdings Inc. "The vast majority of executive risk claims we've experienced or observed in the market by far have been litigation claims stemming from government action or enforcement."

—By Matt Dunning

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# Opinions

## EDITORIAL

### Risk manager needed in FIO

**I**T'S HARD TO FAULT the Treasury Department's property/casualty industry choices to serve on the new Federal Advisory Committee on Insurance. Nevertheless, we believe the lineup is missing someone who represents risk management.

That's not meant as criticism of the industry representatives by the administration at all. In fact, we believe that the industry itself has excellent representatives in Brian Duperreault, president and CEO of Marsh & McLennan Cos. Inc.; John Degan, senior adviser to the CEO of Chubb Corp.; Christopher Mansfield, senior vp and general counsel of Liberty Mutual Group Inc.; and Sean McGovern, director and general counsel of Lloyd's North America.

And we certainly welcome the decision to name Scott E. Harrington, a nationally recognized risk management and insurance scholar at the University of Pennsylvania's Wharton School, to the committee.

We believe all of those appointees will provide critical expertise to the Federal Insurance Office as it deals with industry issues both domestic and international. But we also believe the consumers of commercial insurance—risk managers—ought to have a place on the panel as well.

In part, risk managers would bring yet another perspective to the panel, which is intended to give advice to the FIO. Their firsthand knowledge of risks and the markets that respond to those challenges could be invaluable to federal authorities.

We think that's particularly true given the fact that about half of the committee's seats are being filled by regulators. We've long been concerned that the administration displays a little too much bias toward regulators as it staffs government panels, something we noted as the administration spent months trying to fill the last voting spot on the Financial Stability Oversight Council this year.

A risk manager would bring an independent voice to the committee and could provide some counterweight to regulators' arguments. We believe that voice won't be there when the committee first meets. But an appointment to the committee is no lifetime job—members serve two-year terms and may be reappointed for a second two-year term.

We hope that when the first vacancy occurs, a risk manager be seriously considered for service on the panel.

## LETTERS

*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*,  
360 N. Michigan Ave., Chicago, Ill. 60601-3806

Fax: 312-280-3174; email: [gsouter@businessinsurance.com](mailto:gsouter@businessinsurance.com)

## SCHILLERSTROM



## COMMENTARY

### Risk, opportunity in social media

**I**t's pretty hard to look at any sort of business publication, blog or newsletter these days without seeing discussion of the various implications of social media.

And, as is suggested by the nature of many of those discussions, from a risk/benefit perspective the rise of social media is a double-edged sword for many organizations.

While many companies still are feeling their way into how best to use these new communication vehicles, they're widely seen as presenting opportunities galore. At the same time, though, they're perceived as presenting companies with a host of potential exposures in such areas as information security, reputational risk and employer liability.

In fact, I think, for most risk managers the social media sword appears largely to be a single-edged instrument, fraught with peril but with little potential benefit.

A survey of European risk managers released last month by the Brussels-based Federation of European Risk Management Assns. and the London-based Institute of Risk Management showed the extent of their concern over social media exposures.

Nearly half of those surveyed cited social media-related reputational damage as the top digital risk facing their companies. In a statement accompanying the survey results, Michel Dennerly, vp of FERMA and deputy chief risk officer in the audit and risks division of Paris-based GDF-SUEZ S.A., noted that the social media universe is one companies—and their risk managers—will have to learn to navigate.

"Companies have to learn how to live in this new environment where information is available immedi-

ately anywhere, where private and professional life is merging, and where the balance of authority is shifting," Mr. Dennerly said.

I think one of the most exciting ways the benefits of social media can manifest themselves for risk managers—as for professionals in other business areas—is through social media's role as a sort of collaborative forum, allowing participants to share and leverage information to their mutual benefit.

More LinkedIn groups focus on risk management and alternative risk transfer topics, and more people involved in various aspects of risk management and insurance are finding Twitter a viable way to share useful information, 140 characters at a time.

And brokers and insurers are increasingly reaching out through social media. Examples in recent weeks include the Chubb Group of Insurance Cos. launching its [riskconversation.com](http://riskconversation.com) site as an online resource for risk managers. Meanwhile, Willis Group Holdings P.L.C. started its

WillisWire blog to allow the broker's various experts to share their views on risk issues.

Social media also are showing potential as an important tool for businesses in crisis communications. A striking example of the possibilities is the Twitter experience during the August East Coast earthquake: People who track such things found tweets about the quake outpacing seismic waves as both raced outward from the affected areas.

It seems clear that the rise of social media offers a potential benefit edge for risk managers. You can find me in the Twitterverse at [@BusInsRZolkos](https://twitter.com/BusInsRZolkos).

Contact: [rzolkos@businessinsurance.com](mailto:rzolkos@businessinsurance.com)



**RODD ZOLKOS**  
SENIOR EDITOR



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Joerg Reinholdt is Senior Vice President, Foreign Casualty, for ACE in New York. He and his team focus on providing innovative liability insurance solutions for their clients. Joerg is one of 16,000 ACE employees worldwide who take on the responsibility of risk so our clients can take on the responsibility of making things happen. We call this *insuring progress*. We invite you to find out how our people can work for you. Visit us at [acegroup.com](http://acegroup.com)



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## Market Moves

### Nexus sets up MGA, buys financial portfolio

**LONDON**—Nexus Underwriting Management Ltd. has acquired the U.K. regional financial lines portfolio of Novae Syndicates Ltd. and will set up a managing general agency next year to underwrite that account, the London-based company said in a statement.

All capacity for the MGA, called Nexus Professional Risks, will be provided by Novae's Lloyd's of London syndicate 2007.

The renewal rights for the portfolio of non-London market financial lines business, which has gross written premiums of more than £15 million (\$24.2 million), will transfer to Nexus Professional Risks, the companies said.

Terms of the deal were not disclosed.

### Gallagher to acquire middle-market broker

**ITASCA, Ill.**—Arthur J. Gallagher & Co. is acquiring Trissel Graham & Toole Inc., a Davenport, Iowa-based middle-market broker that provides risk management, property/casualty and employee benefit services for commercial and personal lines clients in the central United States.

Formed in 1896, Trissel Graham specializes in placing insurance for the manufacturing, education, health care, construction, municipality and transportation industries.

Its team of more than 50 insurance industry specialists will continue to operate in their Iowa and Sterling, Ill., locations under the direction of Thomas J. Gallagher, Midwest regional manager of Gallagher's retail property/casualty brokerage operation.

"Their geographic presence along with their specialized expertise makes them a terrific complement to our Midwest region," J. Patrick Gallagher Jr., chairman, president and CEO of Itasca, Ill.-based Gallagher, said in a statement.

Gallagher, an insurance brokerage and risk management services firm with operations in 16 countries, did not disclose terms of the deal.

### Ames & Gough named RRG's program manager

**McLEAN, Va.**—Consumer Specialties Insurance Co. Risk Retention Group, has named Ames & Gough Insurance Risk Management Inc. as its new program manager.

Previously, CSI's program manager was Salisbury, Md.-based Hanna, Kremer & Tilghman Insurance Inc. CSI said HKT was sold to another agency and has decided to no longer offer program management business, according to a statement.

"We had an excellent relationship with HKT and thank them for all of their hard work in keeping our policyholders in good hands with CSI," said Chris Cathcart, president of CSI, in the statement.

"We wish them well under their new leadership and will look forward to our new relationship with Ames & Gough," he said.

As program manager for CSI, Ames & Gough will coordinate all risk selection and recruitment, serve as the group's national broker and issue policies for the Montpelier, Vt.-based risk retention group.

Based in McLean, Va., Ames & Gough is a privately owned specialty insurance brokerage with offices in Boston and Philadelphia.

Terms of the deal were not disclosed.

### Lockton, First Equity to form joint venture

**JOHANNESBURG**—Lockton Cos. L.L.P. and First Equity Risk Management Services (Pty.) Ltd. announced last week that they intend to form a South African joint venture company called Lockton First Equity to provide commercial insurance brokerage services in South Africa.

According to a statement issued by Kansas City, Mo.-based Lockton, the venture will service Lockton's retail insurance brokerage clients in South Africa.

"Lockton First Equity will also seek to combine Lockton's and First Equity's respective reputations and commercial capabilities to generate new business in South Africa," said Lockton.

The joint venture company will be registered in South Africa and directors from Lockton and First Equity will serve on its board.

First Equity Risk Management Services is a privately owned insurance broker with its head office in Johannesburg and other offices in Nelspruit and Durban, South Africa.

The firms did not announce the terms of the joint venture agreement.

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### TO SUBMIT ITEMS

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

Please send news of Market Moves to Mike Tsikoudakis, 360 N. Michigan Ave., Chicago, Ill. 60601 or email [mtsikoudakis@businessinsurance.com](mailto:mtsikoudakis@businessinsurance.com).

# CASE STUDY

## PRODUCT LIABILITY [BEST PRACTICES]

# Safety standard for table saws in the works

### Product safety regulator favors new technology

By MIKE TSIKOUKAKIS

Table saw manufacturers may face a mandatory federal product standard due to safety advancements yet to be adopted by the power tool manufacturing industry.

The U.S. Consumer Product Safety Commission on Oct. 5 unanimously approved the its staff's recommendation to publish an advance notice of proposed rulemaking for table saw makers to include flesh-sensing technology that stops a blade almost instantaneously on contact.

Between Jan. 1, 2007, and Dec. 31, 2008, hospital emergency departments in the CPSC's National Electronic Injury Surveillance System treated 79,500 stationary saw-related injuries, according to a 2009 survey by the CPSC. The survey, a follow-up to the CPSC's 2003 survey, was meant to obtain more in-depth information about the nature and probable cause of the injuries, the CPSC said.

Table and bench saw injuries accounted for 78% of the survey's estimated 101,900 injuries for all stationary saws, which include band saws, radial arm saws and miter saws.

Lacerations were the most common injury among operators, at 68%, followed by fractures and amputations.

"We're seeing terrible injuries with table saws," said a spokeswoman for the CPSC in Bethesda, Md.

"The injuries associated with this product are horrific—deep lacerations to the arms and hands, broken bones and, worst of all, amputations to fingers and thumbs," Robert S. Adler, a commissioner at the CPSC, said in a statement. "Injuries like these often leave victims facing long, painful recoveries, as well as significant financial hardship and employment challenges."

The CPSC's injury cost model estimates that, based on the latest study, medically treated contact injuries from table saws total \$2.36 billion per year.

Societal costs—which include costs for medical treatment, lost time from work, product liability litigation, and pain and suffering—are approximately \$35,000 per blade contact injury, the CPSC said.

This figure exceeds the average cost for all medically treated consumer product-related injuries by \$13,000, which reflects the high costs associated with amputations and the relatively high hospitalization rate related to table saw injuries, the CPSC said.

### Will power tool makers' liability change?

While the Consumer Product Safety Commission's possible requirement for table saws to include flesh-sensing technology appears likely to be implemented, the extent to which product liability exposures will increase remains to be seen.

"I don't think it's going to increase litigation," said C. Barry Montgomery, partner at Williams Montgomery & John Ltd. in Chicago and co-chair of the law firm's commercial litigation practice. "It's going to be an issue with respect to whatever the standard is," said Mr. Montgomery, who represents manufacturers of power tools.

If the rule becomes mandatory, "manufacturers are going to have to comply with it," he said. "I'm sure there will be lots of commentary and discussion before it becomes a standard. It's a long process."

Tualatin, Ore.-based table saw manufacturer SawStop L.L.C. has patented technology that almost instantaneously stops a table saw blade upon contact with flesh.

There also are competing technologies that have yet to be brought to market, Robert S. Adler, a CPSC commissioner, said in a statement. "We write performance standards and leave it to manufacturers to decide how to meet them," he said. "Simply writing a performance standard doesn't automatically guarantee that other technologies will find their way to the market, but I remain hopeful that they will."

But if the technology is out there, it could increase the risk of product liability claims, said George Nassif, director of business development for the Americas for Aon Global Risk Consultants, a unit of Aon Corp. in New York.

"Under tort law, if there is some kind of technology or some kind of reasonable way of preventing such an injury, it definitely would raise the possibility for product liability claims," he said.

"It will be one of the angles the plaintiffs bar will definitely be looking at as a way to sue the manufacturer or the owner of the table saws," said Mr. Nassif, who said table saw makers and distributors typically retain much of their liability exposure.

Product liability litigation for table saw makers varies by state as different standards and evidentiary rules are applied, said Robert A. Roth, partner at law firm Reed Smith L.L.P. in Chicago.

But because of the severity of injuries from table saw accidents, product liability litigation is highly likely for table saw manufacturers regardless of federal regulations on safety standards, he said.

"If someone were to be injured by a table saw, with or without the federal regulations, it's likely they're going to bring a lawsuit," said Mr. Roth, who represents manufacturers in product liability cases. "So I don't really see that there would be an increase in the number of claims."

Katherine Cahill, New York-based global product risk practice leader for Marsh Risk Consulting, said flesh-sensing technology should decrease product liability claims, "but it will increase the cost of the product."

A key concern for table saw manufacturers is the risk of product recalls, Ms. Cahill said.

"More mandatory requirements around a safety issue typically translate to more recalls in the industry," she said.

CPSC's mandatory standard for the inclusion of safety technology in table saws may be extended to other power tools, some industry experts contend.

Mr. Nassif of Aon said it depends on SawStop's success rate. "If the success rate is significant, it could result in an extrapolation into other type of equipment," he said.

—By Mike Tsikoudakis

include flesh-sensing technology remains to be seen (see related story).

The Occupational Safety and Health Administration has regulations on table saws used in the workplace that require the saw to have a blade guard, a spreader and an anti-kickback device.

Underwriters Laboratories Inc. also has a similar standard, UL 987, which is in its seventh edition since it was introduced in 1971, the CPSC said.

In 2007, a joint venture of the leading manufacturers of table saws introduced a modular blade guard that aims to prevent blade contact and also includes a permanent, adjustable riving knife as the primary kickback-prevention device.

The CPSC said it is concerned about existing blade guards and standards for table saws, as they often hinder use of the machine, which leads to the blade guards' removal.

While supportive of the voluntary UL standard, "the standard requirements do not appear to address adequately the number or severity of blade contact injuries that occur on table saws, nor do they address the associated societal costs," the CPSC said in the proposal. While "the new modular guard design is a significant improvement over the old guard design, the effectiveness of any blade guard system depends upon an operator's willingness to use it."

Tualatin, Ore.-based SawStop L.L.C., which has patented technology that almost instantaneously stops the saw blade upon contact with flesh, has petitioned the CPSC since 2003 to impose mandatory standards requiring the technology for all table saws.

Power Tool Institute Inc., a Cleveland-based trade association of the nation's largest power tool manufacturers, said SawStop's patent would create a monopoly if the CPSC were to adopt the standard. It also said the cost of a portable bench top saw, which can range from \$99 to \$600, will increase to just under \$1,000, and accident rates could increase as the technology might harbor a "sense of security."

"My personal preference is that the table saw industry finds a way to adopt a voluntary standard that would substantially reduce or eliminate these 36,000 annual injuries," Mr. Adler said in the statement.

"Whether there are other approaches that are equally effective, I leave to them at the moment," he said.

The CPSC's advance notice of proposed rulemaking provides the public and interested parties 60 days submit comments, which could shape how the standard is written.

Product liability litigation for table saw accidents varies by state, and the extent of the plaintiff's injury typically dictates the size of the settlement or

award, industry experts say.

But the impact on product liability exposures of a federal mandatory standard for table saw manufacturers to

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AMERIND Risk Management Corp.	Santa Ana Pueblo, N.M.	Property/Casualty Insurers
ARAG Insurance Co.	Des Moines, Iowa	Property/Casualty Insurers
Associated Agencies Inc.	Rolling Meadows, Ill.	Retail Agents/Brokers
Assurance Agency Ltd.	Schaumburg, Ill.	Retail Agents/Brokers
Avalon Risk Management	Elk Grove Village, Ill.	Retail Agents/Brokers
Berkley Mid-Atlantic Group L.L.C.	Glen Allen, Va.	Property/Casualty Insurers
Business Benefits Group	Fairfax, Va.	Retail Agents/Brokers
Fred C. Church Inc.	Lowell, Mass.	Retail Agents/Brokers
Discovery Benefits Inc.	Fargo, N.D.	Claims Managers
Dubraski & Associates Insurance Services L.L.C.	San Diego	Retail Agents/Brokers
Eastern Insurance Holdings Inc.	Lancaster, Pa.	Property/Casualty Insurers
ECBM L.P.	West Conshohocken, Pa.	Retail Agents/Brokers
Equitable Life & Casualty Insurance Co.	Salt Lake City	Group Life/Health Insurers
Falvey Insurance Group Ltd.	North Kingstown, R.I.	Wholesale Brokers/MGAs
FCCI Insurance Group	Sarasota, Fla.	Property/Casualty Insurers
Gilsbar Inc.	Covington, La.	Group Health Advisers
GNW-Evergreen Insurance Services L.L.C.	Encino, Calif.	Retail Agents/Brokers
The Hanover Insurance Group Inc.	Worcester, Mass.	Property/Casualty Insurers
Hoffman Brown Co.	Sherman Oaks, Calif.	Retail Agents/ Brokers
Hylant Group Inc.	Toledo, Ohio	Retail Agents/Brokers
The Insurance Exchange Inc.	Rockville, Md.	Retail Agents/Brokers
Insurance Program Managers Group	St. Charles, Ill.	Wholesale Brokers/MGAs
Kapnick Insurance Group	Southfield, Mich.	Retail Agents/Brokers
Key Risk Insurance Co.	Greensboro, N.C.	Property/Casualty Insurers
Lockton Cos. L.L.C.	Kansas City, Mo.	Retail Agents/Brokers
M3 Insurance Solutions Inc.	Madison, Wis.	Retail Agents/Brokers
Maiden Reinsurance Co.	Mount Laurel, N.J.	Reinsurance
McGraw Wentworth	Troy, Mich.	Retail Agents/Brokers
The MGIS Cos. Inc.	Salt Lake City	Wholesale Brokers/MGAs
Penn National Insurance	Harrisburg, Pa.	Property/Casualty Insurers
Philadelphia Insurance Cos.	Bala Cynwyd, Pa.	Property/Casualty Insurers
The Plexus Groupe L.L.C.	Deer Park, Ill.	Retail Agents/Brokers
Poms & Associates Insurance Brokers Inc.	Woodland Hills, Calif.	Retail Agents/Brokers
Precept Group	Irvine, Calif.	Retail Agents/Brokers
Propel Insurance	Tacoma, Wash.	Retail Agents/Brokers
Ross & Yerger Insurance Inc.	Jackson, Miss.	Retail Agents/Brokers
Safety National Casualty Corp.	St. Louis	Property/Casualty Insurers
Scirocco Group	Hasbrouck Heights, N.J.	Retail Agents/Brokers
Seubert & Associates Inc.	Pittsburgh	Retail Agents/Brokers
SilverStone Group	Omaha, Neb.	Retail Agents/Brokers
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TIP National Inc.	Oklahoma City	Wholesale Brokers/MGAs
United Educators Insurance, a Reciprocal Retention Group	Chevy Chase, Md.	Property/Casualty Insurers
United Heartland Insurance Agencies	Milwaukee	Property/Casualty Insurers
Unum Group	Chattanooga, Tenn.	Group Life/Health Insurers
West Bend Mutual Insurance Co.	West Bend, Wis.	Property/Casualty Insurers

### SMALL RETAIL AGENTS/BROKERS

<b>1</b>	ASSURANCE AGENCY LTD.
RANK	SCHAUMBURG, ILL.
	EMPLOYEES: 227

**A**ssurance covers several key industry segments, including skilled nursing homes, staffing and employment services, and street and road construction. In an industry that has seen layoffs across the board, Assurance reports that it hasn't laid off any employees in the past fiscal year. Instead, it has hired 63, establishing 12 new positions in the process.



Assurance says its best ideas come from employees and an idea never goes unnoticed. Each suggestion earns a \$5 gift card with no limit on suggestions.

"Assurance strongly focuses on rewarding employees and showing appreciation. We know that creating this kind of environment leads to happy, more fulfilled employees, which in turn creates better experiences and service levels for our clients."

### 2 SEUBERT & ASSOCIATES INC.

PITTSBURGH

EMPLOYEES: 76

**A**n agency whose products include commercial property/casualty insurance, employee benefits, surety bonds, personal property/casualty and life insurance and offerings include risk management consultation, loss prevention, claims management and alternative risk management options, Seubert & Associates provides service to an array of businesses and individuals, but has found a niche in industries including construction, contractors, trucking, health care practices, and gas and oil exploration and production.

The president's open-door policy is just one way it ensures employee satisfaction in all areas. "(President) Brian Long...makes it a point to meet with each employee every several years to discuss the agency, their work environment, education, concerns, etc." Its self-enrichment program also is noteworthy: "The agency will pay for an employee to learn a new hobby or develop a talent such as dance, music, study. (Mr. Long) invites each of us to try something we have always wanted to do, but never had the time or resources to pursue."

### 3 M3 INSURANCE SOLUTIONS INC.

MADISON, WIS.

EMPLOYEES: 183

**M**3 Insurance Solutions for business provides a well-rounded suite of consultative services in the areas of property/casualty, workers compensation, employee benefits, life insurance, investment and retirement planning.

Employee perks include flexible summer schedules, time off to volunteer, lunchtime cookouts, a "Biggest Loser Challenge" to lose weight, stress management programs, on-site fitness classes, leisure trip incentives, performance bonuses for nonsales employees, and job-shadowing and mentoring programs.

To combat the post-holiday January doldrums, the firm starts the year on a good note: "Each January, the month is spent thanking employees for their hard work. Employees are eligible for daily drawings for prizes such as iPods, Kindles, TVs...over 20 prizes are given....Employees are encouraged to give co-workers certificates stating what they appreciate their co-worker for."

### 4 MCGRAW WENTWORTH

TROY, MICH.

EMPLOYEES: 68

**M**cGraw specializes in meeting the group benefits needs of midsize organizations in Michigan. Its core practices include health care cost reduction, proprietary benchmarking tools for group benefits, utilization analysis, financial analysis, and health and productivity management programs.

It prides itself on a self-motivated staff, providing numerous opportunities for personal growth: "As a service organization, we are judged by the quality of our staff, the depth of their knowledge and expertise. We hire people who are intelligent, curious, driven and self-motivated. To encourage their ongoing learning and development, we have created a comprehensive program including both 'hard' and 'soft' skills...(including) customized software training classes, extensive education and licensing assistance, comprehensive education regarding health care reform and proofreading skills."

### 5 ROSS & YERGER INSURANCE INC.

JACKSON, MISS.

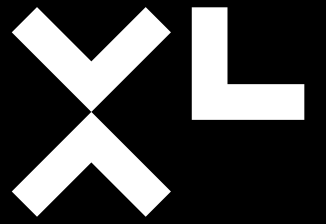
EMPLOYEES: 86

**A**n agency providing innovative risk management solutions in partnership with clients, Ross & Yerger's product offerings include commercial insurance, employee benefits, bonding and personal lines insurance.

For employees, continuing education is a focus, with the company encouraging employees to work toward industry- or job-specific designations by paying all expenses and rewarding completion with bonuses. It also offers in-house

Continued on page 14

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CONTINUED FROM PAGE 12

continuing education courses and training programs.

And successes are celebrated: "We have a 'compliment club' and at our quarterly meetings anyone who has received a compliment from a client or another staff member is recognized—the comments are read to the entire agency."

6 BUSINESS BENEFITS GROUP  
FAIRFAX, VA.

**EMPLOYEES: 28**

With a focus on employee benefits, business insurance, retirement planning, human resources consulting and personal insurance, Business Benefits Group advises clients on issues such as business trends, benchmarking, consumerism and benefit communications.

A cozy firm that's rarely dull, it prides itself on celebrating "football Mondays," Halloween contests, Employee of the Quarter, Broker of the Month, Agent of the Year" and "Crazy Christmas Sweater" days.

In between the work and fun, the firm provides opportunities for employees to improve: "(We) provide

employees with job-related seminars targeted to maximize performance. (The) seminars attended are designed to focus on developing specific performance enhancers, improve productivity and increase job knowledge."

7 SILVERSTONE GROUP  
OMAHA, NEB.

**EMPLOYEES: 187**

Silverstone Group provides actuarial consulting, risk management consulting, property/casualty insurance, loss/safety control, business interruption planning, employee benefit consulting, executive benefit plan design, administration and

communications services and human capital consulting not limited to mentoring, job description design and analysis, succession planning, and team coaching and training.

For its own employees, Silverstone has focused on achieving and maintaining a healthy workforce. Programs include a kettleball exercise program, on-site fitness center in one location with discounts at area health clubs in others, a "Wellness Activity Group" program, free lifestyle coaching, and free healthy drinks and snacks daily.

"Every Wednesday we serve a healthy breakfast or lunch, usually a seasonal-themed menu, to all employees."

8 DUBRAKSKI & ASSOCIATES  
INSURANCE SERVICES L.L.C.

SAN DIEGO

**EMPLOYEES: 27**

Dubraski & Associates is a private firm specializing in providing unbiased solutions to the health care industry across all lines of business.

Employees are provided the opportunity to work from home. Other key benefits include paid days for community involvement, a flexible office-based work schedule, discretionary bonuses, birthday and anniversary gift cards, and other bonuses.

A work-centered small firm, Dubraski & Associates likes to foster teamwork and recognition of leaders. "Employees can request recognition to be given, usually in the form of a gift card, to another employee who has gone above and beyond on a project."

9 PROPEL INSURANCE  
TACOMA, WASH.

**EMPLOYEES: 244**

Propel Insurance specializes in risk analysis, not limited to construction, banking, senior living, education, transportation, employee benefits and real estate.

Each quarter, the president sends a "Happenings" newsletter throughout the office, providing valuable company information.

"The company is very good about sharing information with employees so they feel a part of the organization. Each year we hold 'State of the Company' meetings so that our employees know how we are doing and where we stand."

10 HOFFMAN BROWN CO.  
SHERMAN OAKS, CALIF.

**EMPLOYEES: 44**

Hoffman Brown Co. offers commercial, personal, life, group/individual medical, long-term care and disability coverage, and proactively counsels clients in risk management, loss control and disaster preparedness.

Working for Hoffman Brown is rewarding. "The absentee bonus rewards employees for good attendance. (Employees have) the choice of being paid double their pay rate or take the days as vacation—up to six days annually."

In addition, the company promotes winning business through a "cross-pollination program" that is "designed to reward all employees who successfully write new business by

expanding an existing client's portfolio or by bringing in new referral business."

11 POMS & ASSOCIATES  
INSURANCE BROKERS INC.

WOODLAND HILLS, CALIF.

**EMPLOYEES: 111**

Poms & Associates offers services in commercial insurance, employee benefits, personal lines, risk control and risk management consulting for public and private entities. It provides property/casualty insurance products including workers compensation, professional liability and executive protection coverage.

In 2005, Poms won accolades from the California governor's office for its older workforce; at the time, 65% of its workers were over age 55. "We actively work to retain our aging workforce by offering the same opportunities for training and development and promotions that we do our younger workforce....We also provide a selection of benefits that those in the older segment of our workforce would use and appreciate, (including) company-paid long-term disability...and increased life insurance."

12 AVALON RISK MANAGEMENT INC.  
ELK GROVE VILLAGE, ILL.

**EMPLOYEES: 118**

Avalon Risk Management Inc. is a provider of surety and insurance solutions for the trade and transportation industry with specialties in logistics, including customs bonds, cargo insurance, professional liability errors and omissions coverage, property/casualty, and various auto programs for truckers, couriers and other transportation-based companies.

A family-oriented firm that celebrates employees' birthdays, anniversaries, employee of the month and other accomplishments, Avalon awards employees "Avalon Dollars" to purchase items in the "company store," along with other awards. The future will focus on health as a reward.

"In 2012, we will allow employees to use 'Avalon Dollars' that they earn as employee recognition awards towards chair massages and other healthy promotion items."

13 THE PLEXUS GROUPE L.L.C.  
DEER PARK, ILL.

**EMPLOYEES: 75**

A boutique agency with offices in Chicago, Dallas and Oklahoma City, Plexus Groupe L.L.C. provides risk management consulting, insurance brokerage and value-added services to a wide range of commercial enterprises including multinational corporations.

Among its offerings to employees, its wellness approach is beyond run of the mill. Plexus sponsors a companywide walking program to encourage employees to walk 20 to 30 minutes a day, awarding paid time off to those that meet individual goals. When work gets in the way of walking, it provides a unique solution: "Recently, we established a walking station (a treadmill) within our office where employees can walk during the day and utilize a computer and phone."



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creatively

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Creativity is not something that comes to mind when you think of insurance, but it does for us. As a pioneer in the alternative risk market, Old Republic has always utilized creativity to help our customers overcome obstacles by designing an insurance program that meets their unique needs. Let us put that creativity to work for you. **We get it.**

To learn more, call 262-797-3400 or visit [www.orr.com](http://www.orr.com).



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Business Insurance.  
**BEST**  
places  
to work **2011**

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14 **ECBM L.P.**  
WEST CONSHOHOCKEN, PA.  
**EMPLOYEES: 70**

**E**CBM provides risk management solutions to help protect clients' physical assets, management of their liability risks, and support within their human resources division through employee benefit programs and pension and 401(k) plan administration.

To help their own employees get ahead, the firm provides on-site insurance courses and certification classes pertaining to jobs and advancement.

Its human resources department then keeps track of career paths and growth. "We have formal development plan in place for all employees with goals that are documented and monitored. They include training on business and technical aspects of development."

15 **PRECEPT GROUP INC.**  
IRVINE, CALIF.  
**EMPLOYEES: 134**

**I**ts offerings focused on health care insurance services and employee benefits consulting, Precept Group provides enterprise employee benefits solutions that collectively involve senior management, employees,

dependents, physicians, hospitals and carriers to manage risks.

Its wellness benefits include company-paid annual biometric screenings, flu shots and comprehensive weight-loss programs. It also reimburses employees who participate in charity walks or runs and company-sponsored "Mud Run" teams.

"We know the key ingredient to reducing employee health costs is to help them and their families get and stay healthy."

16 **ARMPFIELD, HARRISON & THOMAS INC.**  
LEESBURG, VA.  
**EMPLOYEES: 127**

**A**H&T Insurance is an insurance brokerage, risk management consulting, employee benefits, surety bond and retirement planning services organization dedicated to providing innovative solutions globally for business and individuals.

It's a place where little goes unnoticed in terms of certifications, career advancement and good work. Boasting rewards and ceremonies for its employees, AH&T takes time to thank its employees.

"Throughout the year, employees and managers are able to nominate employees for Heroic Service Awards for going above and beyond the 'call of duty.' These employees are honored in a small ceremony in front of their peers and awarded a small gift."

17 **GNW-EVERGREEN INSURANCE SERVICES L.L.C.**  
ENCINO, CALIF.  
**EMPLOYEES: 84**

**G**NW-Evergreen develops tailored insurance programs to meet the

diverse needs of virtually all families and businesses, including buildings, business property, equipment, inventory, vehicles, professional and management liability, and a full line of health and life products.

A firm that has a "work-hard, play-hard" mentality, it prides itself on a strong wellness culture that includes monthly walking contests, healthy snacks, wellness seminars, newsletters, an on-site weekly stretching class and weekly chair massages. It also provides healthy snacks for employees.

Another plus is its strong intraoffice communications. "To promote candor, honesty and transparency, we hold quarterly town hall meetings attended by all staff at which time (we) review current initiatives, sales results, suggestions, rumors and acknowledge the staff."

18 **SCIROCCO GROUP**  
HASBROUCK HEIGHTS, N.J.  
**EMPLOYEES: 122**

**F**or more than 60 years, Scirocco Group has focused its insurance expertise in real estate, manufacturing, retail and wholesale distribution, public entities, transportation, and full-service risk analysis and management.

Its employees say the firm's ability to listen to problems and concerns and work toward solutions has been key in making Scirocco a great place to work.

A cross-training initiative is one of the lauded programs that allows employees to work toward their individual career goals within their existing department or other facet of the industry. "Cross-training for opportunities is key in succession planning and employee advancement. An employee displays an interest or aptitude for something other than

their 'box.' Cross-training helps to provide growth and professional fulfillment."

19 **THE INSURANCE EXCHANGE INC.**  
ROCKVILLE, MD.  
**EMPLOYEES: 36**

**T**he Insurance Exchange provides services in virtually all aspects of insurance, including property/casualty business insurance, workers compensation, professional liability, fiduciary coverage, and bonds; and employee benefits such as health, dental, life, and disability. Financial services offerings include 401(k), pension and profit-sharing plans, deferred compensation, and wealth and investment consulting.

For its own employees, its focus is on work-life balance, with programs such as half-days between Thanksgiving and the December holidays for shopping, Fridays off in the summer, and time off for family events.

Additionally, bonuses come as often as twice a year, at up to 7.5% of salary. "Merit bonuses are given every six months (and) each manager is given a pool of money and distributes it among staff at their discretion."

20 **FRED C. CHURCH INC.**  
LOWELL, MASS.  
**EMPLOYEES: 130**

**F**red C. Church provides insurance services in industries that include banking, chemicals, construction, education, electronics, health care, hospitality, manufacturing, nonprofit organizations, packaging, printing, real estate, recreation, retailing, textiles and transportation.

Employee perks run the gamut, including a focus on wellness workshops and monthly health newsletters. In 2010, the firm hired a full-time director of wellness to help promote health and fitness and to develop programs to alleviate stress.

"To accommodate lunch during inclement winter weather, we periodically bring in lunch for all employees so they don't have to risk

going out in the storm and we often close early to make it easier and less stressful to travel home."

21 **ASSOCIATED AGENCIES INC.**  
ROLLING MEADOWS, ILL.  
**EMPLOYEES: 62**

**I**t its 120 years, Associated Agencies has grown into a full-service brokerage that provides individuals and businesses with their property/casualty, employee benefits and individual benefits needs.

An open-door policy on communication with managers helps improve business and personal satisfaction within the workplace. A monthly "Ask the President" email campaign allows employees to pose questions and concerns directly to the top executive. Quarterly state-of-the-agency meetings help keep employees in the loop.

The open-communication environment helps drive business: "We have a proven track record that enables us to anticipate changes and determine new directions. This helps us create innovative and productive solutions to our clients' risk management needs that drive down costs over time."

22 **KAPNICK INSURANCE GROUP**  
ADRIAN, MICH.  
**EMPLOYEES: 121**

**S**erving a diverse clientele, Kapnick Insurance Group offers full-range business insurance, employee benefits, risk services and financial strategies.

In addition to its mainstream benefit offerings, Kapnick offers a range of rewards programs for employees, including hundreds of dollars in employee referrals, cash awards for those who pose solutions to business and workplace issues, health incentives to improve wellness, peer recognition programs and more.

As a sign that things are done right for employees, they come back.

"We actively re-employ many of our retired workforce on a part-time basis to continue to share their skills and knowledge with the current staff."

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**MEDIUM-SIZE RETAIL AGENTS/BROKERS**

**1**  
RANK

**J. SMITH LANIER & CO.**

WEST POINT, GA.

**EMPLOYEES: 558**

**S**tarting in 1868 as a three-person team, J. Smith Lanier & Co. has grown exponentially, offering services in commercial and personal lines insurance, employee benefits, surety, aviation and risk control.



*J. Smith Lanier & Co.*  
Insuring People and Business Since 1868

Always ready to show appreciation, its employees look forward to annual \$300 holiday bonuses, \$1,000 bonuses for nonincentive-based employees, quarterly employee lunches, "Terrific Thursday" retreats, employee picnics, sales rewards and regular "Extra Mile" rewards. "This reward is given when a customer compliments an employee."

2 **HYLANT GROUP INC.**  
TOLEDO, OHIO  
**EMPLOYEES: 573**

**H**ylant is a full-service brokerage with offerings that include complete risk management services, employee benefits consultation, loss control, health care management and insurance solutions for businesses and individuals.

Among the top perks listed by employees are its summer picnics and holiday parties; the ability to leave early the day before a holiday weekend, and blue-jean Fridays.

Through its wellness initiative, "Hylant provides free lunch...for employees focused on wellness and also organizes wellness events for all employees." Exercise classes are offered at some office locations and an indoor track at the headquarters in Toledo provides employees a place to walk or jog regardless of the weather.

**LARGE RETAIL AGENTS/BROKERS**

**1** RANK **LOCKTON COS. L.L.C.**  
**KANSAS CITY, MO.**  
**EMPLOYEES: 4,083**

**L**ockton advises its more than 15,000 clients worldwide on commercial insurance, risk management and employee benefits in nearly all industries, including construction, real estate, health care and food. It started as a one-man brokerage and has become the world's largest privately held insurance broker and the ninth-largest broker overall, according to *Business Insurance* ranking.

It keeps employees happy with its "Beer Fridays," weekly massages, wellness programs that include access to fitness centers and, as a longtime tradition, a Rolex watch as a gift to employees on their 10th anniversary. "Lockton is a family-owned business, with the owners actively engaged in the leadership...It is a vibrant, engaging culture with high standards for client service excellence. We try to balance the demands of our business with practices, benefits, social activities and support for our associates."

**REINSURANCE**

**1** RANK **MAIDEN REINSURANCE CO.**  
**MOUNT LAUREL, N.J.**  
**EMPLOYEES: 195**

**C**reated in 2008 through the acquisition of GMAC RE by Maiden Holdings Ltd., Maiden has structured its team into multidisciplinary groups dedicated to individual clients' needs. "This allows us to do business one client at a time, ensuring truly personalized and responsive service, creative reinsurance solutions and stable pricing."

Working at Maiden means flexible work schedules, comprehensive benefits packages, annual holiday gifts such as Kindles and Garmin GPS, workday softball games and a monthly "Lunch with the President." For those who strive to get ahead, the company offers an actuarial fellowship, providing time off for studying and taking exams. It also will reimburse employees for study materials and exam fees.

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**SMALL PROPERTY/CASUALTY INSURERS**

**1** RANK **ARAG INSURANCE CO.**  
**DES MOINES, IOWA**  
**EMPLOYEES: 130**

**A**RAG Insurance Co. specializes in legal insurance, providing solutions that focus on preventing and resolving everyday legal and financial matters—often referred to as legal life events. Its services include education and empowerment, planning and prevention, and resolution and protection.



The company's transparency and family-friendly atmosphere make it a great place to work. "We pride ourselves in being a transparent organization. We share good and bad news. Employees know they can trust leadership. We share all employee survey feedback at the individual level, and leadership actively seeks ways in which we can improve as an organization based on employee feedback." Further, "As a family-oriented organization, we actively try and engage our employees in 'family-style' events to further nurture our close-knit culture."

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**2** **AMERIND RISK MANAGEMENT CORP.**  
**SANTA ANA, N.M.**  
**EMPLOYEES: 51**

**A**MERIND Risk Management Corp. is a multiracial federal corporation. It provides risk management services and products that enable participating members and affiliates to protect tribal sovereignty, life and property from the effects of fire, natural disasters and other unforeseen catastrophic events.

Employees of the native American-owned company appreciate its "85%/15% philosophy" that focuses on their personal well-being. "Team members are encouraged to take 15% of their day to socialize with other teams, exercise, read a book—even

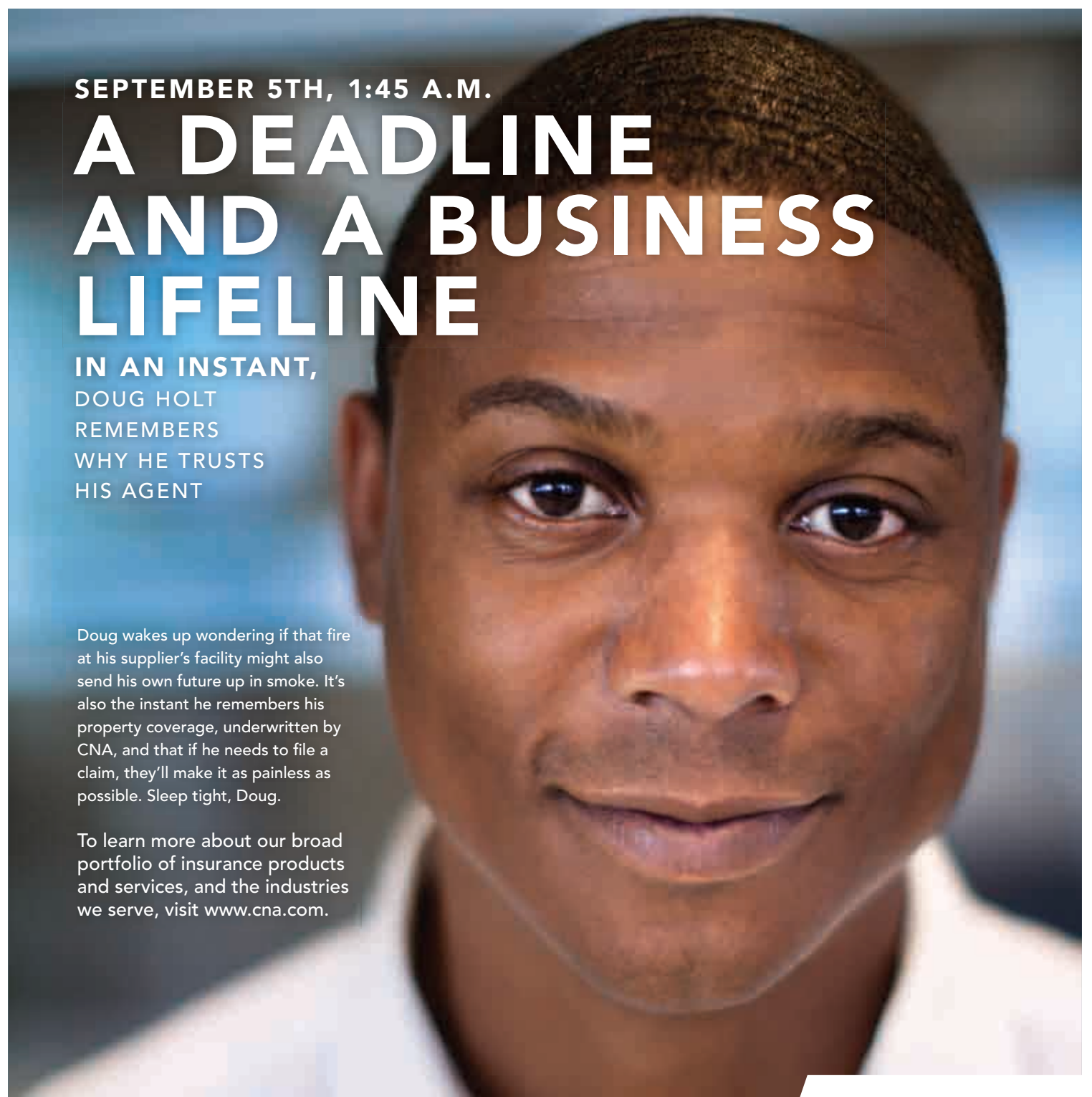
daydream. We firmly believe that in our industry of high stress, everyone needs a break and time away from the daily work."

**3** **EASTERN INSURANCE HOLDINGS INC.**  
**LANCASTER, PA.**  
**EMPLOYEES: 185**

**E**astern Insurance Holdings Inc. is a specialty underwriter of niche products, focusing on managed care workers compensation products and services for businesses and organizations.

Why is it a great place to work? "In addition to paying the majority of the cost for testing materials and exam

Continued on next page



SEPTEMBER 5TH, 1:45 A.M.

**A DEADLINE AND A BUSINESS LIFELINE**

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

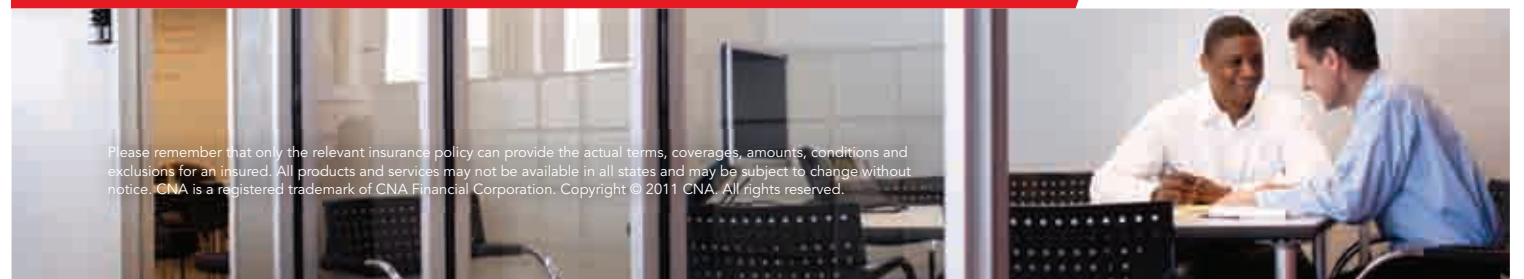
Doug wakes up wondering if that fire at his supplier's facility might also send his own future up in smoke. It's also the instant he remembers his property coverage, underwritten by CNA, and that if he needs to file a claim, they'll make it as painless as possible. Sleep tight, Doug.

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CONTINUED FROM PREVIOUS PAGE

fees, employees who receive a professional certification or designation are awarded an additional (paid time off) day. We are an approved testing site for the AICPCU Institute." Also, "employees earning a CPCU receive a paid trip for the employee plus one guest to the annual CPCU conferment ceremony, including airfare, hotel accommodations, (and) ceremony fees for an employee and a guest."

**4 UNITED EDUCATORS INSURANCE, A RECIPROCAL RETENTION GROUP**  
CHEVY CHASE, MD.  
**EMPLOYEES: 106**

United Educators Insurance, a Reciprocal Retention Group is a commercial insurance company that serves the education market. It provides insurance and risk management programs to educational institutions, managing claims through attorneys and claims professionals who are sensitive to campus traditions and practices.

Generosity with time off is one reason United Educators is a great place to work: "We offer parental leave and short-term disability to cover maternity leave. We also have a very generous bereavement leave policy—five days for immediate family members and two for more distant family." Beyond that, the company also offers sabbaticals: "After the first 10 years and every five years thereafter, staff can take a month's sabbatical and combine it with a month's PTO."

**MEDIUM-SIZE PROPERTY/CASUALTY INSURERS**

**1 FCCI INSURANCE GROUP**  
SARASOTA, FLA.  
**EMPLOYEES: 663**

FCCI Insurance Group provides property/casualty insurance coverage for the business owner. Through a network of independent agents, it offers a variety of insurance policies for agriculture, automotive, crime, general liability, inland marine, property, umbrella and workers compensation.



Diversity is a major selling point at the organization. "FCCI has strong values clearly imbedded in its culture and emphasized by its employees. The inclusion of women, the disabled, mature workers, gays, lesbians and diverse ethnic backgrounds is proof of the company's commitment to equal opportunity and inclusion. We believe that multiple backgrounds and perspectives benefit FCCI and enrich our ability to collectively problem-solve, and that our diversity and differences differentiate us from our competitors."

**2 SAFETY NATIONAL CASUALTY CORP.**  
ST. LOUIS  
**EMPLOYEES: 280**

Safety National Casualty Corp. provides excess workers compensation coverage to self-insured employers and groups nationwide. It also offers large-deductible workers comp, workers compensation treaty reinsurance, auto and general liability, loss portfolio transfers, Texas nonsubscriber coverage, self-insurance bonds and other alternative risk programs.

Employees at Safety National appreciate being appreciated. "One of the most important gestures of appreciation is allowing all employees, regardless of level, the opportunity to use vacation homes the company leases in Keystone, Colo., and Naples, Fla., free of charge. Safety National also provides



all employees the opportunity to use corporate tickets to sporting and concert events. Other employee appreciation events include holiday and Halloween parties, a company picnic and golf outings."

**3 UNITED HEARTLAND INSURANCE AGENCIES**  
MILWAUKEE  
**EMPLOYEES: 250**

United Heartland Insurance Agencies applies managed care techniques, loss-control services and underwriting to deliver workers compensation insurance programs that encourage sustainable safety improvements for its clients.

Working for United Heartland allows employees to give back to their community. "We support strategic programs and partnerships that help make our communities better, stronger and more vibrant places in which to live, work and do business. We may support any organization or project that addresses this mission or is worthwhile to groups that include direct involvement of United Heartland teammates...UH sets aside a specific budget amount each year to provide support to employee-supported organizations and community requests."

**4 BERKLEY MID-ATLANTIC GROUP L.L.C.**  
GLEN ALLEN, VA.  
**EMPLOYEES: 258**

Berkley Mid-Atlantic Group L.L.C. offers commercial property/casualty coverage in Delaware, the District of Columbia, Maryland, North Carolina, Ohio, Pennsylvania, South Carolina and Virginia. It focuses on middle-market commercial accounts. Its product and service offerings include inland marine, ocean marine, social services, specialty coverages, transportation, disaster planning and risk management.

Seasoned professionals contemplating exiting the workforce appreciate the flexible work opportunities that Berkley

offers. "We offer part-time and/or contracting opportunities to our more mature employees who are considering retirement. We often use these people to assist with our trainee program and/or do contract work for us during peak times."

**5 ACCIDENT FUND INSURANCE CO. OF AMERICA**  
LANSING, MICH.  
**EMPLOYEES: 636**

Accident Fund Insurance Co. of America provides workers compensation insurance coverage to businesses of all sizes. It provides policyholders access to loss-control services and online safety materials. It also employs consultants to advise and assist clients in creating a safe work environment.

The company's new facility, converted from an old power plant, is an asset to the community and employees with its sustainable features and work-friendly design. "Our new headquarters was built to support ease of business, which in turn maximizes effectiveness and productivity. Great consideration was taken in the design of the building to ensure employees' general comfort (and) accommodate daily business transactions."

**6 PENN NATIONAL INSURANCE**  
HARRISBURG, PA.  
**EMPLOYEES: 776**

Penn National Insurance's commercial products and services, which are offered through independent agents in nine states, include an artisan contractor's program, businessowner program, auto, property, general liability, workers compensation, umbrella and extended coverage credits.

Penn National is a great place to work because it's a great place to give back. "We have given more than \$3 million to our local urban public school district during the last 10 years, including hundreds of hours of volunteer tutoring and mentoring. We provide full four-year scholarships and paid internships to graduates of our local urban public school district to attend Harrisburg University."

**7 KEY RISK INSURANCE CO.**  
GREENSBORO, N.C.  
**EMPLOYEES: 261**

Key Risk Insurance Co. provides workers compensation throughout the eastern United States. A unit of W. R. Berkley Corp., it operates as an insurance company, third-party administrator, and provider of managed care and risk management services.

The company is committed to employees' family commitments. "Understanding the demands of today's modern family, Key Risk enhanced our policy for handling sick days. They may be used in one-hour increments when an associate or immediate family member is ill and an associate cannot be at work. Unscheduled or time off without pay may be used in any family emergency...Vacation time may also be taken in two-hour increments, and one hour of time is donated each week to associates for volunteer work. Our associates are truly our most valuable assets."

**LARGE PROPERTY/CASUALTY INSURERS**

**1 WEST BEND MUTUAL INSURANCE CO.**  
WEST BEND, WIS.  
**EMPLOYEES: 1,048**

West Bend Mutual Insurance Co.'s product offerings include business auto, workers compensation, crime, mobile equipment, business



umbrella, surety bonds, errors and omissions, employment practices liability, and directors and officers insurance.

The company looks after its employees' wellness with an onsite fitness center, a partnership with the YMCA, health risk assessments and a "Biggest Winner" weight-loss contest, in which 136 contestants lost 655 pounds over a 14-week period in 2011. "Our building boasts a 7,100-square-foot fitness center equipped with the latest state-of-the-art equipment, as well as a separate room for exercise classes. The center is also staffed with a part-time fitness coordinator." Further, "As part of our fitness commitment, West Bend partners with our local YMCA. This provides discounts to their facilities and allows us access to other resources."

**2 PHILADELPHIA INSURANCE COS.**  
BALA CYNWYD, PA.  
**EMPLOYEES: 1,507**

Philadelphia Insurance Cos. offers commercial property/casualty, management and professional liability, auto, educational, entertainment/recreation, environmental, health and fitness, nonprofit and human services, outdoor products, public services, real estate and sports insurance products.

A flexible work environment is one advantage to working at the company. "We have several flexible work options available, such as flex time, telecommuting, compressed workweek, limited full-time and part-time status. In the summer, we allow for Summer Flex Fridays to give employees the opportunity to work an earlier schedule and get out earlier on Fridays...We also close the offices early the day before a company-paid holiday to allow employees the chance to get a head start on holiday plans."

**3 THE HANOVER INSURANCE GROUP INC.**  
WORCESTER, MASS.  
**EMPLOYEES: 4,363**

The Hanover Insurance Group Inc. offers property/casualty insurance products for small and midsize businesses, and coverage for inland and ocean marine, performance and surety bonds, and institutional investments.

Its focus on sustainability wins the company accolades. "We use NewMix Wind and Green-e certified renewable energy to offset 100% of the electricity we use. Renewable energy produces zero emissions of greenhouse gases and no harmful pollutants. We earned the Energy Star certification again this year...Our cafeterias began using compostable food containers and utensils. Over a year, we recycled 600 tons of paper, 25 tons of cardboard and over two tons of compostable food containers and organic waste."

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Any person who knowingly and with intent to defraud any insurance company or other person, files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any factual material there-to, commits a fraudulent act, which is a crime. They will be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each violation.

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# Business Insurance<sup>®</sup>

# 2011

# BEST places to work



## SMALL WHOLESALE BROKERS/ MANAGING GENERAL AGENTS

**1** RANK  
**INSURANCE PROGRAM MANAGERS GROUP INC.**  
 ST. CHARLES, ILL.  
 EMPLOYEES: 92

**I**nsurance Program Managers Group Inc. offers brokerage services—placing coverage for property, excess property, liability, workers compensation, earthquake and umbrella risks. It brokers reinsurance as well, placing coverage for public entity risk pools, individual public entity accounts, risk retention groups, health and benefit programs, and captives. It also offers claims management, employee benefits, specialized programs, cost containment and risk management services.

Employees at IPMG benefit from monetary incentives. “Everyone is measured on their performance and rewarded as such. We look at the salary market and try to go well above the 75th percentile for our employees so that we can keep them, because we invest in a lot of training.”

**2** FALVEY INSURANCE GROUP LTD.  
 NORTH KINGSTOWN, R.I.  
 EMPLOYEES: 38

**F**alvey Insurance Group Ltd. is a full-service cargo insurance underwriter specializing in high-technology, life science and general cargo accounts. In addition to providing full-service transit coverage, it also offers coverage for exhibitions and trade fairs, temporary storage, warehouse coverage, off-site customer trials and demonstrations, installations, spoilage and deterioration due to delay, and terrorism.

Attention to developing and advancing employees’ careers is what makes Falvey a great place to work. “Falvey Development Plan is a formalized program that is a two-way conversation between employees and supervisors concerning employee career goals—identifying those goals and providing resources, such as training, mentoring and webinars, to attain them.”

**3** THE MGIS COS. INC.  
 SALT LAKE CITY  
 EMPLOYEES: 77

**T**he MGIS Cos. Inc. provides insurance for physicians and physician groups. It offers medical professional liability protection for physicians and surgeons, as well as physician group disability coverage, which features products such as group life and accidental dismemberment, emergency travel assistance, employee assistance programs, work-life services, and high-limit disability.

Why do employees think MGIS is a great place to work? “This is a favorite of our employees: Nonexempt employees are allowed to work a schedule giving them every other Friday off. This is a three-day weekend every other week. Employees love it. Exempt employees can take off one Friday per month. We don’t require employees to make up that missed day. They simply work 32 hours that week for their normal salary.”

**4** TIP NATIONAL INC.  
 OKLAHOMA CITY  
 EMPLOYEES: 26

**T**IP National Inc. underwrites insurance for long-haul motor carriers. Insurance plans may consist of auto liability, general liability, excess liability, physical damage and cargo, with deductibles from \$1,000 to \$5 million and basket deductibles. It also offers retrospective rating plans with single or combined lines or superimposed on the deductible.

TIP National encourages the professional development of its employees. “We encourage our employees to actively pursue various industry designations pertaining to their industry. We pay for their course work, study materials and any testing fees. Once the designations are obtained, we pay for their continuing education requirements.” Further, “we have had a Toastmaster’s Club to help employees improve their public speaking and presentation skills.”

## SMALL GROUP LIFE/ HEALTH INSURERS

**1** RANK  
**EQUITABLE LIFE & CASUALTY INSURANCE CO.**  
 SALT LAKE CITY  
 EMPLOYEES: 140

**E**quitable Life & Casualty Insurance Co. provides life and health insurance plans. Its products include whole life, Medicare supplements, specified disease, hospital indemnity and short-term nursing home coverage.



Employees appreciate the company’s generosity around the holidays. “We offer a holiday fund program where employees may ‘sock’ away money from each paycheck in any amount they elect. In mid-November, we hand them a check so they can do their holiday shopping...We provide all employees—even temporary employees—a bonus in December based on years of service. They are also given a box of chocolates to accompany their bonus check...The holidays are a time of giving, and each employee gets two Smith’s Grocery Store gift certificates valued at \$20 each to provide a turkey dinner for their family around Thanksgiving and Christmas.”

## LARGE GROUP LIFE/ HEALTH INSURERS

**1** RANK  
**UNUM GROUP**  
 CHATTANOOGA, TENN.  
 EMPLOYEES: 8,778

**U**num Group is an employee benefits company offering short- and long-term disability coverage, long-term insurance coverage, life insurance products and supplemental health insurance.

Unum focuses on employee wellness. “Unum’s integrated health care programs support employees’ efforts to live a healthy lifestyle and to use health care resources effectively. Unum offers employees and their families a broad range of resources that promote wellness, identify and manage risk, and educate them about the merits of healthy behaviors.” Its unique health care benefits include on-site health resource centers staffed with nurse educators who provide health coaching services; staffed fitness facilities; private lactation rooms; free seasonal flu shots for employees and their spouses or partners; health care reimbursement debit cards; and zero copay for generic diabetes medications.



## SMALL GROUP HEALTH ADVISERS

**1** RANK  
**ALLTRUST INSURANCE**  
 PALM HARBOR, FLA.  
 EMPLOYEES: 25

**A**lltrust Insurance is an individual insurance agency specializing in group health insurance and all other employee benefits. Alltrust provides a full range of supplemental options for clients whose businesses don’t qualify for group coverage, as well as for individuals who need to augment coverage because of limitations on existing policies—including Medicare, long-term care and life insurance.

The benefits of working at Alltrust are broad in scope. “We are like family. We work in a beautiful environment. We are offered wonderful benefits, a generous paid time off policy, wonderful holiday parties, and fair and consistent work ethics.”



## MIDSIZE GROUP HEALTH ADVISERS

**1** RANK  
**GILSBAR INC.**  
 COVINGTON, LA.  
 EMPLOYEES: 295

**G**ilsbar Inc.’s product and service offerings include health and benefit management, TPA services, case management, utilization management, maternity management, chronic care management, Priority 7 wellness programming, care advocacy, professional liability insurance and a Louisiana-based preferred provider organization network.

Employees appreciate Gilsbar’s incentive programs. “Gilsbar’s wellness program GROW (Get Rich On Wellness) is free to all (engaged employees) and their spouses. Each EE has the opportunity to earn 750 ‘wellness bucks’ to buy vacation days, massages and much more...On-the-spot recognition includes free movie tickets to a local theater and (paid time off gift certificates). Sales goal achievement rewards include additional compensation (and) PTO.”



## SMALL CLAIMS MANAGERS

**1** RANK  
**DISCOVERY BENEFITS INC.**  
 FARGO, N.D.  
 EMPLOYEES: 225

**D**iscovery Benefits Inc. is an employee benefits administrator with a presence in all 50 states. It offers COBRA administration, transportation fringe benefit plans, flexible spending accounts, health reimbursement arrangements and health savings accounts.

It has an open-door policy that encourages two-way dialogue between upper management and employees to improve the effectiveness of the organization. “Our monthly leadership sessions allow for communication and feedback between the participants and upper management. Many times, the feedback and ideas are implemented. Our open-door policy is reiterated often and taken very seriously. Employees are empowered and encouraged to bring ideas or concerns to any level of management.”



**2** ADVOCARE GROUP  
 CLEVELAND  
 EMPLOYEES: 96

**A**dvoCare Group is a family of companies focused on workers compensation and total absence management, vocational rehabilitation, third-party administration, group health, wellness and related services to employers, injured workers, insurance companies, trust officers and attorneys. Employees at AdvoCare enjoy work-life balance and time off. “Employees at AdvoCare Group enjoy a generous PTO benefits program. After one year of service, employees receive 19 paid days off. In addition to the standard 19 days off, employees are often surprised with a day off or early dismissal before a holiday. Flex time, work-from-home and part-time options are available for many of the departments within the company. These work options have helped many employees balance their work/home lives with more ease and flexibility.”

# UP COMINGS & GOINGS CLOSE



## ROBIN L. TANGUAY

**NEW JOB TITLE:** Dallas-based account executive, IMA Inc.

**PREVIOUS POSITION:** Dallas-based account executive, McGriff, Seibel's & Williams Inc.

**GOALS FOR NEW POSITION:** Building strong relationships with our clients, guiding them through their most challenging decisions and helping them promote healthy employee populations.

**INDUSTRY OUTLOOK:** I think everyone in the health care industry, including employers, are waiting to see what happens during the next election and its potential impact on health care reform on our health care system.

**BEST THING ABOUT A BAD ECONOMY:** Things can only get better. This is a very interesting time in our country.

**FIRST MARKET EXPERIENCE:** (I) started in the industry working for a local HMO. When they hired me, I had to look up what an HMO was—I just needed a job.

**ADVICE:** No matter what, always do the right thing.

**OUTSIDE THE INDUSTRY, A DREAM JOB:** Fashion merchandiser or buyer. I love clothes.

**HOBBIES:** Spending time with my daughter...she is so much fun. We spend a lot of time at the Texas Rangers ballpark. I'm a huge baseball fan, and not just because they made it to the World Series. Baseball has been a part of my life growing up, and I have very special lifelong memories around this sport.

**MOST PASSIONATE ABOUT:** My career...I know I am helping people, and that feels good.

**FAVORITE MEAL:** It's pretty simple: I enjoy a good pizza.

**ON A SATURDAY AFTERNOON:** I enjoy being at home with my family, dogs and relaxing.

**EMAIL OR PHONE, AND WHY:** Phone. Nothing can take the place of speaking to someone personally. Email is impersonal, and comments can be viewed so differently than what the sender intended.

## CDC: Curb overdoses

CONTINUED FROM PAGE 3

them, the U.S. Drug Enforcement Agency said in a June statement.

Florida's pill mills "are now the primary source of drug diversion in the Eastern United States," according to a statement from the state attorney general's office.

"Florida leads the nation in diverted prescription drugs, resulting in seven Floridians dying every day and countless others throughout the nation," according to the attorney general's office. "Our state has become the destination for distributors and abusers through the proliferation of pill mills."

Observers say Florida became a pill mill haven because of the state's history of lax prescription drug enforcement, which officials are working to change.

One operation spearheaded by the DEA against illegal drug dispensaries in Florida was dubbed "Pill Mill Nation." It coordinated the efforts of federal and state agencies including the Florida Department of Financial Services' Division of Workers' Compensation, to help monitor any insurance billing.

But the pill mills typically require payments in cash, sources said.

Because of that and other reasons, it's likely that workers comp claims payers have not substantially contributed to their revenue, state and federal sources said. And it is possible that work-

ers comp claimants who have become addicted to opioids through treatment provided for their workplace injuries may find their way to pill mills.

However, studies to determine the extent of such behavior have not been conducted, the sources added.

"I am not aware of any data specifically tracking patients who were at one time in a workers comp program subsequently receiving their prescriptions from pill mills," the CDC's Mr. Jones said. "Certainly, we know people who are suffering with addiction to prescription painkillers may seek drugs at a pill mill."

According to last week's CDC report, "prescription painkiller sales per person were more than three times higher in the highest state, Florida, than in the lowest state, Illinois."

But Florida is not the only state grappling with the problem.

A health care fraud team for Ohio's Bureau of Workers' Compensation has been investigating and prosecuting doctors operating pill mills, although the mills are not the only problem, a bureau spokeswoman said.

Ohio's bureau also has publicized its recent prosecutions of claimants for "deception to obtain a dangerous drug," or visiting several doctors to fill the same prescription.

In one among several such cases, an Ohio claimant pleaded guilty after investigators found that he provided his adult granddaughter with narcotics pre-

scribed by his workers comp doctor. The granddaughter sold his Opana for \$50 per pill and his Percocet for \$12 per pill on the street and split the profit with the claimant, according to the bureau.

To stem the use of prescription pain medication nationwide, the CDC wants state health and insurance regulators to encourage "use (of) prescription drug monitoring programs, public insurance programs and workers compensation data to identify improper prescribing of painkillers."

In its "Vital Signs" report, the CDC also encouraged state regulators to adopt and enforce laws that prohibit pill mills and doctor shopping. It also encouraged licensing boards to "take action against inappropriate prescribing."

In total, opioid pain relievers were involved in 14,800 U.S. deaths in 2008, or 73.8% of the all prescription drug overdose deaths, the CDC reported.

"The take-home point—and this is why we are calling on insurers and others to take action—is to improve how the drugs are prescribed," Mr. Jones said. "And certainly insurers have influence on how practitioners practice. They have reimbursement mechanisms, they have claims review processes; and we think that they can help positively impact the ways prescribers are using these drugs, which in turn helps make sure that patients that need these drugs can get them, but it also reduces the number of people that are abusing them and dying," he said.

## ERM: Programs evolve

CONTINUED FROM PAGE 4

"think the unthinkable," Mr. Torok said. "That's the growth in ERM that I think we're going to see."

Ms. Gardner said accomplishing that will require overcoming a reluctance common at many organizations to consider some dire possibilities. "For any company, some of those scenarios, the what-ifs, there's a reluctance to think about those," Ms. Gardner said.

But, said Mr. Torok, "The one thing as a risk manager you can't allow your organization to say is, 'That can't happen to us.'"

Ms. Gardner said that from Zurich's position as a risk taker, a key difference in the company's ERM program in 10 years will be improvements in risk data that will allow the company to better deploy its capital to take advantage of business opportunities.

"We need to have more facts and more data from an emerging risks perspective," she said. "How do we get that information? How do we get that data?"

"We've learned that looking in the rearview mirror probably doesn't give us the information we need for the environment we're in," Ms. Gardner continued.

Mr. Egerdahl said he thinks one change in his organization's ERM program during the next decade will be a reduced emphasis on a central ERM operation as effective risk management continues to be embedded in processes across the BPA.

Asked what sort of opportunities ERM programs might provide organizations during the next decade, Ms. Gardner said, "For Zurich, new countries."

"Going forward, I think a real question is going to be risk-based capital and where do we reduce our capital so we can write more coverage in growing areas of the world," she said. ERM should help Zurich make those decisions.

Mr. Torok said he thinks some opportunities may be of a more personal nature for risk managers, opening the doors to new roles in their organizations as a result of their current role as a "business unit supporter." Understanding the risks that various business units face and helping them ask tough questions about those exposures "gives you tremendous opportunity going forward, because you know both the strategies and the risks associated with the unit," he said.

In order to have an effective

enterprise risk management program, "an organization must have a standard risk taxonomy," Mr. Torok said. It should include perhaps the top 75 to 100 risks facing the organization, and should ensure that everyone in the organization is looking at the same risks and risk definitions across all business units.

That taxonomy must be subject to change over time, however, and will change during the next decade. "It's a living document," said Ms. Gardner.

"Ten years from now, something you didn't think was important will be, and vice versa," said Mr. Torok.

In general, Ms. Gardner advised enterprise risk managers to "keep it simple." It's easy to make the ERM process complicated, she said, but sometimes it's best to focus on the basics. And she advised risk managers to occasionally "get out of the box" and seek ideas from peers in industries other than their own.

And Mr. Torok advised enterprise risk managers to "think broadly" and not close their eyes to possibilities, and to take a long view where needed.

"There are a number of risks that organizations face that evolve over many, many years," he said. "It's not the next 12 months you're worried about, it's the next 12 years."

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## inBrief

CONTINUED FROM PAGE 1

## P/C pricing stable going into 2012

Most property/casualty insurance lines of business will experience fairly stable pricing into the new year, according to a Willis Group Holdings P.L.C. report. Even before the 2011 hurricane season began, the market had sustained \$70 billion in property losses. But the report projected that while prices for catastrophe-exposed property accounts could rise by as much as 12.5% in the first quarter of 2012, those for noncatastrophe exposed property will be flat or even decrease by as much as 5%. For primary casualty, excess/umbrella casualty, workers compensation and automobile liability, Willis projects pricing to be flat to 5% higher. But pricing for most executive risks will tend to be flat or slightly lower during the first quarter.

## NAIC elects 2012 officers

Florida Insurance Commissioner Kevin M. McCarthy has been elected president of the National Assn. of Insurance Commissioners. Also, Louisiana Insurance Commissioner James J. Donelon was elected president-elect of the NAIC, North Dakota Insurance Commissioner Adam Hamm was elected vp and Montana Commissioner of Securities and Insurance Monica J. Lindeen was elected secretary-treasurer. All will assume their duties with the start of the new year.

## Paychex wins first RIMS ERM award

The Risk & Insurance Management Society Inc. recognized Paychex Inc.'s enterprise risk management program with its first ERM Award of Distinction. RIMS also recognized Goodwill International Industries Inc.'s ERM program with an honorable mention award. The new award is intended to honor organizations that have created value through their ERM programs.

## Thailand: Claims rising in widespread flooding

CONTINUED FROM PAGE 1

which makes axles and drive shafts at two factories that had been spared flooding, said its operations were disrupted after several of its suppliers' facilities were flooded.

"Ten of our suppliers who had flooding had backup plans, but two did not," said Michael Diamante, managing director. "The ones with backup plans were able to move their operations to other machine shops," which enabled Dana Spicer to continue supplying its customers.

The company's plant in the Lat Krabang industrial estate in eastern Bangkok is not yet out of the woods. He said employees built sandbag walls around the facility, plugging any visible holes and erecting barriers.

"Our plant is elevated, so we may not be flooded," Mr. Diamante said. "We've done as best we can. It now depends on the

amount of water that may come."

Meanwhile, the Bangkok Metropolitan Administration, in defiance of the central government, was diverting water to suburban areas west and east of downtown via a canal network to spare the city center—a move roundly criticized by suburban areas calling for an equal sharing of the flooding pain.

The move put at risk two industrial estates to the east of Bangkok and the nation's main airport, Suvarnabhumi Airport.

Meanwhile, like many other retailers, Tesco Lotus, a local joint venture with Britain's big box store Tesco P.L.C., ordered supplies from other countries to keep shelves stocked. Several chains—Tesco, 7-Eleven and supermarket chain Big C—saw their distribution centers in north Bangkok flooded. In addition, the flooding forced food manufacturers to close.

Tesco Lotus, according to Thailand operations Director James Scott, stopped trucking its products to stores, was using more trains and partnered Thai Airways to fly its inventory to other parts of the Thailand. It also was working with a sister company and other suppliers to obtain difficult-to-find items, such as drinking water and instant noodles.

"(Our) team is working round the clock...to get essential supplies to our customers," Mr. Scott said. "The use of trains, planes, the arrival of deliveries from Malaysia, China and Vietnam, and...our temporary distribution hubs is significantly helping us to achieve this, and we are looking to increase the amount of product we distribute using this network."

Meanwhile, insurers have had a difficult time adjusting claims, because the water has yet to recede in many of the affected factories.

"The main issue is that we can't get to the factory sites, and it's difficult to assess what is happening," said Duncan Buchanan, CEO of Marsh PB Co. Ltd, a unit of broker Marsh Inc., in Thailand. "We have to continue monitor-

ing the situation until the water recedes."

Marsh sent a claims adjuster to survey the damage by helicopter and found that most factories could not be accessed because of the high water levels.

With floodwaters not expected to recede for weeks, it will take some time for insurers to assess the damage.

"It's too early to tell the quantum of the loss and it will take some time to understand the extent of the business interruption exposure and some time to assess damage to stock and damage to machinery," said James Nash, CEO of the Asia Pacific Region for Guy Carpenter & Co. L.L.C., in Tokyo.

Noting that the Japan earthquake and tsunami did not produce as many insurance claims as had been expected, Mr. Nash said Thailand may be different.

"When we do see events of some magnitude, which this may be, we'll possibly see a restructuring of the way reinsurance treaties are placed," Mr. Nash said. "The structures that were in place last year may not be in place next year."

## Predict: Workers comp smarter with new tools

CONTINUED FROM PAGE 1

the ones that are a challenge for us in workers compensation," Mr. Neale said. "And if you can understand those earlier, you can do something about them."

He said the new model will be successful if it helps Liberty save at least 5%, or \$100 million, on the \$5 billion in workers comp claims it pays annually.

More insurers are using predictive models to help stem costs for workers comp claims, according to a survey earlier this year by New York-based consulting firm Towers Watson & Co. Of more than 100 insurance executives participating in the survey, 32% said they use predictive models in workers comp, up from 18% in 2009.

## Aiming for accuracy

Companies also are continuing to tweak the tools to improve accuracy.

Aon's Mr. Braun said companies are working to find data that pinpoints why some claimants

take longer to recover than others with similar injuries and are evaluating whether previous data collection methods were accurate. Successful models use that information to actively help patients get well, he said.

Aon's Early Claim Intervention model has shifted in the past two years to help adjusters better identify claims that will result in larger-than-expected losses. Mr. Braun said the brokerage recently analyzed seemingly simple medical-only claims that became complicated indemnity losses, and uses that data to spot other claims that could follow the same troubled trajectory.

Claims flagged through the process are sent to Aon's most experienced adjusters, who then connect claimants with health care providers that can speed their recovery.

"You get them to the right doctor and get them to the right treatment instead of letting them linger," said Mr. Braun, who estimates the model has helped reduce workers comp costs by

15% for its clients.

Atlanta-based third-party administrator Broadspire Services Inc. adapted its E-Triage model six months ago to help claims adjusters better determine whether smoking, obesity and other factors slow worker recovery times.

Gary Anderberg, Broadspire's Philadelphia-based practice leader for analytics and outcomes, said social issues also play an important role in Broadspire's newer mathematical formula. For instance, the more family members a claimant typically has, the less likely he or she is to return to work.

"If there are preschool-age children in your home, the fact that you're home on a workers compensation claim may mean you don't need to pay for babysitting," Mr. Anderberg said. "And that can be a nice thing."

He said Broadspire's model, launched five years ago, is updated continually with new data. A version being developed by the TPA will allow its adjusters to predict how many days an injured worker will stay off the job and use that guideline to help prevent excessively long work absences.

Reed Group Ltd., a disability

case management services firm in Westminster, Colo., released a new version of its MDGuidelines predictive model for workers comp cases in February.

Its model, used by various insurers and employers, predicts the recovery time for claims based on factors such as geography, comorbid conditions and job satisfaction. Reed Group then suggests medical resources that can hasten recovery times.

Dr. John Seymour, president of guidelines for Reed Group, said the model can help reduce a claimant's time off work from an average of 55 days to about 30.

"We're always striving to get that employee back to work as soon as possible," Dr. Seymour said.

Companies expect predictive models to keep evolving as insurers and administrators discover new ways to calculate workers comp risk.

Broadspire's Mr. Anderberg said he believes competition among companies will drive significant advances in predictive modeling in the next several years.

"There are a lot of good people out here, and some really creative thinking is going into it," Mr. Anderberg said.

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## Judge not, that ye be not judged

A musician who is suing alleging age bias is complaining about the advanced age of the judge hearing his case.

Martin Stoner, 60, refiled his case after it was dismissed in March, in the hope of getting a new judge, but wound up with the same one he had criticized for being too old and having “mental and physical limitations,” according to the New York Daily News.

The focus of Mr. Stoner’s litigation is a contest by New York-based Young Concert Artists Inc., which offers a prize—three years of management services, publicity, promotional materials and career guidance—valued at about \$75,000 in a contest that is limited to musicians younger than 26.

According to a March ruling by U.S. District Court Judge Robert Patterson, 88, after Mr. Stoner protested to the young musician organization about its age policy, it did allow him to audition, but he failed to advance to the semi-final round.

Mr. Stoner, who had played for 25 years for the New York City Ballet before losing his job last year, sued and also asked Judge Patterson to issue a preliminary injunction prohibiting the organization from holding the final round of auditions until legal proceedings were concluded.

The judge denied the injunction and dismissed Mr. Stoner’s lawsuit, stating the court did not have subject matter jurisdiction.

“I’ve criticized him, and now he’s going to judge me,” Mr. Stoner said of the new suit filed Oct. 17. “Well, that doesn’t make me feel that good in terms of fairness.”

“You’d want to at least level the playing field,” he said.

Perhaps Mr. Stoner now regrets not thinking twice before he criticized the judge.

CONTRIBUTING: Mallory Gillikin, Judy Greenwald, Mike Tsikoudakis



AP PHOTO

**‘The Expendables’ star and co-writer Sylvester Stallone faces a lawsuit from a writer who claims the movie was his idea.**

## Will ‘Expendables’ lawsuit face rocky day in court?

Tough guy actor Sylvester Stallone is being accused of being a copycat.

Writer Marcus Webb is suing Mr. Stallone in federal court in New York, charging that Mr. Stallone stole Mr. Webb’s idea for the movie, “The Expendables.”

Mr. Webb says in his lawsuit filed Oct. 25 that the 2010 movie, which is about an elite group of professional soldiers with a mission to overthrow a dictator, is “strikingly similar and in some places identical” to a script he had copyrighted in 2006 called “The Cordoba Caper.”

Mr. Webb said he had presented the script to Hollywood studios between 2006 and 2009.

According to reports, the lawsuit lists 22 alleged similarities between the two works, including that both open with a hostage rescue at sea off of a foreign coast, which has nothing to do with the main plot.

Mr. Webb is seeking unspecified damages and a court order to stop “further infringement” by Mr. Stallone, who is now filming “The Expendables 2” in Bulgaria with Arnold Schwarzenegger, Bruce Willis and Jason Statham. It is expected to be released in August 2012.

This is not the first time Mr. Stallone has been sued. According to reports, retired boxer Chuck Wepner, whom Mr. Stallone had cited as the inspiration for the original “Rocky” movie, sued him in 2003 for failing to compensate him for his life story.

The case was settled out of court in 2006.



## Angry ex-groom in knotty dispute with his photog

A state Supreme Court judge in Manhattan has dismissed most of a lawsuit that a man levied against his wedding photographer—not only for the cost of his services, but also for the \$48,000 it would cost to recreate the 2003 ceremony.

According to the lawsuit, Todd Remis, a former financial analyst from New York, claimed that the studio did not shoot the final moments of his 2003 wedding reception, including the bouquet toss and last dance. Out of the services that were provided, Mr. Remis found the photographs to be “unacceptable of color, lighting, poses and positioning” and also said he expected the wedding video to capture the full six hours of the event, rather than two.

“I need to have the wedding recreated exactly as it was so that the remaining 15% of the wedding that was not shot can be shot,” said Mr. Remis during testimony.

Curt Fried, the 87-year-old owner of Bronx-based H&H Photographers, said that re-enacting the wedding would be especially tricky because Mr. Remis divorced his wife in 2009, the same year he filed the lawsuit.

“It was unfortunate in the circumstances,” Mr. Remis said in the deposition, referring to the separation, “but we are very much happy with the wedding event and we would like to have it documented for eternity, for us and for our families.”

Though Justice Doris Ling-Cohan has allowed Mr. Remis’ breach of contract claim to proceed, she

questioned his motives for filing the suit six years after the ceremony.

Quoting the film “The Way We Were” in an opinion on the case, the judge wrote,

“This is a case in which it appears the ‘misty watercolor memories’ and the ‘scattered pictures of the smiles...left behind’ at the wedding were more important than the real thing.”

## Graphic designer goes to battle over ‘Conan’ logo

A California-based graphic designer this week sued the producer of the film “Conan the Barbarian” for logo theft.

Bill Dawson, head of XK9 Design Inc. in Los Angeles, spotted a logo he created six months earlier during the preview trailer for “Conan the Barbarian” while at a movie theater, according to news reports.

The movie was released in the United States on Aug. 19.

Mr. Dawson filed the suit this week in a New York federal court against Millennium Films Inc., parent company Nu Image Inc. and Technicolor Creative Services USA Inc. for copyright



infringement.


According to the complaint, Mr. Dawson made a verbal agreement with Technicolor, a company that provides technical services for the film and television industry, to create and present a variety of logos to Millennium for a nominal fee. If a particular logo was

chosen, further compensation was to be negotiated, according to the lawsuit.

After the work was completed and presented, Millennium allegedly said it was not interested.

Millennium has “further used copies and derivative versions of (Mr. Dawson’s) logo design work” throughout the Internet on various websites and on numerous films without further compensation, according to court documents.

In the suit, Mr. Dawson requests Millennium stop using the logo and seeks a minimum of \$200,000 in damages, along with court and attorney fees.



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**CUSTOMER:**  
 FURNITURE DESIGNER

**CASE OBJECTIVE:**  
 MANAGE UNRELATED COMPLICATIONS  
 OF AT-WORK INJURY

**CASE SPECIFICS:**

While working, an employee at one of our customers' furniture factories recently had an accident. What seemed like a fairly straightforward claim changed when our VantageComp™ predictive model alerted us early that the man had key triggers for Type 2 diabetes. We were able to get our doctors and other medical staff involved early to craft a plan that treated the injury and helped the employee manage his diagnosis. By combining innovative data analytics with experienced talent, VantageComp led us to the best solution for today and tomorrow.

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