

CATASTROPHES

INSURERS GRAPPLE WITH TORNADO RISKS

Losses from rare November twisters expected to top \$1 billion

BY RODD ZOLKOS

The Nov. 17 tornado outbreak across the Midwest was a rare event in a year experts describe as unusually mild for U.S. tornado frequency, highlighting the unpredictable nature of tornadoes and the escalating severity of the insured losses.

Last month's catastrophic weather produced a preliminary count of 81 tornadoes, including two of powerful EF-4 strength in Illinois, among them the storm that devastated Washington, Ill. They were the first November EF-4 tornadoes on record in Illinois.

The twisters resulted in eight deaths and estimated total insured losses of more than \$1 billion. The spate of tornadoes is expected to be the first-ever billion-dollar November storm loss in the country and one of possibly eight billion-dollar-plus weather-related U.S. catastrophes in 2013 — a year



AP PHOTO

Damage suffered in Washington, Ill., was the result of a powerful EF-4 tornado, which was one of 81 twisters counted in the Midwest on Nov. 17.

MIDWEST TWISTERS AT A GLANCE

\$1 billion: Estimate of total insured losses

81: Preliminary count of twisters that touched down in the Midwest on Nov. 17

7: Number of Midwestern states where the tornadoes struck

8: Deaths, six in Illinois and two in Michigan, caused by the twisters

One-half mile: Width of the huge EF-4 tornado that struck Washington, Ill.

Sources: National Weather Service, Risk Management Solutions Inc. and news reports

See **TORNADOES** page 48

D&O LIABILITY

Supreme Court agrees to hear big D&O case

Halliburton ruling could reshape market

BY JUDY GREENWALD

An eventual ruling by the U.S. Supreme Court in a securities class action case recently accepted for review could have a dramatic effect on the directors and officers liability insurance market and possibly lead to lower rates for policyholders.

Much depends on the high court's decision in *Halliburton Co. and David Lesar v. Erica P. John Fund Inc., FKA Archdiocese of Milwaukee Supporting Fund Inc.*, which deals with the issue of how easily plaintiffs can obtain class action certification in cases in which they allege firms have misrepresented information to their detriment as investors.

Arguments in the case are expected to be heard by the court early next year. And legal experts warn that even if the court rules in Houston-based Halliburton's favor, a nimble plaintiffs bar is likely to quickly adjust, thus diminishing the effect of the ruling. Furthermore, major institutional investors would likely continue to feel obligated to pursue these cases, even if not as a class action, experts say.

The focus of *Halliburton* is the Supreme Court's 1988 ruling in *Basic Inc. v. Max Levinson* in which the court endorsed the "fraud-on-

See **HALLIBURTON** page 48

Quiet hurricane season puts downward pressure on rates

MATTHEW LERNER

The 2013 Atlantic hurricane season ended last week like it began in June — quietly — and went down as the calmest U.S. season for major hurricanes in nearly 20 years.

The season produced only two hurricanes and minimal insured losses. One tropical storm made landfall on the East Coast.

The lack of hurricanes making U.S. landfall

took meteorological and insurance experts by surprise because it was supposed to be an above-average season. Instead, the below-average season was an extreme statistical and weather anomaly, as well as a relief for insurers after a catastrophic 2012.

Reinsurers are bracing for downward pressure on rates at Jan. 1, 2014, renewals, in part because of the weak season that came and went with no major hurricanes.

Although 2013 did produce 13 named storms, in line with the lower end of the forecast range from the Climate Prediction Center of the National Oceanic and Atmospheric Administration, the two hurricanes that did develop were both weak storms. There were no major hurricanes of Category 3 or higher.

While the number of named storms was

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U.S. MID-MARKET

Employers respond as insurers withdraw from the group long-term care market

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Careful preparation of construction insurance submissions can help secure coverage and maintain business ties

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Q&A: JEFFREY F. DRIVER

Health care organizations need to take a close look at risks from an enterprise perspective to help them identify their biggest risks, says Jeffrey F. Driver, CEO of Stanford University Medical Network Risk Authority L.L.C. in Palo Alto, Calif. Mr. Driver spoke recently about the risks his firm is helping its clients manage.

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COMMENTARY

JOANNE WOJCIC

SENIOR EDITOR

Lost productivity stemming from workers suffering from depression costs employers \$44 billion a year, yet too frequently the condition is treated inappropriately. Sufferers often seek help from their primary care physician rather than a mental health specialist. A free educational program available to employers could help them address the problem.

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Litigation could follow if CMS presses ahead

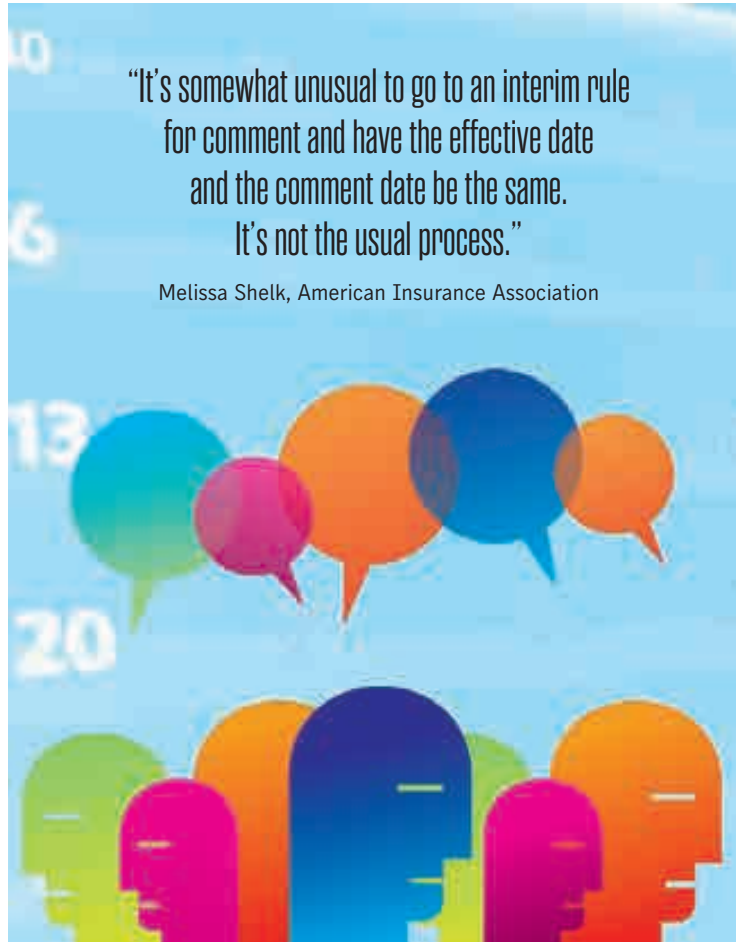
BY SHEENA HARRISON

Insurance groups and Medicare Secondary Payer advocates have asked the Centers for Medicare and Medicaid Services to start over on planned reforms to the secondary payer system, and say litigation may result if CMS doesn't amend its regulations.

The Medicare Secondary Payer Act requires insurers and self-insured employers to notify CMS of any workers compensation or liability claim settlement involving a Medicare-eligible individual. CMS can require that such payments reimburse the agency for medical care that it paid on a claimant's behalf.

The insurance industry's recent criticism relates to how the Strengthening Medicare and Repaying Taxpayers Act, a bill enacted in January that aims to ease the Medicare Secondary Payer compliance process, is being implemented.

CMS published its interim final rule in late September on implementing the SMART Act, and Nov. 19 was the deadline for observers to submit comments. Because the regulation is an interim final rule, CMS planned to implement the final rule as soon as the comment period ended. However, stakeholders had hoped that CMS would



have devised a proposed rule, which would have allowed comments to be submitted about proposed changes and more time before creating a final rule.

"It's somewhat unusual to go to an interim rule for comment and have the effective date and the

See MEDICARE page 50

HEALTH CARE BENEFITS

Insurance exchanges adopting health care tech tool

BY JOANNE WOJCIK

SCOTTSDALE, Ariz. — High-tech tools developed by the National Business Coalition on Health to facilitate employers' value-based purchasing of health care services may find their way into federal and state health insurance exchange technology.

NBCH's eValue8 questions have already been integrated into the health plan measures for public insurance exchanges established in California and Maryland, said Karen Linscott, chief operating officer of the Washington-based organization of purchaser-led busi-

ness and health coalitions.

In addition, the U.S. Office of Personnel Management is assessing the possibility of using eValue8 measures in the federal health exchange and for their Federal Employee Health Benefits Program, she said.

"They will not make final decisions about whether to include eValue8 for some time, but their interest indicates that our emphasis on quality and value is becoming more broadly accepted throughout the health care system," Ms. Linscott said.

The Agency for Health Care Research and Quality "also fund-

ed a research project assessing how to adapt our measures so they are relevant for consumers directly. Right now, they are structured for the employers," she said during an interview at NBCH's 18th annual conference held Nov. 18-20 in Scottsdale, Ariz.

eValue8 was devised by the NBCH to measure and evaluate health plan performance. The tool asks health providers probing questions about how they manage critical processes that control costs, reduce and eliminate waste, ensure patient safety, close gaps in

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BENEFITS MANAGEMENT

Restart near for fast-track ExPro approval

Employers may again halve time needed for captive benefits funding

BY JERRY GEISEL

The door may be reopening on a decade-old procedure suspended last year that gave employers fast regulatory review of requests to fund employee benefits through their captive insurers.

Under the procedure known as ExPro, the Labor Department must act within 45 days on a request for an exemption for arrangements that normally would be considered a prohibited transaction under the Employee Retirement Income Security Act. Including a comment period for plan participants, the entire regulatory process under ExPro takes about 2½ months, less than half the time often needed for exemptions that do not qualify for ExPro.

ExPro generally was available to captive benefit funding applicants that could cite two substantially similar individual exemptions granted in the past 10 years, or one substantially similar exemption and one approved through ExPro within the past five years.

More than a year ago, though, the Labor Department suspended the use of ExPro for captive benefit funding arrangements while regulators reviewed the criteria employers had to satisfy.

As a practical matter, the availability of ExPro was ending as the 10-year mark neared on individual exemptions, such as the 2003 exemption granted to Decatur, Ill.-based agribusiness giant Archer Daniels Midland Co. Employers seeking ExPro approval

See EXPRO page 50



AP PHOTO

The availability of ExPro was ending as the 10-year mark neared on individual exemptions, such as the 2003 exemption granted to Decatur, Ill.-based agribusiness giant Archer Daniels Midland Co.

ONLINE
FEATURES

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NEWS

REGULATION

EUROPEAN AUTHORITIES SET 2016
AS NEW START DATE FOR SOLVENCY II

Treatment of life insurers' long-term guarantees no longer a hurdle

BY SARAH VEYSEY

While a major impediment to implementing Solvency II has been resolved, allowing the already-delayed insurer regulatory regime to go into effect in January 2016, experts warn that the latest start date may still be a bit ambitious.

At the same time, a rating agency said delaying Solvency II beyond 2016 could pose a financial burden on insurers doing business in the European Union.

In a November accord, the European Commission, European Council and European Parliament agreed on the treatment of life insurers' long-term guarantees under Solvency II — one of the biggest outstanding sticking points — and set the start of 2016 to implement the rules.

The European Parliament followed with a vote in favor of the 2016 start date for the capital regulatory rules, which several insurers and insurance groups lauded.

"We welcome this agreement as a major step forwards in the progress of Solvency II. We fully support the objectives of Solvency II in introducing an economic-risk-based regulatory framework that incentivizes risk management and harmonizes supervision," said Nick Kitching, London-based head of European regulatory affairs at Swiss Re Ltd. "The conclusion of these important discussions should now clear the way for a full start of Solvency



TOBIAS ARHELGER/SHUTTERSTOCK.COM

The European Commission, European Council and European Parliament agreed on a revised implementation date for Solvency II. Several insurers welcomed the move but concerns remain.

II in January 2016."

Hugh Savill, director of regulation at the London-based Association of British Insurers, said the organization was "relieved" that an agreement had been reached and that the industry now could move forward in preparing for the

new rules.

Allianz S.E. also welcomed the agreement. "I am convinced that with Solvency II, the European Union will get one of the most

See SOLVENCY page 46

RISK MANAGEMENT

Corporate culture defines
risk management strategy

BY MATT DUNNING

SAN DIEGO — Though most construction companies' risk management strategies are rooted in rigid figures and metrics, experts say those strategies can be greatly enhanced through broader and deeper applications of contractors' corporate culture.

"Corporate culture has more to do with the success of a company than any other single factor," said Rik Kunnath, executive chairman of San Francisco-based Pankow Management Inc. "It's the combination of a company's personality and its

beliefs that guide its actions and behavior," he said during the IRMI Construction Risk Conference in San Diego last month.

Mr. Kunnath said Pankow Management's integration of its worksite safety management and employee wellness programs after a handful of on-site fatalities in the early 1980s motivated the company to recalibrate its safety management program, as well as re-examine its prioritization of safety within the company's corporate culture.

"Those fatalities had a lasting,

See CONSTRUCTION page 46



Planning seen as critical
for coverage negotiations

BY GAVIN SOUTER

SAN DIEGO — Careful preparation of new and renewal construction insurance submissions to underwriters can help risk managers secure the coverage they need and maintain good relations with underwriters.

By planning the submission process well in advance, supplying comprehensive information — including flagging potential deal breakers — and making key executives available to meet with underwriters, risk managers are more likely to experience a smooth placement pro-

cess, several experts said.

The optimal time for a successful submission of a risk to an underwriter is 120 to 150 days ahead of the coverage period, said Joseph Russo, New York-based senior vice president and regional practice leader of Aon Risk Solutions' construction services group.

The process begins when the broker meets with its construction firm client to go over coverage needs and details, such as where the risks are located, the schedule for the construction project and details on the client's

See RELATIONSHIPS page 46





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DIRECT COMMUNICATIONS HELP LIMIT WORKERS COMP DRUG COSTS

Early intervention, better analytics aim to restrict opioid usage

BY LOUISE KERTESZ

Data and communications are two major weapons that employers and health care administrators are deploying to hold down workers compensation prescription drug costs, while the Food and Drug Administration looks to further restrict access to opioid painkillers.

Except for a major spike in 2009 and a lesser increase in 2011, workers comp prescription drug cost inflation dropped 21 percentage points in the decade ending in 2012, according to a survey this year of third-party administrators and insurers by Madison, Conn.-based pharmacy benefit manager consortium CompPharma L.L.C.

In a September report, the Boca Raton, Fla.-based National Council on Compensation Insurance Inc. said growth in the cost per claim for prescription drugs has slowed in recent years, as utilization — the major cost driver — moderated in 2011, the latest data available.

Still, participants in the CompPharma survey said narcotics remain a “very significant problem” that they expect to worsen in the next two years, while the NCCI research found that the

number of prescriptions per claim is still increasing.

Last month, the FDA sought to reclassify hydrocodone combination products from Schedule III to Schedule II drugs, making them harder to get.

Experts say better use of data analytics and an increase in prior authorization and peer-to-peer outreach to prescribers have improved drug management programs.

“Based on medical treatment guidelines, we try to present the evidence to the doctor” about the appropriateness of a drug and alternate approaches to an injury, said Mark Pew, senior vice president of product development at Prium, a Duluth, Ga.-based medical management company that helped employer U.S. Airways Group Inc. hold down its comp prescription drug costs.

“The biggest problem in workers comp is opioids,” said Joseph Paduda, principal at Health Strategy Associates L.L.C. in Madison, Conn., and president of CompPharma. “This issue affects mid-market companies more because they do not have the risk management infrastructure that big companies have. They need to

be very sure the insurance company they work with has a program ... that is thoughtful, detailed and substantive.”

Mark Bernfeld, senior consultant at Towers Watson & Co. in Boston, agreed.

“Pay careful attention to the claims administration” and ask questions of the claims adjuster on a case-by-case basis, Mr. Bernfeld said. “Even if you’re a small business, you should be asking if they are evaluating the status of your open claims. Are they putting together an action plan that will help the injured worker recover? Are they bringing a nurse in at the appropriate time?”

“The use of analytics throughout the industry has grown. Better data has just opened our eyes and we’ve seen stronger correlations and have been able to pinpoint claims that need some sort of intervention,” said Tron Emptage, chief clinical officer at Progressive Medical Inc. in Westerville, Ohio. Such data has allowed Progressive “to predict those claims that are going to be high-cost, that might not normally be recognized.”

Changes in the health care marketplace are supporting pharmacy management. In the past, patients were not necessarily encouraged to be invested in their own care, said Brian Carpenter, Tucson, Ariz.-based vice president of pharmacy product at Coventry Workers’ Comp Services, which Aetna Inc. purchased in May.

“Patients are getting more involved. We’re trying to spur this along with our early narcotic intervention program,” where pharmacists reach out to physicians when they prescribe a narcotic for a worker for the first time, Mr. Carpenter said.

This outreach, which also may involve a nurse, encourages conversation between the prescriber and the worker about the length of time the patient can be expected to be on the drug, he said.

Similarly, at The Hartford Financial Services Group Inc., “early in the use of narcotics, there’s more outreach to the patient and the prescriber about the advantages and disadvantages” of the drug, said Dr. Robert E. Bonner, Hartford, Conn.-based vice president of medical practices and medical director. “Interestingly, when we have those conversations with doctors, they often step back and say, ‘Maybe we aren’t going to do that now,’” Dr. Bonner said.

At Express Scripts Inc., patient outreach programs have proven effective.

“We’re learning more about behavioral science,” said Jennifer Kaburick, vice president of workers comp product development. “We’re doing our own research,” she said, citing a letter to patients containing a “social responsibility message” that using a generic saves money. “People who received the letter were 60% more likely to choose a generic,” Ms. Kaburick said.

Airline nips longtime use

U.S. Airways Group Inc. cut its drug spending by having medical management firm Prium “drill down” the past year to the underlying issues of claims to detect and resolve problems “sooner rather than later,” said Jennifer Saddy, senior manager of workers compensation and risk management in Phoenix.

Before Prium, “it was really a (large) dollar figure that got my attention,” she said. As a result, “we’ve got cases at least 10 years old and not tapering — people still on the same medications. Factoring out for life expectancy, that’s millions of dollars,” she said.

Since Prium’s efforts, “We had a couple of cases where we’ve been very successful. It can be very difficult to get people off a medication when they’ve been on it for 10 years. Ultimately, we want to get them recovered and back to work,” Ms. Saddy said.

FDA seeks restriction

The U.S. Food and Drug Administration in October said it will recommend by early December that hydrocodone combination products, such as Vicodin, be reclassified from Schedule III to Schedule II drugs.

The FDA said the intent is to control “the use and misuse of opioid products, which have sadly reached epidemic proportions.”

“Painkillers are among the most abused medications and responsible for a large percentage of drug overdose deaths,” said Jo-Ellen Abou Nader, senior director of program integrity at Express Scripts Inc. in St. Louis.

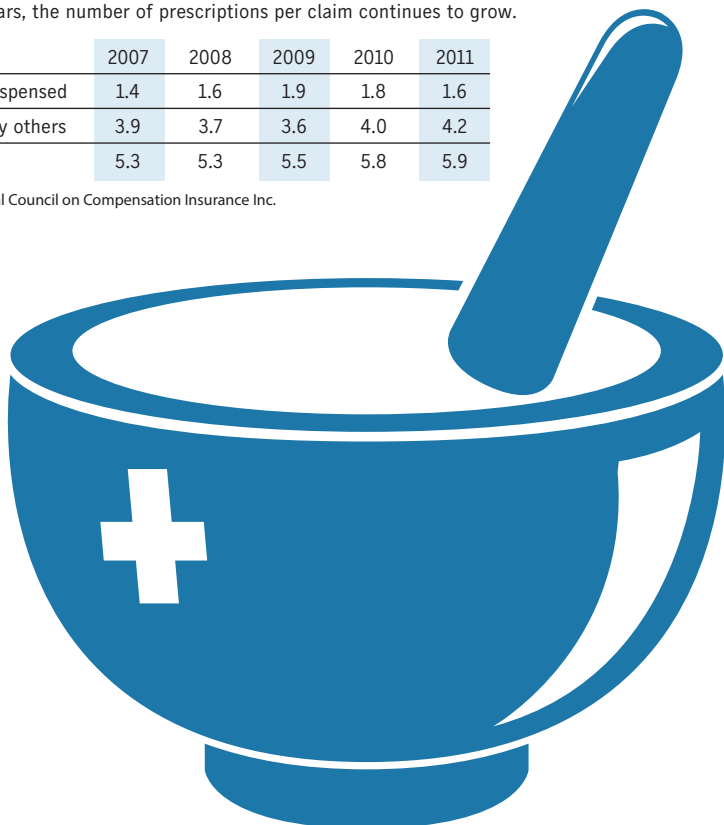
“Over time, this will encourage providers to have more follow-up with patients in chronic pain” and discuss alternatives, said Dr. Robert Hall, medical director at Progressive Medical Inc.

COMP PRESCRIPTIONS

While utilization of prescription drugs in workers comp claims has eased in recent years, the number of prescriptions per claim continues to grow.

Year	2007	2008	2009	2010	2011
Physician-dispensed	1.4	1.6	1.9	1.8	1.6
Dispensed by others	3.9	3.7	3.6	4.0	4.2
Total	5.3	5.3	5.5	5.8	5.9

Source: National Council on Compensation Insurance Inc.





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GROUP LIFE COVERING LONG-TERM CARE

Less expensive than standard coverage, employers respond to insurers exiting market

BY JOANNE WOJCIK

Life insurance is an employee benefit long offered by employers, and changed little over the decades until recently when insurers began withdrawing from the group long-term care market.

As true group long-term care coverage becomes scarcer, especially among mid-market employers, a new generation of life insurance may provide some long-term-care benefits.

A handful of insurers offer either whole or universal life insurance with long-term care “riders” on a group basis, while others are offering this additional coverage on individual life insurance sold at worksites.

Sales of voluntary life insurance are increasing in general and the vast majority of companies offer life insurance to their employees.

While these products should not be regarded as a substitute for true long-term care insurance, which covers the cost of nursing home or home-based care for individuals who cannot take care of themselves, they can help cover some of those expenses, experts say. They also are considerably less expensive than long-term care insurance, often adding just several pennies to the life insurance premium.

MetLife Inc. was the largest group term life insurer in 2012. Typical life insurance offerings are a multiple of salary or a flat benefit.

Life insurance with a long-term care rider is “not going to give you the same level of benefits as a long-term care policy, but it mitigates some of the costs associated with long-term care,” said Bruce Sletten, senior vice president and national practice leader for elective benefits at Aon Hewitt in Dallas.



Typically, the riders pay 4% of the death benefit on a monthly basis for nursing home care, or 2% of the death benefit for home-based care, for up to two years, experts say. Some insurers offer “extension riders” that will provide the benefit for an additional 24 months. The amount of the rider that is used then is subtracted from the death benefit.

However, for an additional premium, some insurers offer “restoration” provisions that restore a portion of the death benefit if it has been exhausted by covering long-term care expenses.

Depending on the size of the employee group, some insurers offer the riders on a guaranteed-issue basis. But the policies are not available in all states because some insurance regulators have not yet approved their use, experts said.

“I think the whole reason insurers developed the long-term care rider is to approach this exposure from a different angle,” said Matthew Byrnes, employee engagement consultant at Oswald Cos., a middle-market broker based in Cleveland.

Long-term care insurance, even when it was more widely available, was a tough sell to lower-paid workers because of its cost, which could run more than \$100 per month depending on the individual’s age, he said.

By contrast, a whole or universal life policy with a long-term care rider “is a great talking point and a solid investment, especially for individuals who have never had a financial counseling session or maybe never will, such as blue-collar workers making \$20,000 a year,” Mr. Byrnes said. The cost often is just “a few pennies” more than the premium charged for the whole or universal life policy, he said.

“I think a lot of this has come from

employees asking for long-term care,” said Brian Celiberti, executive director of Crystal & Co., a middle-market insurance broker based in New York.

“Since today only existing group long-term care policies are being renewed, and only one insurer is selling long-term care on a group basis,” whole life or universal life insurance with a rider can help to satisfy that demand, he said.

Genworth Financial Inc. is believed to be the only insurer still offering long-term care cover on a group basis, but it does so only for employers with 500 or more employees. Genworth said it will offer the benefit to employers with 150 to 500 employees, but only if the cost of the product is picked up by the employer.

“The group long-term care market has all but dried up,” Mr. Sletten said.

Since the Patient Protection and Affordable Care Act has increased most employers’ health care costs by requiring coverage of preventive care and screenings and eliminating annual and lifetime benefit caps, many have cut back or increased employee cost-sharing. Especially in the middle-market, many employers have increased voluntary benefits offerings paid for by employees, experts said.

“To provide additional benefits to workers makes employers look good,” Mr. Byrnes said. Voluntary life is “one of the few benefits you can get at the workplace with guaranteed issue.” And because the “rates are extremely cheap” for group life insurance compared with purchasing life insurance individually, “they’ll buy it on their spouse and their kids.”

When marketing the products at the worksite, Mr. Byrnes said, “I will start leading with the whole life pitch and then talk about the long-term care rider. Then, when you say the words ‘long-term care,’ you usually perk up the ears of anyone over the age of 45 or 50.”

LIFE INSURANCE

In 2011, 87.3% of companies offered life insurance to their employees, with corporations the most likely to offer the benefit. Companies were more likely to offer a multiple of annual pay to salaried employees, while they were nearly evenly split between a multiple of annual pay and a flat dollar amount for hourly workers.

Payment method	Total salaried	Total hourly
Multiple of earnings	73.1%	47.8%
Flat dollar amount	25.5%	48.3%
Other	1.4%	3.9%

Source: International Foundation of Employee Benefit Plans

LARGEST GROUP LIFE INSURERS

The five largest group term life insurers ranked by in-force premiums in 2012.

Company	Premiums	Market share
MetLife Inc.	\$6.99 billion	32.5%
Prudential Financial Inc.	\$3.13 billion	14.6%
Minnesota Life Insurance Co.	\$1.54 billion	7.1%
The Hartford Financial Services Group Inc.	\$1.35 billion	6.3%
Cigna Corp.	\$1.28 billion	5.9%

Source: General Re Corp.

LEVELS OF LIFE BENEFITS

The levels of life insurance benefits offered range from a flat dollar amount to multiples of annual salary that can be as high as \$750,000. Selected examples of the benefit offered in 2012 are:

Industry	Employees	Benefit
Apparel/textiles	1,098	Flat \$50,000
Hospitality	354	2x salary up to \$500,000
Nonprofit	218	Flat \$20,000
Insurance	187	2x salary up to \$750,000
Computer, office equipment	186	Flat \$25,000

Source: Crystal & Co.

LIFE COVERAGE AS VOLUNTARY BENEFIT OFFSETS THOSE WITH INSUFFICIENT INSURANCE

Given that most U.S. workers do not buy sufficient life insurance, brokers and insurers have stepped up marketing efforts at the worksite, either on a voluntary group or individual basis.

Lydia Jilek, vice president of voluntary benefits and strategy at ING U.S. in Minneapolis, said she is seeing increased sales of individual life products due to the “recognition among employers that their employees are underinsured.”

When an employer offers life insurance on a voluntary basis, employees are more likely to purchase it than if they have to

go through the trouble of arranging the purchase on their own, she said.

“We try to stress to employers that a lot of people don’t buy life insurance on their own,” which is why they should offer it on a voluntary, employee-pay-all basis at the workplace, said Andrea Kinkade, president of Kaminsky & Associates Inc., a partner firm of United Benefit Advisors L.L.C. based in Maumee, Ohio.

She described a situation that she encountered several years ago in which a midsize employer provided only \$20,000 in group life insurance to its employees.

“Nine months later, a young employee in his 30s died, leaving a wife and two or three young children, and all they had was a \$20,000 life insurance benefit,” she said. After that incident, “the employer immediately added voluntary life” as an additional benefit option for employees.

Unfortunately, when employees do buy life insurance through their employer, “they typically buy lower levels of coverage than they would when purchasing the coverage” on their own, Ms. Jilek said.

The availability of universal life on a group basis with a long-term care rider

has led to increased sales of Allstate Benefits’ worksite life insurance sales, said Greg Guidos, president of the Allstate Corp. subsidiary in Jacksonville, Fla.

“We’re seeing double-digit growth rates in the universal life policy with an increasing percentage every year choosing the long-term care rider associated with it,” he said. While he cautioned that the policies are not a substitute for true long-term care insurance, “it is very affordable for people who might not be able to afford a full long-term care policy,” he said.

By Joanne Wojcik

LIFE INSURANCE RIDERS COVER CERTAIN LONG-TERM CARE EXPENSES

BY JOANNE WOJCIK

Several insurers are marketing life insurance products with long-term care riders on a voluntary basis to employer groups in most states.

While most insurers offer the riders only in conjunction with either whole life or universal life insurance, Transamerica Employee Benefits recently began offering them on term life insurance contracts, said Richard Kendrick, vice president of national accounts for the Western states.

The Transamerica Life Insurance Co. unit introduced long-term care riders about 20 years ago on group universal life products; about five years ago with whole life; and in the past year with five- to 20-year term contracts, he said.

Transamerica also offers 24-month extension riders, which effectively double the duration of the benefit; and restoration riders, which enable employees' beneficiaries to still receive at least a portion of the contract's death benefit after it has been used to cover long-term care expenses.

He said the basic cost of the policy varies by age and amount of coverage purchased. For example, the price for this policy with \$100,000 in coverage is about \$85 per month for a 40-year-old nonsmoker, he said. By contrast, a 10-year level term product with similar benefits would cost about half that much, he said.

Guaranteed issue is available to employer groups with 100 or more employees, Mr. Kendrick said. The products also are portable.

Allstate Benefits has been offering two riders in conjunction with its universal life products sold to employer groups since 2010, said Greg Guidos, president of the Allstate Corp. subsidiary in Jacksonville, Fla. The first rider pays 4% of the death benefit per month for up to 25 months for individuals confined to nursing homes or who are disabled and receive at least four home health care visits per month. The second rider starts after the first one ends.

"If someone buys both riders, they could get up to twice the death benefit," Mr. Guidos said.

The cost of the coverage varies based on the employee's age at the time it is purchased, he said. For example, a 40-year-old nonsmoker would pay \$16.50 per week for a basic \$100,000 universal life policy, with the single rider adding a minimum of 4% to that cost, or up to a maximum of 24% more if both riders are purchased.

Allstate Benefits provides guaranteed issue to groups with 1,000

or more employees, but "contingent guarantee issue," which requires that applicants answer three health-related questions, is available to groups with 50 to 1,000 employees, Mr. Guidos said. The questions are whether the individual has tested positive for HIV or AIDS, been hospitalized in the past

six months and whether they are working. Its group universal life policy with a long-term care rider is available to employers in 42 jurisdictions.

Although ING U.S. doesn't offer group life insurance with the riders, it does sell individual products to firms with 250 or more employ-

ees, said Lydia Jilek, vice president of voluntary benefits and strategy in Minneapolis.

"We do have an LTC rider available on the individual whole life product that is available in all but 11 states," she said.

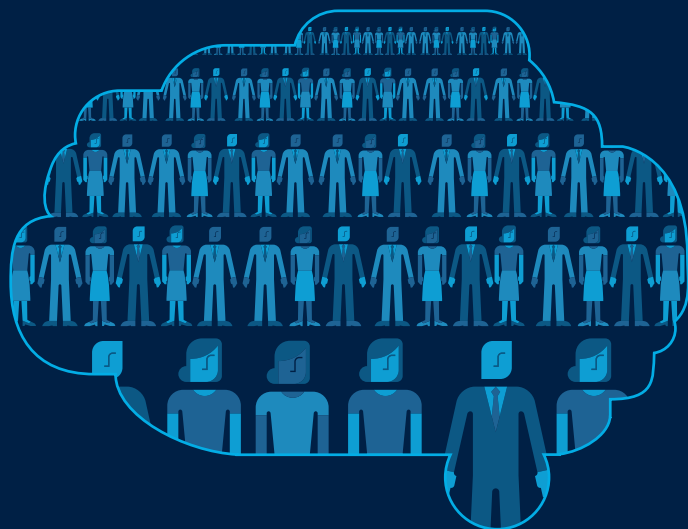
The policy pays 4% of the death benefit for 25 months if the cov-

ered individual is confined to a long-term care facility, or 2% of the death benefit for up to 50 months if the person receives home health care or adult day care.

The minimum coverage that can be purchased is \$12,500, while the maximum is \$250,000. Premiums start at \$4 per week, she said.

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0230381-00002-00

Typhoon Haiyan losses may reach \$700M: AIR

■ Super Typhoon Haiyan caused as much as \$700 million in insured losses in the Philippines, according to Boston-based catastrophe modeling firm AIR Worldwide Corp. AIR estimated total damage to residential, commercial and agricultural properties from Haiyan will range from \$6.5 billion to \$14.5 billion. However, because insurance penetration in the region is relatively low, insured losses will range from \$300 million to \$700 million, AIR Worldwide said in a statement.

Cooper Gay names CEO of Lloyd's broker

■ London-based brokerage Cooper Gay Swett & Crawford Ltd. has appointed Gordon Newman as CEO of Cooper Gay & Co. Ltd., its Lloyd's of London brokerage. Mr. Newman succeeds Sam Hovey, who has left Cooper Gay, the company said. Mr. Newman's appointment followed the October acquisition of Lloyd's brokerage Newman Martin & Buchan L.L.P. by Cooper Gay. Meanwhile, Ron Carlier has departed as CEO of Cooper Gay Re North America just six months after being named to the post.

Iran nuclear deal eases insurance ban

■ Iran's nuclear deal with the West will make it easier, cheaper and less stressful to trade its oil, thanks largely to a partial lifting of the European shipping insurance ban, a senior Iranian industry official said. Iran and six world powers reached a deal last week to curb Tehran's nuclear program in exchange for limited sanctions relief, including a pledge to allow some Iran oil shipments to be covered by U.K.-dominated providers of shipping insurance. E.U. and U.S. sanctions on associated insurance and transportation services will be suspended for oil sales only up to current average levels.

Reuters

Swiss Re buys 15% of Brazilian insurer

■ Swiss Reinsurance Co. Ltd. has agreed to acquire an 11.1% stake in Brazilian insurer SulAmérica S.A from ING Group N.V., and a 3.8% stake from members of the Larragoiti family for some \$334 million. Rio de Janeiro-based SulAmérica is the largest indepen-

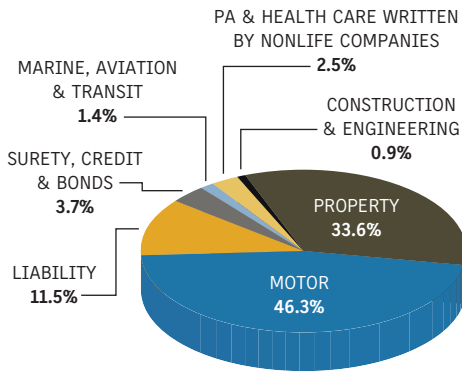
PROFILE: CANADA

\$41.86
BILLION

Although the Canadian economy is highly integrated with the U.S. economy, Canada weathered the 2007-2009 recession better than many other developed nations. The Canadian property/casualty insurance market is mature and sophisticated, dominated by several large local insurers and foreign insurers from Europe and the United States. In 2012, insurers collectively reported an 11% return on equity. However, results were boosted by reserve releases of about \$1 billion.

◀ 2012 P/C gross premiums

MARKET SHARE



Source: Axco Global Statistics/Industry Associations and Regulatory Bodies

COMPULSORY INSURANCE

Various lines of insurance are compulsory, including:

- Auto third-party liability
- Workers compensation
- Aviation liability
- Marine passenger liability
- Professional liability for major professions
- Cross-border shipment of hazardous materials

NONADMITTED

Unauthorized insurers are not permitted to carry on insurance activity in Canada. However, there is nothing in the law that indicates that insurance must be purchased from locally authorized insurers, with some exceptions. This is generally interpreted to mean that insurers can issue policies from abroad if approached by a buyer or intermediary. A 10% excise tax is charged on risks placed with a nonadmitted insurer outside of Canada.


INTERMEDIARIES

Brokers dominate insurance distribution, handling almost all industrial and commercial business. Brokers and agents are licensed and regulated at the provincial level. Some provinces grant brokers special licenses to place business with nonadmitted insurers. Prior to placing insurance with a nonadmitted insurer in another province, brokers must approach the local market and obtain letters of declination.

MARKET PRACTICE

The admitted market in Canada is large and the nonadmitted market is well-established, operating through managing general agencies with binding facilities. Fronting arrangements are available, but most multinational insurers have access to the Canadian market.

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



CANADA

AREA
3,855,103 square miles

POPULATION
34.4 million

PEOPLE WITHIN 100 MILES OF U.S.
90%

2013 GDP CHANGE (PROJECTED)
1.6%

MARKET DEVELOPMENTS

UPDATED OCTOBER 2013

- Following a conditional settlement in parallel proceedings in a U.S. court, an Ontario judge in April 2013 excluded from a Canadian class action people who were included in U.S. settlement of a directors and officers lawsuit. The ruling is expected to be influential.
- In mid-June 2013, the provincial governments of Nova Scotia, Newfoundland and Labrador and the federal minister of natural resources announced plans to increase the absolute liability for companies drilling offshore in the Atlantic from about \$30 million to about \$1 billion and in the Arctic from about \$40 million to \$1 billion. They also intend to make the "polluter pays" principle explicit in the legislation.
- The Office of the Superintendent of Financial Institutions is working toward allowing internal models to calculate the minimum capital test required under Canadian law, which may be used subject to approval.
- OSFI introduced new earthquake guidelines requiring property/casualty insurers to take into account their exposure on a nationwide basis rather than simply in the province where they are most exposed.

dent insurance group in Brazil and a leading provider of health and auto insurance. The company also offers property/casualty and life insurance as well as pension, asset management and premium savings bonds products. The transactions are expected to close in the fourth quarter.

Allianz Global Corporate simplifies structure

■ Allianz Global Corporate & Specialty A.G., the large corporate risk arm of Allianz S.E., has adopted Societas Europaea status and merged with its Allianz Global Corporate & Specialty (France) subsidiary. A Societas Europaea is an E.U. publicly traded company that is governed by the rules of the member state in which it's registered. Axel Theis, CEO of AGCS, said the move to S.E. status was

part of an effort to simplify the company's organizational structure and is part of its preparation for Solvency II.

Cat reinsurance rates may fall at Jan. 1: Report

■ Rates for catastrophe reinsurance business not affected by losses could fall by double digits at the Jan. 1 renewals, according to a report by London-based stockbroking and advisory firm Peel Hunt L.L.P. The report, "Non-life Insurance: Cat Flaps," covers several companies active in the Lloyd's of London market: Amlin P.L.C., Beazley P.L.C., Catlin Group Ltd., Hiscox Ltd., Lancashire Holdings Ltd. and Novae Group P.L.C. Peel Hunt said given the benign North Atlantic hurricane season and the continued presence in the market of nontraditional capital

such as pension funds, catastrophe reinsurance rates likely will fall at the Jan. 1 renewals "barring an exogenous shock in the intervening period."

Spain revises energy laws to avoid lawsuits: Sources

■ Spain's government is rewriting planned new rules on renewable energy to shield itself from an avalanche of litigation if the regulation is passed in current form, according to four industry sector sources. The government unveiled a sweeping power overhaul in July that would cut renewable energy subsidies and cap profits, sparking fierce criticism from investors who have threatened to take the measures to international courts once they are passed. While changes to the renewable energy law are not

expected to be significant in their content, they would trigger a fresh review from regulators who were once critical of the reforms but have since been folded into a newly created regulatory body.

Reuters

Retailers set standards for Bangladesh factories

■ North American and European retailers said they have agreed on fire and safety inspection standards for up to 2,000 factories in Bangladesh that supply retailers such as The Gap, Wal-Mart and H&M. The European and North American groups agreed to streamline standards for inspector qualifications and monitoring requirements, but tensions between them remain high, with both parties disagreeing on how to finance safety upgrades. European

retailers have agreed to finance fire and safety reforms for buildings that do not meet requirements, while the North American group — Alliance for Bangladesh Worker Safety — pledged \$100 million in loans to factory owners to finance safety upgrades.

Reuters

JLT adds Belgian broker to international network

■ Antwerp, Belgium-based brokerage Belgibo N.V. has joined Jardine Lloyd Thompson Group P.L.C.'s international network. London-based JLT announced that Belgibo, which specializes in maritime and industrial risks as well as claims management, had been appointed as the official member of the JLT international network in Belgium. Belgibo is owned by Antwerp-based shipping company Exmar N.V.

Aon's Christian elected to Council of Lloyd's

■ Dominic Christian, CEO of Aon U.K. Ltd. and executive chairman of international at Aon Benfield, has been elected to the Council of Lloyd's for a three-year term beginning Feb. 1, 2014. The Council of Lloyd's is the body responsible for managing and supervising Lloyd's of London. Mr. Christian will sit on the council as a working member, Aon said in a statement.

Bob Cawley elected chairman of Assurex

■ Bob Cawley will succeed Stefan Nill as chairman of Assurex Global. Mr. Cawley, president of insurance consultant RCM&D in Baltimore, was elected Assurex chairman at the company's recent conference in Dubai, United Arab Emirates. RCM&D has been an Assurex Global partner since 1954, when the organization was formed, and Mr. Cawley is the third chairman to have come from RCM&D. Assurex is a global organization of independent insurance, risk management and benefits shareholders with more than \$28 billion in annual premiums and 500-plus offices on six continents.

German insurers resilient despite interest rates

■ German property/casualty insurers are proving resilient to the low-interest-rate environment, according to a report by Standard & Poor's Corp. According to the

report, "German Insurers Pursue Underwriting Profits as Low Interest Rates Bite," this resilience is likely to persist for the next 12 to 24 months. "Nevertheless, their leeway to offset low yields is gradually tightening, and in our view this will call for continued efforts to reduce their sensitivity to low interest rates, for example by strengthening their underwriting returns," Christian Badorff, a credit analyst at S&P in Frankfurt, Germany, said in a statement.

Swiss oilfield firm settles corruption charge

■ A Swiss-based oilfield services company has agreed to pay \$250 million to settle Foreign Corrupt Practices Act charges brought by the U.S. Securities and Exchange Commission and other regulators. The regulators alleged that Zug, Switzerland-based Weatherford International and its subsidiaries

authorized bribes and improper travel and entertainment for foreign officials in the Middle East and Africa to win business, including kickbacks in Iraq to obtain United Nations Oil-for Food contracts. In announcing the settlement, the SEC said Weatherford and its subsidiaries falsified its books and records to conceal illicit payments as well as transactions with Cuba, Iran, Syria and Sudan that violated U.S. sanctions and export control laws. The SEC

alleged that the company failed to establish an effective system of internal accounting controls to monitor risks of improper payments and prevent or detect misconduct. Weatherford earned more than \$59.3 million in profit from business obtained through improper payments, and more than \$30 million in profit from its improper sales to sanctioned countries, the SEC said. The alleged misconduct occurred from at least 2002 to 2011.

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B R O K E R A G E

EDITORIAL

HIGH COURT TACKLES CLASS ACTIONS

Companies should be happy to hear the U.S. Supreme Court has decided to hear a major securities class action case. Now, they can only hope the high court's ruling goes their way. At issue in *Halliburton Co. and David Lesar v. Eric P. John Fund Inc. FKA Archdiocese of Milwaukee Supporting Fund Inc.* is a controversial 1988 ruling by a divided Supreme Court in *Basic Inc. et al. v. Max L. Levinson et al.*

In that 1988 case, the nation's highest court endorsed the "fraud-on-the-market presumption theory," which basically says that because of the capital market's efficiency, it is not necessary for plaintiffs in class actions to prove individually that they were affected by misrepresentations by the company.

The results of that decision, as pointed out in an amicus brief by former U.S. Securities and Exchange Commission members and academics, have been horrific for businesses and led to the creation of a "massive multibillion-dollar industry" for the plaintiffs' bar.

Adding insult to injury in the 25-year-old ruling, the fraud-on-the-market theory has since been "subjected to withering scholarly and empirical attack" and largely discredited, according to Halliburton's petition asking the Supreme Court to review its case against the Milwaukee archdiocese.

Legal experts say they are confident based on another recent ruling that four Supreme Court justices — Antonin Scalia, Samuel Alito, Clarence Thomas and Anthony Kennedy — will vote to at least modify, if not entirely discard, the fraud-on-the-market presumption theory.

Assuming Chief Justice John Roberts goes along, this could lead to a welcome reduction in directors and officers liability rates for companies.

Of course, the creativity of the plaintiffs' bar should not be underestimated. It is likely those lawyers would find some way to work around a Supreme Court ruling tossing out the fraud-on-the-market theory. Furthermore, institutional investors may feel obligated to continue to pursue such litigation individually.

Nevertheless, the theory in question remains law for now. And as Halliburton states in its petition to the Supreme Court, "The *Basic* majority erred by substituting economic theory for law — and bad economic theory at that."

It is high time the Supreme Court corrects that mistake.

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

Please send your letters to:

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

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

SCHILLERSTROM



COMMENTARY

HOLIDAYS HIGHLIGHT MENTAL HEALTH

While carolers may chant joyfully about the holidays being "the most wonderful time of the year," many U.S. workers find themselves singing the blues during the winter months.

One in 10 people will experience depression at some time in their lives, according to the U.S. Centers for Disease Control and Prevention, costing employers \$44 billion annually in lost productivity. Depression also is the fifth-most common cause of disability claims after cancer, pregnancy complications, back and cardiovascular issues.

Unfortunately, because of the shame and stigma still associated with a diagnosis of depression, the first stop for 80% of people struggling with this condition is rarely a mental health professional; rather, they go to a primary care physician, according to the Partnership for Workplace Mental Health. Even if that doctor is astute enough to identify the root cause of that patient's ailments and prescribes antidepressants, four out of 10 people stop taking them before they have any measurable effect.

"When you think about the symptoms — aches and pains, sleep problems, difficulty concentrating — people go to where they feel most comfortable to seek help: their primary care physicians," said Clare Miller, director of the Arlington, Va.-based Partnership for Workplace Mental Health, a program of the American Psychiatric Foundation.

The organization's research also found that people who are depressed but not treated consume two to four times the health care resources as those who are properly treated.

Depression also is a chronic condition, with 50% of



**JOANNE
WOJCIK**

SENIOR EDITOR

those who are initially diagnosed likely to have a recurrence, and many of those subsequent episodes of depression can be more intense, leading to disability, Ms. Miller said.

But employers can address this problem head-on — and at no cost to them.

The partnership has developed an educational program, Right Direction, in collaboration with Employers

Health Coalition Inc., a national employer coalition based in Ohio, that is available free to employers.

Unveiled at the National Business Coalition on Health's annual meeting last month in Scottsdale, Ariz., the program was designed as a step-by-step "field guide" for employers that includes customizable promotional posters, PowerPoint presentation decks for managers and employees, and content for corporate intranet sites.

Employers also can direct their employees to additional resources on the consumer web site www.Right-DirectionforMe.com, where they can find information about the signs and symptoms of depression, a downloadable depression screening tool to complete and bring to their doctor, a form allowing anyone to anonymously recommend Right Direction to their employer, and other resources and tips to get help.

The good news is that treatment does work, said Ms. Miller.

DECEMBER 2ND, 3:52 P.M.

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2013

WOMEN TO WATCH

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GC Securities
- Sherri Bockhorst** P16
Principal and National Practice Leader
Buck Consultants L.L.C.
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Executive Vice President
Willis North America Inc.

Women to Watch honorees scale new heights

Business Insurance's annual Women to Watch feature recognizes women who are doing outstanding work in commercial insurance, risk and benefits management, and related fields, including consulting and law.

The program was introduced in 2006 to serve as a springboard to encourage more women to break through the glass ceiling in an industry that has been largely male-dominated.

Each year, 25 women are identified as Women to Watch by a panel of Business Insurance senior editors based on the winners' recent professional achieve-

ments, influence on the marketplace and contributions to the advancement of women in business.

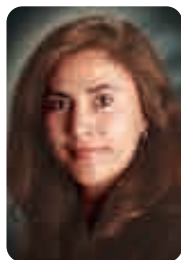
The program is open to women leaders worldwide who are connected to the commercial insurance industry.

While it always has been difficult for the Business Insurance senior editors to narrow the field of candidates from the hundreds who are nominated, this year has been more challenging given the exceptional caliber of the women, more and more of whom are advancing into higher leadership positions.

We will celebrate these women's achievements during a Dec. 3 awards ceremony in New York.



COMPLETE PROFILES
Read the complete profiles of the 2013 Women to Watch honorees at www.BusinessInsurance.com/WomenToWatch2013.



Challenges remain for women in the insurance industry

Despite gains in upper ranks, pay and promotions still lag male counterparts

BY JOANNE WOJCIK

Women have made great strides in achieving equality in the insurance industry, but still face significant challenges.

While the number of women working in the insurance industry today is roughly equal to the number of men, only a fraction ever ascend into upper management positions, according to a 2012 study by St. Joseph's University.

Only 6% of top executive positions across the insurance industry are held by women, and only 12.6% of board seats belong to women, according to the research.

The findings reflect a survey conducted in June during the Insurance Industry Charitable Foundation's 2013 Women in Insurance Global Conference in New York. Of 425 attendees, 65% said they thought "gender equality remains an issue within America" and 82% said gender inequality "still exists within the insurance industry."

Women also are paid significantly less than their male counterparts, government data shows.

According to the U.S. Bureau of Labor Statistics, the pay disparity is greater in the finance and insurance services sectors than all other industries, with women's earnings averaging 62.2% of their male counterparts, compared with 82.2% for all other industries.

Though demographers might attribute these inequities to career interruptions that occur when women take time off to have children, research says otherwise.

A February report published by the National Bureau of Economic Research found that women can trace the pay disparity to their first salary negotiation with an employer: Women are less likely than men to negotiate their starting pay rate.

Recent research by New York-based Catalyst Inc. comparing starting salaries of 4,100 full-time males and females with an MBA who had no children also supports this assertion: Men started with higher annual salaries out of college, averaging \$4,600 more than women. These gaps in pay continued throughout women's careers, according to the Catalyst research.

Because male-dominated senior management teams set the tone for their organizations and often determine who gets promoted and who does not, they tend to select protégés resembling themselves, other Catalyst research shows.

Such unconscious biases have a tendency to undermine the suc-

The pay disparity is greater in the finance and insurance services sectors than all other industries, with women's earnings averaging 62.2% of their male counterparts, compared with 82.2% for all other industries.

cess of women, challenge the effectiveness of their leadership, and diminish their ability to receive objective performance evaluations, promotions and compensation packages that are equitable to men, according to Catalyst.

Carolyn Snow, director of risk management at Humana Inc. in Louisville, Ky., and a 2009 *Business Insurance* Women to Watch honoree, said that while the buyer side of the business has become more

diverse, the seller side still is somewhat lacking.

"I have always thought of risk management as one of the best professions in terms of being open to women. Of the five major health insurance companies, I believe all five risk management departments are headed by women. I see

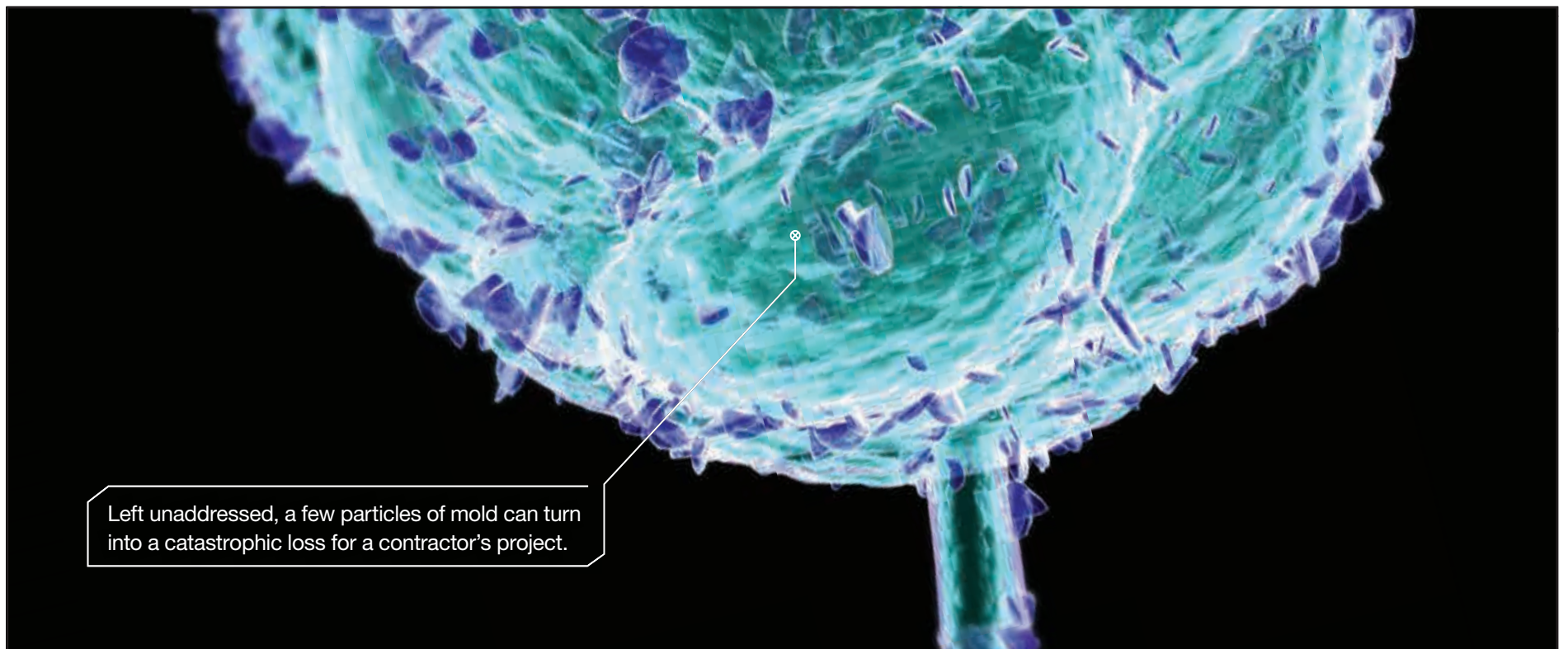
women leading risk management in real estate, universities, public entities and other major industries," Ms. Snow said. "I also see huge strides in women taking senior management positions in insurance companies, but in general I think women are underrepresented in the most senior roles."

"While we have come a long way since the '80s and '90s with respect to gender equality, the gap isn't completely closed," said Ruth A.

Hunt, a principal at Buck Consultants L.L.C. in Bloomington, Minn., and a 2008 *Business Insurance* Women to Watch honoree. "Head counts still show inequalities in some areas of our industry."

While many insurers, brokers and other related businesses have instituted or are considering women's initiatives and sponsorship programs designed to foster greater gender diversity, the industry for the most part still has a way to go, said Elizabeth Francy Demaret, chief customer relationship officer at Sedgwick Claims Management Services Inc. and a 2006 *Business Insurance* Women to Watch honoree.

"A lot of companies say they are committed to diversity, but they lack a defined strategy for achieving it or even defining what diversity would look like at their company," Ms. Demaret said. "Many of the larger companies have had multiple people fill the role of chief diversity officer with little apparent results. Most of the smaller companies do not have the role or policy at all."



Left unaddressed, a few particles of mold can turn into a catastrophic loss for a contractor's project.

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PROFESSIONAL LIABILITY

Cory Anger

Global Head of ILS Structuring
GC Securities
New York
Age: 42



As the global head of insurance-linked securities structuring for GC Securities, as well as a managing director at affiliate Guy Carpenter & Co. L.L.C., Ms. Anger creates innovative ILS transactions across Guy Carpenter's global operations by providing investment banking capabilities to the reinsurance industry. She joined GC Securities in 2008 from Lehman Brothers Inc., where as a senior vice president in the insurance products group during the early years of the ILS market, she worked on several innovative projects and products. Ms. Anger holds a B.S. in statistics and a bachelor's in economics from Virginia Tech; a master's in statistics from George Mason University; and an MBA with a finance concentration from the Simon School of Business, University of Rochester.

Q What's your advice for women entering this field?

A Your decision to enter the field depends on your type of personality. You must be intellectually curious and have a drive to get the right answer, combining not only technical skills but interpersonal skills as well. You must have an interest in capital markets, an interest in creating first-of-kind products and an ability to deal with uncertainty. A qualitative background is also good. Results are important. Your work product will drive your opportunity.

Q What attracted you to this industry?

A I came out of business school looking at the investment banking industry. After interviewing with different product areas, I started with structured credit and ended up with the insurance solutions group at the infancy of the convergence of capital markets and insurance. This sector is a lot more ... interesting than ... most people think.

Q What aspects of your job give you the greatest sense of accomplishment?

A It's the interaction with clients and finding a way to solve their issues

and/or problems and meet their needs. I love learning about a client's situation, learning a client's business. You end up getting an understanding of all types of other businesses. It's like a puzzle to me — you're solving a puzzle for a client. It's extremely exciting that every step you think about nobody has thought before. One example is the Metrocat bond for the (New York Metropolitan Transportation Authority). For me, that was a very exciting transaction.

Q What's the most important lesson you've learned in your career?

A Patience — learning that your career is a marathon, not a sprint. Respect for colleagues and listening based on a colleague's experience and learning that everyone can teach you something, whether junior or senior colleagues. Some advice may not resonate for five or 10 years. Life balance is also important. I'm still struggling to find mine, because I've always tended to put emphasis on (work) product. Family at the end of the day is what ultimately matters.

Q What's your secret vice?

A Watching spy television shows. I regularly watch "Homeland" and "Covert Affairs."



Caroline J. Clouser

Executive Vice President
Ace Medical Risk Group
Jersey City, N.J.
Age: 45

Caroline J. Clouser's journey to the top of the insurance industry has spanned various roles and two continents. After beginning her career as a claims adjuster in the medical professional liability division at Continental Insurance Co., Ms. Clouser assumed a top underwriting position at CNA HealthPro before joining Ace in 2002. She subsequently spent two years building the company's global medical professional and products liability business, while working at Ace's offices in Zurich. One constant for Ms. Clouser has been an unquenchable desire to learn the industry and a willingness to tackle big challenges. Now as executive vice president of Ace Medical Risk Group, Ms. Clouser contends with one of the thorniest issues of all: helping clients deal with the rising costs of health care.

Q What attracted you to this industry?

A What initially attracted me to Continental Insurance Co., which is where I started, was their investment in training and development. I am very proud that now working for Ace, we value that same investment in people. I was a human development major in college and I didn't have a lot of the basic business classes, so it was important for me to find a company that was dedicated to job training. It's that mindset that sustained me in the industry. I was able to grow my skill set and gain insurance designations and attain an MBA, and during that time I also had access to different roles. I was a claims person; I was an underwriter; I worked in marketing and employee training and development and compliance. I did this both in the United States and internationally.

Q What aspects of your job give you the greatest sense of accomplishment?

A For me, it's about leading people to achieve goals. I get significant satisfaction watching the team exceed our financial measures quarter after quarter. Whether it's helping a new associate hone their presentation skills or assisting a manager with tracking performance of the organization, all these things help me feel great about what we do.

Q What's the most important lesson you've learned in your career?

A Always be intellectually curious. It's a great way to learn, understand and innovate.

Q What's at the top of your bucket list and why?

A Just to spend time with my family. I have two small children and I love to watch them grow.

Sherri Bockhorst

Principal and National Practice Leader,
Health Exchange Solutions
Buck Consultants L.L.C.
St. Louis
Age: 41



For Sherri Bockhorst, there is no greater satisfaction than helping employers find new solutions to problems. "That is what I love about the job I have now," she said. Indeed, Ms. Bockhorst has spent much of the last year developing a new approach — Buck Consultants' RightOpt private health insurance exchange, where more than 400,000 employees and dependents have chosen coverage for next year from participating insurers. For much of her professional life, which includes 15 years working for large employee benefit consulting firms, Ms. Bockhorst has focused on driving changes in the health care delivery system that can help employers and employees. Ms. Bockhorst began her career as an actuary in product development for small health group plans and later joined a professional services firm to focus on data analytics.

Q What's your advice for women entering this field.

A Ask a lot of questions, because the more you understand, the more you can apply your knowledge to a situation and reach a good outcome.

Q What aspects of your job give you the greatest sense of accomplishment?

A It is that ability to drive change. I have a really strong belief that

employers need to stay in the game and provide benefits. Employers, on a combined basis, are the ones that drive a lot of innovation in the health care delivery system. These innovations help people. It is not just about cost-shifting. It is how do we improve productivity and help the health and well-being of employees and their families. And that is what I love about what I am doing now with the private insurance exchange.

Q What's the most important lesson you've learned in your career?

A Don't assume anything. Ask to ensure that you have a good understanding of what is going on culturally

and environmentally.

Q Outside family, what woman has been your role model?

A When I was in college, I was struggling with the decisions of what to major in and what I wanted to do with the rest of my life. At the time, I was hired to be an intern at General American Life Insurance Co. by Karen King. Karen was probably one of the most patient individuals I ever have had the opportunity to work with. She took the time to mentor me. She was the one who offered me the opportunity to stay on as a part-time intern at General American if I would switch to an actuarial science degree.

Q What's at the top of your bucket list and why?

A I don't even have a bucket list. I was married at 37 and now have a 2-year-old. It is those small adventures of our day-to-day life that I love so much.

Q What's your secret vice?

A Laffy Taffy candy with all those jokes. I love sweet and sour chewy candy. And now I can share the jokes with my 2-year-old, and we get a big kick out of that together.

Zurich salutes 2013's Business Insurance Women to Watch



Zurich congratulates the 2013 Business Insurance Women to Watch in recognition of their professional achievements, marketplace influence and contributions to the advancement of women in business, including our own **Sabrina Hart**, Chief Underwriting Officer, Zurich Global Corporate in North America. zurichna.com



Noelle Codispoti

Executive Director
Gamma Iota Sigma
Norristown, Pa.
Age: 31



Noelle Codispoti, executive director of the Gamma Iota Sigma international collegiate fraternity for students pursuing careers in risk management, insurance and actuarial science, knew soon after she started college that she was destined to become an “insurance nerd.” On her first trip to New York, she made a stop at Marsh Inc. headquarters a top priority over touring the Empire State Building. A Spencer scholar, Ms. Codispoti majored in actuarial science and risk management at Temple University in Philadelphia. She also served as president of the university’s chapter of Gamma Iota Sigma. Ms. Codispoti was appointed the student representative to the national executive committee of the fraternity’s board of trustees in 2004, continuing on as an executive committee member after graduation, when she began her career at Ace USA. Gamma Iota Sigma’s board selected Ms. Codispoti to be the organization’s first paid executive director, and since assuming that post in 2011, she has grown the organization from 1,170 student members to more than 2,000 today at 57 colleges and universities throughout North America.

Q What’s your advice for women entering this field?

A The best advice that I could offer is advice that someone also gave me when I first started my career: Empower yourself along your career. Have a vision and be passionate and relevant, always striving to be the expert in your industry segment.

Q What attracted you to this industry?

A During my college career, I was exposed to an endless stream of industry professionals. They were always passionate, and they talked about how it was always changing and they never did the same things two days in a row. You can do anything in this industry. Insurance encompasses all aspects of our life and every type of industry. There’s something for everyone, and it’s always changing. After the events of 2008, I don’t understand why more of our industry leaders didn’t step up at schools of business at colleges and universities across the country and

demand to know why risk management isn’t a bigger part of the business curriculum.

Q Outside family, what woman has been your role model?

A Teresa Black, assistant vice president at Ace USA, who was my first manager after school. There wasn’t a better professional role model. She handled everything with grace and was super intelligent — always found the best way to handle things. She was someone immediately from Day One I wanted to emulate. She also was a working mom.

Q What’s at the top of your bucket list and why?

A To visit Lloyd’s of London. This shows that I’m an insurance nerd at heart. Usually within a couple of minutes of meeting me, you’ll discover that. I used to want to go skydiving, but now that I have kids I worry about something bad happening. If there’s one thing that I’ve wanted to do or wanted to see, I want to experience what this industry is all about — and it’s Lloyd’s.

Q What’s your secret vice?

A I like to play Super Mario Kart and chess with my 7-year-old son.



Marti Dickman

Vice President of Risk Management
Advanced Disposal Services Inc.
Ponte Vedra, Fla.
Age: 48

Around Advanced Disposal Services Inc., one of the things Marti Dickman is known for is Trash Talk. Ms. Dickman, who became the Ponte Vedra, Fla.-based company’s vice president of risk management in 2006, created the Trash Talk newsletter in 2008 as an initiative aimed at changing the company’s risk culture. Before joining ADS, Ms. Dickman was an assistant vice president, account executive at Hilb, Rogal & Hobbs Co. in Norfolk, Va. She also spent five years as risk manager of Chesapeake, Va.-based Dollar Tree Inc. Before Dollar Tree, she was a commercial lines manager at Kellam-Eaton-Huey Insurance Agency Inc. She started her career at The Ware Co., where she began as a commercial account manager and account executive and later became the firm’s bond manager. Ms. Dickman has a degree in computer science from the University of Maryland and Certified Insurance Counselor and Certified Risk Manager designations.

Q What’s your advice for women entering this field?

A Always approach tasks with enthusiasm and energy, and remember that each time it may present an opportunity which opens a new door; to stay focused and never stop learning and to always trust your instincts.

Q What attracted you to this industry?

A I kind of fell into risk management and insurance. My degree is in computer science, and when I first entered the industry it was on the (information technology) side. I had an opportunity to start to understand and learn and mentor under a really wonderful individual at an insurance brokerage, and took the opportunity because he really made the industry seem exciting and so global in all of the areas that it touches, whether it’s on the carrier side or the broker side or the insured side. And you had the opportunity to be involved in so many things, whether it was finance and accounting, legal, claims management, insurance underwriting — just so many different arenas that you were able to touch and be a part of.

Q Outside family, what woman has been your role model?

A It’s someone whom I worked with years ago. She was the treasurer for a company that I worked for, and she just really taught me the nuances of looking at things in many different ways, and making sure that you look at the global picture and that you evaluate and assess, and making sure that when a decision is made at the end of the day that it’s a decision that benefits your company and your employer as best as it possibly can.

Yvette Connor

Managing Director,
Risk Management Advisory
and Insurance Services
Alvarez & Marsal
Denver
Age: 45



Yvette Connor is managing director of risk management advisory and insurance services at New York-based international consultant Alvarez & Marsal, a position she assumed in November. Before that, Ms. Connor served as managing director-director of client engagement at Marsh Inc. in Denver, a position she held for three years. At Marsh, she led the deployment of Marsh 3D to help clients achieve a more strategic, relevant and valued role within their organizations. Before joining Marsh, Ms. Connor was director of risk management at Vulcan Inc. At Vulcan, she was responsible for developing a new risk management department and systemwide functionality within a diverse, private global company. Ms. Connor was charged with implementing effective systemwide best practices for risk identification, quantification, optimization, and execution to address risk factors throughout the various majority-owned profit and nonprofit affiliates.

Q What’s your advice for women entering this field?

A Don’t be afraid to take risks and get out of your comfort zone. Try things that you are unsure about, and challenge yourself to learn and adapt.

Q What attracted you to this industry?

A The opportunity to diagnose and resolve key business issues. The risk and insurance landscape is so rich with opportunities to dive into approaches for risk identification, risk quantification and performance improvement opportunities. I view risk management as a way to enhance organizational performance.

Q What aspects of your job give you the greatest sense of accomplishment?

A The complexity of tackling “how do we succeed” by evaluating areas that

may contribute to less-than-positive results.

Q What’s the most important lesson you’ve learned in your career?

A Don’t be afraid to abandon subject matter expertise in pursuit of a less technical but more strategic leadership opportunity.

Q Outside family, what woman has been your role model?

A Sally Krawcheck. Frankly, she is a powerful example of what it looks like to take a lickin’ and keep on tickin’. I am a Power Circle member of her organization (85 Broads) and a big fan of her resiliency and positive attitude. I am planning to lead an 85 Broads jam session about managing and implementing change in 2014.

Q What’s at the top of your bucket list and why?

A Another marathon. I am due.

Q What’s your secret vice?

A McDonald’s French fries. No one does them better.



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MAKE YOUR WORLD GO

Angela R. Elbert

Partner
Neal, Gerber & Eisenberg L.L.P.
Chicago
Age: 42



Angela R. Elbert is a partner in Neal, Gerber & Eisenberg L.L.P.'s general and commercial litigation group and chair of its insurance policyholder practice group's directors and officers practice in Chicago, where she focuses on commercial and professional insurance policyholder representation. Ms. Elbert, who grew up in Louisville, Ky., graduated from Hanover College in Hanover, Ind., in 1993 with a B.A. in history. She decided to go to law school after considering what she could do with her history major, and graduated from Indiana University's School of Law. As a young attorney, Ms. Elbert became interested in insurance thanks to a mentor, John S Vishneski III, now a partner with Reed Smith L.L.P. in Washington, who was "really passionate about it," Ms. Elbert said. She has received numerous awards, including being the only woman listed in the rating service Super Lawyers' Top 10 Illinois Super Lawyers 2013.

because there just aren't as many of us in this industry; but don't forget about the men, because they're strong allies to have as well. I would also suggest learning your trade, learning everything you can about the insurance industry, because the more you know, the better you can serve your clients.

Q What attracted you to this industry?

A The complexity of it. It's never boring, always interesting,

always something different; and I work with all industry groups and clients that are big and small, public and private. I get to see a lot of different companies and worlds, and it's fun to learn about them. Sometimes working your way through an insurance problem is like working a puzzle, and I love to work puzzles.

Q What aspects of your job give you the greatest sense of accomplishment?

A Helping others, helping them to get what they paid for by finding insurance, helping them get their insurance company to live up to their agreement to pay coverage that should be there. Another part of my job is negotiating better insurance on the front end to try to avoid problems on the back end with claims.

Q What's the most important lesson you've learned in your career?

A To face your fears, and go after things in spite of them.

Q Outside family, what woman has been your role model?

A I would say that person is my law partner, Jill Berkeley. She's a past recipient of this award. Being a partner in a law firm is a really tough position that very few women achieve and do well, and she's managed to do all of that and do it her way. And she's just really smart and tough and good, and I learn something new from her every day.

Q What's at the top of your bucket list and why?

A I don't really think about things that way. I do the things I want to do all the time. I just want to do the things I want to do every day. I'm doing it all right now. It's a really hard thing to do, but I really try to live in the present.

Q What's your secret vice?

A Lately it's "Candy Crush." It's one of those apps that are on your iPhone. It's a total waste of time, but sometimes you get addicted to these things. My husband introduced it to me. Completely stupid, but fun. Don't play it, because you'll blame me when you're addicted to it.

I would suggest learning your trade, learning everything you can about the insurance industry, because the more you know, the better you can serve your clients.

Q What's your advice for women entering this field?

A My advice would be to get connected and network with as many people as you can at an early age, particularly with other women,

**WE CONGRATULATE
MARCELA FLORES FOR
HER RECOGNITION IN THE
WOMEN TO WATCH FEATURE**

Behind this honorable nomination stands her outstanding professional achievements and contributions to the insurance industry as well as great determination and mastery to positioning Lockton Mexico as one of the strongest and most profitable companies in Mexico.



Marcela Flores

CEO, Mexico Operations
Lockton Cos. L.L.C.
Mexico City
Age: 50

humor, and you have to make sure they share your same sense of ethics and decency.

Q Outside family, what woman has been your role model?

A Alicia Solórzano, a math teacher in prep school who taught me to feel proud of being a woman and to believe that if you want something you must pay the price. She helped me get my family's approval to study my actuarial sci-

ence bachelor degree. Also, I have to mention Claudia Mandato. ... Her professionalism and energetic personality made an impression on me. She reflects many of Lockton's values and makes me feel proud to be part of Lockton Cos.

Q What's at the top of your bucket list and why?

A Professionally my goal is to grow the full business and have Lockton Mexico become one of the

top three brokers and advisers in the country, doubling our revenues in five years within the proper margins. Personally, I want to maintain a balance in my life, and continue sharing the love and unique relationship I now have with Eduardo, my husband. I also have to make time to foster and further develop family relationships — fortunately, Eduardo and I both come from big families. Finally, at some point in time, I want to write a novel.



Q What's your advice for women entering this field?

A You have to convince yourself that success is not a matter of gender. You need to have confidence in yourself and in your own abilities. You must work hard to take the utmost advantage of those abilities, and stay focused when you are convinced of your goals. Critically, you must also always keep in mind the interests of your client and your company.

Q What attracted you to this industry?

A I started my professional career in the area of pensions and retirement consulting. Professionally, that has been my main passion. While working as an actuarial consultant, I found that clients also wanted my advice in areas such as benefits and other types of risks, and I realized that by applying mathematics, I could generate innovative solutions. Creating these solutions and being able to negotiate them with the markets, applying them and watching the client's results is extremely fulfilling and has made my work a fascinating experience.

Q What aspects of your job give you the greatest sense of accomplishment?

A My greatest accomplishments are the times I hear a client express his appreciation and recognition for the service we have provided, or for a project that went beyond his expectations. When we bid for a project, we work very hard to come up with innovative solutions, and each time we win, I know it is because we have made a difference. I also enjoy teaching and helping my teams grow, and learning from them as well. I am very demanding, but it gives me a great sense of accomplishment to watch them grow and reach their own goals.

Q What's the most important lesson you've learned in your career?

A If you want to succeed in business, you must surround yourself with intelligent, energetic people who have a good sense of



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We extend special congratulations to **Marti Dickman** of ADS Waste Holdings, Inc., honored as one of the 2013 Women to Watch, and salute all of this year's winners for their exceptional achievements.



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Lisa Freeman

Senior Vice President,
Head of Strategic Operations and
Chief Financial Officer of IronServe
Ironshore Inc.
Hamilton, Bermuda
Age: 33



Lisa Freeman has been a key leader in Ironshore Inc.'s recent development. Her roles have ranged from conducting due diligence for a 2010 debt offering that raised \$250 million for the firm, designing the company's first website and marketing materials, and serving as the chief financial officer for IronServe, Ironshore's back-office operations unit that works in partnership with New York outsourcing firm Genpact Ltd. Additionally, Ms. Freeman mentors youth in Bermuda, as well as students at her alma mater, the George Washington University School of Business in Washington, where she earned a B.B.A. in finance and international business.

Q What's your advice for women entering this field?

A My advice for women entering this field would be to have a career plan and chart your own course. Know where you want to go, but be flexible. A big thing that I worked on in my graduate program was a five-year plan, and Bermuda was never in my five-

year plan. But as opportunities come up, seize them and go for it. You have to have an idea where you want to go, and then along the way you'll meet mentors and people that can help you get there. But you have to know what you want coming in, and roughly where you want to go.

Q What attracted you to this industry?

A I know a lot of people think insurance is so boring, but I

think it's interesting because there are so many different facets of business and insurance. If you like finance, you can do finance. If you like marketing, there are tons of opportunities in marketing. You're not in one specific industry, you're touching all sorts of industries, and you get a breadth of industry views working with different clients or specialties. The other thing I think is interesting about the industry is it's a facilitator for businesses. Insurance allows them to be innovative and protect the downside risk on their products. It touches a lot of different industries, and because of that there are a lot of different opportunities to do a lot of different things versus being pigeonholed in one industry.

Q What aspects of your job give you the greatest sense of accomplishment?

A I am a big "sticky note" person. I like to make lists and cross things off, and I think being able to see projects from start to finish is really interesting. It's neat to see a project that you worked really

hard on go to the board of directors and get completed. IronServe is a great example. It took us about a year to research, decide what we wanted to do, and how we were going to do it. It was a very long process, and a lot of due diligence went into it. Now two years later, it's been a big success.

Q What's the most important lesson you've learned in your career?

A I think avoiding politics is a big lesson. I think you're best served putting your head down and doing your work. People want to manage people who do a great job and who aren't a big management headache. I think avoiding playing political games and just doing a good job of letting your hard work speak for itself is a valuable lesson.

Q Outside family, what woman has been your role model?

A We have a family friend who has been a good role model for me. I've known her for about 25 years. She was an entrepreneur who had several businesses and was very successful. She has a great presence. She always — as successful as she was in her busi-

ness career — was very down to earth and very fun to be around. So I looked up to her and her accomplishments.

Q What's at the top of your bucket list and why?

A I love to travel and I've had the opportunity to travel a lot. Every year, my husband and I go on a big trip somewhere. There are a lot of places I've seen, but there's a ton of places I still want to go. One of the top things on my current bucket list is I'd like to go to the Monaco Grand Prix. My husband is a big racecar fan. He races Go-Karts, and I'm always willing to pair something he'll enjoy with a trip to a neat spot. I've been to Monaco, but never for the Grand Prix, and I thought that would be a cool event. We both turn 35 in 2015, and our birthdays are close to the Grand Prix, so I'm planning to do that then.

Q What's your secret vice?

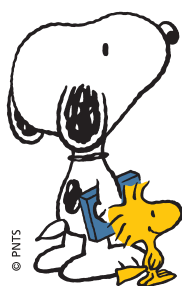
A I love bacon. I was a strict vegetarian for about 10 years. But the last five years of that, I was a vegetarian who ate bacon. Now I'm not really a vegetarian any more, but I do like bacon.

MetLife

MetLife Mexico is pleased to congratulate Marcela Flores, CEO, Lockton Mexico, as one of the 25 **Women to Watch** as recognized by **Business Insurance** magazine.

Undoubtedly, the award is testament not only to her dedication and significant contribution to our industry, but also to the example she has set for the development and growth of women in the insurance sector.

We are delighted to join Lockton Mexico in commending Marcela for this remarkable achievement.



Laura Greifenkamp

Executive Vice President,
Chief Financial Officer
Gallagher Bassett Services Inc.
Itasca, Ill.
Age: 51

Laura Greifenkamp is the first female chief financial officer of Gallagher Bassett Services Inc., a role she assumed after taking a seven-year hiatus from the insurance industry. After 19 years in leadership positions in finance, human resources, operations and technology, Ms. Greifenkamp stepped away from the business world to spend more time with her three daughters and to help launch and run a family landscaping business. During those years away from corporate America, Ms. Greifenkamp handled the business planning, accounting, financial and tax matters for the landscaping business. But when that chapter ended in 2011, Ms. Greifenkamp successfully demonstrated that it is possible to resume one's prior career and capitalize on her collective experiences as an executive, an entrepreneur and as a mother. Ms. Greifenkamp recently began serving as an executive sponsor in Arthur J. Gallagher & Co.'s Breakthrough Leadership Program, a leadership development program designed and delivered by Gallagher Bassett's parent company in conjunction with Harvard University to train young managers and the future leaders. Within months of joining Gallagher Bassett, she launched a summer college intern program and identified several women to mentor throughout the organization.

Q What's your advice for women entering this field?

A Make your own path. Work hard, try different things, take risks, but make it your own. There are so many different opportunities, but you have to do what's right for you.

Q What attracted you to this industry?

A I think the industry found me. I was looking for a change of lifestyle. On the road, constantly doing mergers and acquisitions and turnarounds — at that point in time, I had a 2½-year-old and a 1-month-old when I had my “ah-ha” moment. It was a lifestyle change and serendipity that the industry found me. That's when I went to CNA (Financial Corp.) in 1995. I was hired as assistant vice president in the internal consulting group.

Q What's the most important lesson you've learned in your career?

A This took me a long time to learn: I figured out that I could not do it all at the same time. Between ... work and family and being on the road, choices have to be made. I was on the road doing deals, I had two children, I was going to Northwestern Kellogg School at night — I was trying to be a superwoman.

Q Outside family, what woman has been your role model?

A My role model is really a mosaic of numerous people, both men and women, who have impacted me or taught me lessons over the years. I will mention two briefly from my early days at Coopers & Lybrand that come to mind: Sheree Speakman was a director who showed me that you can laugh and have fun while working hard and delivering

results. She was a passionate “go-getter” and people person at the same time; Gail Mathews was a partner in the audit practice at Coopers, and by her actions she demonstrated that women deserve a seat at the table and on the (Olympia Fields, Ill.) golf course!

Another piece of my mosaic is a dear friend of mine, Jennifer Convery. She has figured out how to be a successful business woman (president of Griffith Laboratories

Inc.), an amazing partner to her husband, a great mom to her three sons and a good friend, all while finding the time to take care of her “self.”

Q What's your secret vice?

A It's wine, and it's not a secret. I like a chardonnay, but I also like to get toasty warm with cabs and merlots when it gets cold outside.



WELL DONE, CORY!

WE PROUDLY SALUTE CORY ANGER OF GUY CARPENTER ON BEING NAMED A BUSINESS INSURANCE 2013 WOMAN TO WATCH.

Cory's knowledge, expertise, drive, and leadership make her a superb role model for women throughout the insurance industry. We applaud Cory for her outstanding work and commitment to excellence.

Congratulations to all the 2013 Women to Watch who have been honored.

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Sabrina Hart

Chief Underwriting Officer
Zurich Global Corporate
in North America
New York
Age: 51



Sabrina Hart leads the Zurich Global Corporate in North America team that develops underwriting solutions for corporate customers, generating annual gross written premium of approximately \$4 billion. Ms. Hart has been with Zurich since joining the insurance company in 1997 as Southeast regional health care underwriting manager with Zurich's specialty products unit. Prior to joining Zurich, she had been Southeast regional health care practice leader with brokerage firm Marsh & McLennan Cos. Inc. and Southeast regional manager for health care for American International Group Inc. She is a member of the Association of Professional Insurance Women. Ms. Hart has a bachelor's degree in math with a minor in business administration from the University of North Carolina at Wilmington and she earned a Certificate in Strategic Management from the Kellogg Business School of Northwestern University in Evanston, Ill.

Q What's your advice for women entering this field?

A You have to have a passion about the business and obtain a financial acumen, which does not necessarily have to come from schooling — you don't need a finance degree. You also must have a blend of skills, technical

as well as operational and interpersonal. You must think of the industry and its place in the global economy, and take a view of the business toward being able to contribute to the executive function.

Q What attracted you to this industry?

A I decided to major in something I enjoy — math — figuring if all else fails, I could teach math. I selected underwriting because it uses technical skills but also has market-facing opportunities. I wanted interaction with clients. You must have financial acumen and interpersonal skills. I

grew vertically in underwriting for many years, and working at AIG at a young age was exposed to activities generally beyond the grasp of younger employees. Growth took me from commercial line manager to practice leader at Marsh and ultimately to underwriting regional manager at Zurich.

Q What's the most important lesson you've learned in your career?

A Two things come to mind: The importance of having the right people in the right job at the right time (and) making decisions. When you have a tough decision to make, generally tough decisions don't get easier with time: "Bad news does not get easier." When you know you have to make (a tough decision), once you make it, it's usually not as hard as anticipated.

Q What's your secret vice?

A I am a "Words With Friends" junkie on my iPad, sometimes playing as many as 15 games at once. Also, I like reading People magazine — meaningless stuff about the stars. I am a dark chocolate addict. And Candy Crush — I don't know what a good level is, but I'm at 169!



Susan Holliday

Head of Reinsurance Strategy
Swiss Re Ltd.
London
Age: 46

Susan Holliday is head of reinsurance strategy for Swiss Re Ltd. based in London, a job she has held since January 2012. Ms. Holliday joined Swiss Re as head of investor relations in 2006, having recommended herself for the job. She works with the reinsurance management team to develop Swiss Re's global strategy and objectives for property/casualty and life and health business. She is a member of the supervisory committee of Swiss Re in Brazil and is head of Swiss Re's diversity chapter for the United Kingdom and its reinsurance center. She spearheads Swiss Re's U.K. diversity council, which arranges mentoring programs, sets up external speakers and a women's community day. She organized the first Women in Insurance Leadership event in London in 2012 and is a founding member of Women in the City. Ms. Holliday is a regular speaker at industry events and acts as a mentor. After completing a history degree at Magdalen College, Oxford, Ms. Holliday trained as an accountant and worked in insurance brokerage and banking before joining Swiss Re.

Q What attracted you to this industry?

A It was chance. I'm an accountant, and my first job was training in an accountancy firm in the United Kingdom. I wanted to get into financial services, as I was interested in working in the City of London (the U.K. financial center). And as it happens, I was placed in an insurance department. That department was understaffed, and so I was able to do more and more interesting things, such as sitting on an underwriting box at Lloyd's of London, than I otherwise might have. So after I qualified, it made sense to go into the insurance and reinsurance market.

Q What's the most important lesson you've learned in your career?

A There are two things which I am still quite bad at, but have half-learned. The first is to pick your battles and get things into perspective. And the second is to be patient — not just with colleagues, but with changes that you wish to happen.

Q What's your secret vice?

A I do like trashy television and novels occasionally. My reading tends to be really rather serious or really trashy — I'll read something like a risk management book or the history of Jerusalem, and then follow that with a chick-lit novel. I like to alternate. I also like "X Factor" and "Strictly Come Dancing" (the U.K. version of "Dancing with the Stars").

Tracy Hatlestad

Managing Director
Aon Benfield
Singapore
Age: 37



Tracy Hatlestad leads the market and regulatory knowledge team at Aon Benfield. Based in Singapore, her responsibilities include providing clients and brokers with up-to-date information, pricing analysis for U.S. property catastrophe placements and handling requests for proposals for new and existing business for Aon Benfield Analytics. Ms. Hatlestad, 37, joined E.W. Blanch, which later became part of Aon, as a trainee in 1998. She has coordinated networking events for female colleagues in Aon Benfield's Minneapolis office, where she previously was based, and enjoys mentoring colleagues. She coordinated multiple charitable events for the Minneapolis office and participated in a mission to South Africa to promote HIV/AIDS education. She majored in international business and Spanish at Concordia College in Moorhead, Minn., and received an MBA in finance from the University of Minnesota's Carlson School of Management.

Q What's your advice for women entering this field?

A Your ability to speak well about your own accomplishments is very important. In any field largely dominated by men, I think women need to learn to promote the good work they do. In my experience, men inherently do this better than women. It will get you ahead a lot quicker if you are able eloquently to talk about your accomplishments — not in a

boastful way, but in a way that is specific. Beyond that, my best advice to anyone entering this field would be to get involved in a number of aspects of the business when you're new to the industry. Where I started and where I am today are very different, and I wouldn't have reached this point without the work experience I had in other areas of the business early on in my career.

Q What attracted you to this industry?

A The people. I was 22 and fresh out of college when I was hired into the company, and hadn't even heard of reinsurance. I just liked the chemistry of the

team that interviewed me, and they seemed smart and to work hard but also have fun and respect each other.

Q What's at the top of your bucket list and why?

A I actually just did what was at the top. I had always wanted to work in an office outside the United States, and I recently moved to Singapore in a new role at Aon. I'm excited about the opportunity to work with new people who have different perspectives than mine and to make use of the proximity to so many great places in Asia that would have been more difficult to visit coming from the United States.

Q What aspects of your job give you the greatest sense of accomplishment?

A Team wins, especially when it's part of something new. ... A lot of the things I do are team-based. It's fun to win on your own, but for me it's even better to win as a team.

Q What's your secret vice?

A Great handbags. I don't know how secret that is, but I think a simple black dress, some accessories and a great handbag can get you through a lot of different types of days.

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Diana Kiehl

Executive Vice President,
Chief Administrative Officer
Alliant Insurance Services Inc.
Newport Beach, Calif.
Age: 52



Diana Kiehl has worked to make Alliant Insurance Services Inc. a leaner and more diverse company during her 22 years with the brokerage. She has spearheaded the company's Process Improvement Initiative, which uses Six Sigma/Lean Process improvement strategies and generated \$5 million in savings from increased efficiency. She also has mentored Alliant's up-and-coming leaders during the past seven years through the company's leadership development program.

Q What's your advice for women entering this field?

A In my career, I chose to look for as much opportunity as I could to learn everything I could about the industry, about the business, about my company, to really understand it in depth. Ask lots of questions, be a sponge and take every opportunity to grow. Explore different roles and positions and experiences, and if you're suited to it, get involved in

We've been able to give women and men an opportunity to grow into sales positions, into leadership roles and into high-level service people.

leadership. That's where you can really make a difference by influencing the behavior of others. Alliant has really given me a

chance to do all those things. I never imagined or had a goal in mind of coming into the C-suite. I just had no idea that my interests and my drive would lead me here.

Q What attracted you to this industry?

A I think it was the opportunity to grow a career path. I started as a sales secretary, and just looked at the opportunity ahead of me and the depth and complexity of the business. When I came to work at Alliant, the thing that just amazed me was that I was working with some of the most talented, creative people that were solving real problems for clients. It's been an exciting part of being in this organization.

Q What aspects of your job give you the greatest sense of accomplishment?

A The thing that I have the most pride about is solving problems as a team, identifying opportunities for change and figuring out

what we should be doing, implementing that, testing those results, improving those results and getting there with a team. I also think developing others has been a huge thing for me at Alliant. To be able to offer the training that we've been able to offer, and to see that the executive team is so committed to these people, it's just been really rewarding to me. We've been able to give women and men an opportunity to grow into sales positions, into leadership roles and into high-level service people.

Q What's the most important lesson you've learned in your career?

A There are two things. One is to look outside the box and get creative about solving problems. Focus on things that are really different and that can help your company innovate. You have to be creative to achieve things in large organizations. Another thing that I've learned to do over time is to really focus on getting things done, doing the right thing for people, living your mission, living your values every day and in everything that you do, and really focusing on getting obstacles out of the way, whatever they are.

Q Outside family, what woman has been your role model?

A There have been several women in my life, and I don't know that I can focus on one alone. But some of the characteristics of those women have been that they've been leaders in their organization, whether it be a business or a spiritual organization, and they've been what I call a servant leader. They've experienced and performed great sacrifice, but done it with such love and concern for others. Those are the people and women that I aspire to be like.

Q What's at the top of your bucket list and why?

A One thing I love doing is spending time on the water, and I don't ever seem to get enough of that. I would really love to take some sailing lessons and learn to sail.

Q What's your secret vice?

A I can't figure out a secret one, since I'm a pretty open person. I love to quilt. It's a passion of mine that's just grown and grown, and it's my favorite thing right after being a wife and mom.

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Carolina Klint

Regional President,
U.S. Southeast Region
American International Group Inc.
Atlanta
Age: 38



Carolina Klint was promoted just three years after becoming the first woman to serve as the country general manager of American International Group Inc.'s property/casualty operations in Sweden. On Oct. 1, Ms. Klint was named regional president of property/casualty for AIG's U.S. Southeast Region, and she recently moved with her family across the Atlantic from Stockholm to Atlanta. During her tenure as AIG's Sweden general manager, Ms. Klint consistently led profitable growth in the insurer's financial performance. After serving as a member of the official Nordic delegation to the annual global meeting of the Women's Forum for the Economy and Society in Deauville, France, in 2010, Ms. Klint was inspired that same year to found a networking platform called Ladies Only for women in insurance, which encourages women to seek management positions.

Q What's your advice for women entering this field?

A A woman entering into this field needs to claim a seat at the table.

It's common for women to put limits on their potential. She should also practice self-confidence. We had a supervisor role posted a while back, and there was a very talented woman I suggested should apply. But she said, "I'm getting married next year." When I asked her how was that connected, she replied that she was thinking about starting a family and didn't think she would have time to also pursue a career. Unfortunately, a lot of young women think that way.

Q What attracted you to this industry?

A I wasn't attracted to the insurance industry from the outset, but I was offered a job at the local Swedish insurance company and found it to be a privilege to work with other companies, whether big or small, supporting them and helping them map out their risk exposure. Insurance is diverse, dynamic; it never gets boring. Not a lot of people realize that. There is a perception that the insurance industry is dull and boring, but they are wrong.

Q What aspects of your job give you the greatest sense of accomplishment?

A Developing others. Seeing members of my team reach their full potential.

Q What's the most important lesson you've learned in your career?

A You can't do it alone. For me, great leadership is about the

ability to attract top talent, drive collaboration, inspire action and find the things that motivate people to work hard and have that commitment. I want to be surrounded by "rock stars" who make me look good.

Q Outside family, what woman has been your role model?

A Christine LeGarde, managing director of the International Monetary Fund. I had the privilege of meeting her at a conference. She blew my socks off! She is very charismatic and has a great sense of humor.

Q What's at the top of your bucket list and why?

A I would like to sail the Caribbean on a catamaran. I grew up on Vaxholm, an island off the coast of Sweden, and love being near the water. But I would like to explore islands in warmer waters.

Q What's your secret vice?

A Staying up too late reading, and I usually pay for it in the morning!

Insurance is diverse, dynamic; it never gets boring. Not a lot of people realize that. There is a perception that the insurance industry is dull and boring, but they are wrong.

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Danielle Lisenbey

President and CEO
Broadspire Services Inc.
Atlanta
Age: 49

There are women insurance leaders inside and outside Broadspire Services Inc. whose careers Danielle Lisenbey has helped foster and grow as she rose through the third-party administrator's ranks. Ms. Lisenbey was named Broadspire's CEO in 2012, becoming the first female member of parent Crawford & Co.'s global executive team in the company's 72-year history. Educated as an engineer, Ms. Lisenbey's insurance career began in 1991 as an operations supervisor. She worked her way up to her current job through Broadspire predecessor companies and served as chief operating officer of the TPA's medical management division before becoming CEO. Her recent accomplishments include helping with a company turnaround, making Broadspire profitable in 2012 for the first time since 2008. The professionals she leads in delivering workers compensation and medical management services include a Broadspire executive management team. Four of the team's seven members are women.

Q What's your advice for women entering this field?

A It is an excellent career with growth opportunity. There is a shortage of new talent entering our industry and our field. So it affords huge opportunity, male or female, but particularly female because it has been a male-dominated space. That opens the door for women in the field. Learn as much as they can and build a strong network of relationships along the way because at the end of the day it's a relationship business, and women in general are strong at building relationships, and they can excel in various aspects.

Q What attracted you to this industry?

A I was fortunate to fall into it. I answered a newspaper ad for a supervisor of operations position. I am an engineer by trade, and I had some entry-level supervision experience when I interviewed for the job. The owner of the company, which was named Medical Audit Services at the time, said, "I can teach you the industry, but really utilize your process engineering and interpersonal skills to improve operations," and I have been with the company through all of its various iterations and owners for over 20 years since then.

Q What aspects of your job give you the greatest sense of accomplishment?

A One is obvious to my role: It's seeing the organization excel, whether it's from a financial perspective, client quality results perspective or new sales wins perspective. I am competitive, and I like to see our team win. So when we have stellar results from those areas, it's a huge sense of accomplishment for me. The other aspect

is that we are in the people business. So seeing my team professionally and personally excel is a huge sense of accomplishment, because that tells me as an organization we are doing the right thing.

Q What's the most important lesson you've learned in your career?

A That is something I really preach: Always, always treat people how you want to be treated

and respected, because we are in a relatively small industry compared to other industries. And you never know who may be your next boss, client, employee or business partner. We joke that there are only a hundred of us (TPAs). You have to keep that perspective, because you just never know. The other is stick to your guns even when your decision might not be the most popular but (it is) the right thing to do for the greater good of your organization and staff.

Q What's at the top of your bucket list and why?

A I have never really left North America other than a couple of trips to the Philippines for work. So I have never traveled to places like Australia or Europe. I have taught my family that there is so much to see in North America. So I would really like to see the rest of the world, especially now that I am part of a major global organization.



Congratulations

LAURA GREIFENKAMP, CFO OF GALLAGHER BASSETT

and all of the 2013 *Business Insurance* Women to Watch honorees for their outstanding work, leadership and contributions to the insurance industry. We at Gallagher Bassett thank the Senior Editors at *Business Insurance* for recognizing Laura's achievements, influence and contributions to the advancement of women in business.



 Gallagher Bassett Services, Inc.

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Christine Lithgow

President and CEO
Aon Risk Solutions Canada
Toronto
Age: 55



Christine Lithgow knows about breaking new ground. She was appointed president and CEO of Aon Risk Solutions Canada in January 2012, making her Aon Risk Solutions' first female country head. She is known for her perseverance, which has allowed her to progress through roles traditionally held by men since she started in the business in 1978 as an account executive trainee in the United Kingdom. Ms. Lithgow also is known for her leadership abilities, serving on Aon executive leadership and global strategy teams, and for growing her unit's revenue and innovative approaches. She also is known for helping other women, having served as the Canadian executive sponsor for Aon's Women's International Network, a group that promotes professional development. Ms. Lithgow speaks regularly to women's groups.

Q What's your advice for women entering this field?

A Understand the breadth and depth of opportunities available in this business. It's incredibly diversified and interesting. You can have a successful and rewarding career in so many fields in our business. You can take a technical

track. You can take a field service track. You can be on the legal side. You can be in the management side. Just come in and see how diverse it is. There are so few businesses that give the opportunities that the risk and insurance business provides.

Q What aspects of your job give you the greatest sense of accomplishment?

A Mentoring and developing people. I have done this throughout my career, particularly as I have moved up in the ranks. I really feel we all have a responsibility to share our learning to make it easier for our younger colleagues to advance. And that would be particularly true for the younger women coming through so they don't have to experience all the trials and tribulations.

Q What's the most important lesson you've learned in your career?

Q What attracted you to this industry?

A I was all signed up for the university to go into education. And my dad, who knew me well,

was able to strive forward was just an incredible achievement.

Q What's at the top of your bucket list and why?

A I have two daughters who just finished university. I want to ensure that over the next 10 to 15 years, I am able to spend quality time with them and be with them as their careers advance and as they enter into having families themselves. I want to be able to find time to do really important things with family. On the professional side, the opportunities to understand our global capabilities in other parts of the world are important. I have the opportunity to go to Singapore next year as part of a group going there, and to be able to go and see and understand our business in different countries is just an incredible opportunity. So I want to take advantage of all of that.

Q What's your secret vice?

A I like to cook and collect cook books. People see me as career-driven, so people would laugh if they knew I was cooking at night when I am home. I love East Indian cookery. I love spicy food. I go from traditional food to something different, Indian, Thai, all of it.

A The ability to listen and understand the other person's perspective. There is always another side. The position I am in, often some things are difficult to address by the time I hear about them; and you will hear one side, but there is always at least one other side to it. So an understanding perspective is really important. You have to be able to listen, and you have to be able to observe what is going on. There is a great quote that I keep sitting on my desk. It says, "To acquire knowledge, one must study; but to acquire wisdom, one must observe." That is a quote from an American author (Marilyn vos Savant). I keep that sitting on my desk in front of me to remind me to observe and listen.

Q Outside of family, what woman has been your role model?

A Given I come from the U.K., I have huge admiration for Margaret Thatcher. While I didn't agree with everything she did and how she approached everything, I admire the sheer tenacity and the vision she had and the ability to take on the tough, tough things. She broke the back of the unions, for example, where nobody else could. The fact that in a society like Britain all those years ago she

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Kathie Maley

Executive Vice President
IMA Inc.
Dallas
Age: 49

In her career. Kathie Maley has worked in risk management, claims administration and brokering, giving her, as she says, the opportunity to see the industry from multiple vantage points. Looking back at her career, Ms. Maley says she is most proud of helping others in the field develop and grow. For Ms. Maley, her accomplishments have been considerable. At IMA, for example, she restructured employees' roles to focus more on clients and prospects rather than on administrative functions, which has helped IMA boost revenues past the \$100 million mark. She also helped a big national retailer cut its workers compensation costs by 50% in Texas, while also revamping a global organization's risk management function after the acquisition of a U.S.-based company.

Q What's your advice for women entering this field?

A My advice is pretty simple: Build a strong network. The value of a network is when you are faced with an issue or question that you cannot solve. With a network, you have the ability to pick up the phone and access a network of folks who can help. That is extremely meaningful.

Q What attracted you to this industry?

A While I wasn't specifically attracted, once I began to function inside the insurance industry, I was amazed at the level and quality of the talent of the people. It is amazing how many talented and incredibly smart people there are in this business.

Q What aspects of your job give you the greatest sense of accomplishment?

A The first is bringing solutions to address client needs. Where you have a client that has that challenge or a roadblock that they can't seem to tackle, finding a solution to the problem is something that fuels my tank. Also, having been in a leadership role for a meaningful amount of time, I also really enjoy watching individuals — whether it is young talent or experienced talent — grow and develop and find new way to accomplish things.

Q What's the most important lesson you've learned in your career?

A Building strong relationships. This is a very small industry. That old adage of never burn bridges rings true in our industry. Having really strong relationships will sustain you through the good times and the bad.

Q Outside family, what woman has been your role model?

A More than any individual, I admire capabilities and qualities that I find in strong women. Women who are true to their core. Women who find value in the right things. Women who find a way to say yes when the rest of the world thinks the answer is no. I admire those qualities.

Q What's at the top of your bucket list and why?

A Packers. Bears. Lambeau Field. Fifty-yard line in December.

Q What's your secret vice?

A It really is not much of a secret to those who know me: Michelob Ultra at a football game. What is less a secret is I love to scrapbook.



This is a very small industry. That old adage of never burn bridges rings true in our industry. Having really strong relationships will sustain you through the good times and the bad.



Danielle Lisenbey, President & CEO, Broadspire




Crawford & Company® Congratulates Broadspire's Danielle Lisenbey.

Named one of *Business Insurance's* 2013 Women To Watch

Broadspire® President and CEO Danielle Lisenbey has a passion for service that is evident in her leadership of one of the industry's leading TPA and medical management organizations. On behalf of everyone at Crawford & Company, I'd like to congratulate Danielle for being recognized among the 2013 Women To Watch, an honor which she has truly earned through her commitment to developing others and leading by example.

Jeffrey Bowman
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Heather Masterson

President and CEO
Totten Insurance Group
Toronto
Age: 43



While insurance runs in Heather Masterson's blood, it wasn't always a foregone conclusion that she would take up the family business. Yet, her yearning to solve problems and make a difference has led to the corner office at Toronto-based Totten Insurance Group, a wholesale division of Hub International Ltd. that provides solutions for hard-to-place property/casualty accounts. After a long and varied career at American International Group Inc., Ms. Masterson arrived at Hub in 2009 and took over at Totten in 2012, and is now responsible for overseeing the company's six offices in Canada.

Q What's your advice for women entering this field?

A When you look at your career, know that it is going to be a long runway. You will have ebbs and flows. You may have times where you are looking for extra education or to start a family, where you need to remember that you are in it for the long haul. Another piece of advice that I have is not just for women: you need to be fair. Once you are recognized for being fair,

there is a degree of respect that will flow from that. However, while it's important for you to be fair, don't always expect life or business to be fair. This allows you to not be emotional and allows it to be just about the business.

Q What attracted you to this industry?

A I grew up in a family that was insurance-related. My father owned numerous insurance businesses, including a brokerage, a

premium financing company and, finally, a claims adjusting firm. So, I was in and out of his office while growing up doing various jobs. I did it all. If he needed somebody to come in and shred files, I was churning files. But I never thought I would end up in insurance. I earned a teaching degree but thought at the time that I would not be a teacher, but that it might help me in whatever field I ended up in. So, I landed in insurance to some extent by default. Out of four children, three of us are in insurance.

Q What aspects of your job give you the greatest sense of accomplishment?

A I love problem solving. I love that insurance is about providing solutions. When you can come up with a win-win resolution for a complicated problem, you had to work through and have a satisfied customer in the end. I get a natural high from that.

Another part that I enjoy is that insurance is still a people business. The more advanced we get about technology and finance, the bet-

ter we get about contract clarity and the legal component. The basic fundamental principles of insurance are about providing for a basic need of people. That suits my personality well.

Q What's the most important lesson you've learned in your career?

A There are no shortcuts. Take the time, put in the effort and do your due diligence.

Q What's at the top of your bucket list and why?

A The most important thing in my world is being happy. So the top of my bucket list is to live my life in a reasonable state of happiness. I want to do the right things and engage in the right activities and be productive for the folks around me. I am also the mother of the two young girls, so it's high on my bucket list to be a good example to them and that they grow up in a house where they know they are loved.

Q What's your secret vice?

A That's a no-brainer. My guilty pleasure is wine. I don't discriminate in red, white or even champagne.

The top of my bucket list is to live my life in a reasonable state of happiness. I want to do the right things and engage in the right activities and be productive for the folks around me.

CONGRATULATIONS!

Marcela Flores

CEO of Lockton Mexico



All of us at GNP have witnessed Marcela's extraordinary performance in the Insurance Industry and therefore achieving the "Women to Watch" award, is just the consequence of her footprint in our Market.

We are your proud partner and fully committed to work together to satisfy our client's needs.



Julie Mix McPeak

Commissioner
Tennessee Department of
Commerce and Insurance
Nashville, Tenn.
Age: 43

When Tennessee Gov. Bill Haslam appointed Julie Mix McPeak commissioner of the Tennessee Department of Commerce and Insurance in January 2011, she brought experience in government and private law practice to the position. Before being named to her current post, Ms. McPeak was counsel to the insurance practice group of law firm Burr & Forman L.L.P. in Nashville, Tenn. Prior to that, Ms. McPeak held several positions at the Kentucky Office of Insurance. Ms. McPeak received her J.D. from the University of Louisville School of Law in 1994 after receiving a B.B.A. in marketing from the University of Kentucky in 1990.

Q What's your advice for women entering this field?

A Learn as much as you can about the different areas of insurance, the different perspectives: the corporate perspective, the legal perspective and certainly the regulatory perspective. Because you can know any one of those, but you certainly don't have the whole picture unless you consider issues from all of those different perspectives.

Q What attracted you to this industry?

A Believe it or not, health care reform. I was in Kentucky about the time that Kentucky tried to be very advanced in terms of health care reform. That was a bill that passed in 1994, and it created an entity called the Health Policy Board to implement that health care reform initiative that was sort of the precursor for Hillary Clinton's model for health care reform and certainly what we're visiting today. So the creation of this health insurance oversight mechanism and all these different market reforms is what attracted me to join the Health Policy Board and then the Kentucky Department of Insurance — and there was the start of my insurance career.

Q What's the most important lesson you've learned in your career?

A The most important lesson I think I have learned is to expect the unexpected. Very often, particularly within the last year, what you think your day is going to look like is vastly different than how your day turns out at the end of the work day. ... Be prepared, and expect that you will not know some of the issues that you will be facing on a daily basis.

Q Outside family, what woman has been your role model?

A Sandy Praeger, who is the Kansas insurance commission-

er and has been for many years. I think that she is a role model of mine because she's completely unflappable. She takes very difficult, tough issues, and she can always find a way to make them understandable and easily digestible and easily attackable. I say that because she's currently chair of the (NAIC's) Health Insurance and Managed Care Committee, so she has had on her plate a tremendous amount of health care reform issues. She was president of

the NAIC during a lot of very difficult national issues. ... The way that she has remained steadfast and has always been able to handle very, very difficult situations has always impressed me. And the fact that she's an elected commissioner — because there's only about 12 elected commissioners in the United States — it's very impressive to me that she can manage her state of Kansas, her own elections when she needs to do that, and certainly she's been a leader at the NAIC.

Q What's at the top of your bucket list and why?

A A trip to Hawaii, and that has not been on my bucket list as much as it's been at the very top of my 11-year-old daughter's bucket list. So I have been trying to make that happen for her. And I do think that travel is so important for children, to see different cultures and different environments and how different people live.



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Julie Mix McPeak

Commissioner
Tennessee Department of
Commerce and Insurance
Nashville, Tenn.
Age: 43

When Tennessee Gov. Bill Haslam appointed Julie Mix McPeak commissioner of the Tennessee Department of Commerce and Insurance in January 2011, she brought experience in government and private law practice to the position. Before being named to her current post, Ms. McPeak was counsel to the insurance practice group of law firm Burr & Forman L.L.P. in Nashville, Tenn. Prior to that, Ms. McPeak held several positions at the Kentucky Office of Insurance. Ms. McPeak received her J.D. from the University of Louisville School of Law in 1994 after receiving a B.B.A. in marketing from the University of Kentucky in 1990.

Q What's your advice for women entering this field?

A Learn as much as you can about the different areas of insurance, the different perspectives: the corporate perspective, the legal perspective and certainly the regulatory perspective. Because you can know any one of those, but you certainly don't have the whole picture unless you consider issues from all of those different perspectives.

Q What attracted you to this industry?

A Believe it or not, health care reform. I was in Kentucky about the time that Kentucky tried to be very advanced in terms of health care reform. That was a bill that passed in 1994, and it created an entity called the Health Policy Board to implement that health care reform initiative that was sort of the precursor for Hillary Clinton's model for health care reform and certainly what we're visiting today. So the creation of this health insurance oversight mechanism and all these different market reforms is what attracted me to join the Health Policy Board and then the Kentucky Department of Insurance — and there was the start of my insurance career.

Q What's the most important lesson you've learned in your career?

A The most important lesson I think I have learned is to expect the unexpected. Very often, particularly within the last year, what you think your day is going to look like is vastly different than how your day turns out at the end of the work day. ... Be prepared, and expect that you will not know some of the issues that you will be facing on a daily basis.

Q Outside family, what woman has been your role model?

A Sandy Praeger, who is the Kansas insurance commission-

er and has been for many years. I think that she is a role model of mine because she's completely unflappable. She takes very difficult, tough issues, and she can always find a way to make them understandable and easily digestible and easily attackable. I say that because she's currently chair of the (NAIC's) Health Insurance and Managed Care Committee, so she has had on her plate a tremendous amount of health care reform issues. She was president of


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Kimberly M. Melvin

Partner
Wiley Rein L.L.P.
Washington
Age: 37



A “Navy brat” who moved “pretty much every year” until high school, Kimberly M. Melvin, a partner with law firm Wiley Rein L.L.P. in Washington, graduated with a B.A. from Mary Washington College in Fredericksburg, Va., and obtained her law degree from George Mason University School of Law in Fairfax, Va. While she originally considered becoming a criminal defense attorney, she ended up as a first-year associate with Wiley Rein, and has been there ever since. An insurer attorney, she focuses on professional liability insurance and has carved out a niche in the convergence of insurance and bankruptcy law. Ms. Melvin, who has been described as having a “wicked legal mind” by an admiring insurance official, has served since 2011 as co-chair of her firm’s women’s forum, which provides mentoring opportunities to help female associates to advance and female partners to expand their practices.

Q What’s your advice for women entering this field?

A I would say identify and declare your goals and go after them relentlessly and unabashedly, and be strategic. You’ve got to under-

stand all the internal and external goals to your plan and develop a plan for addressing them head-on. But look for role models who have tackled similar situations, who are seeking to achieve similar goals, and find support from sponsors and mentors. A corollary to that is: Take time to reflect on the goals you’ve chosen, to make sure they still make sense as you go along, and do not be afraid to change gears if needed and as appropriate.

Q What attracted you to this industry?

A What attracted me to these types of cases is there’s so much that’s on the cutting edge and sort of ripped from the headlines that goes on in this industry, and that you get an opportunity to be part of. The subject matter of my cases is very interesting and very topical, and that was attractive to me, particularly as a younger attorney. What initially kept my interest, kept me involved and kept me wanting to practice in this area is the sophistication of my clients and the sophistication of the parties on the other side. In a lot of ways, while we’re fighting legal issues, we’re also tackling business issues and, as lawyer, I find that interesting and exciting. It keeps getting me up every morning, helping to solve my problems and doing that in a way that makes sense from a legal perspective, but also keeps in mind business interests.

Q What aspects of your job give you the greatest sense of accomplishment?

A I would say there are two: First is client focus, being able to serve my clients’ interests and to do so broadly, to satisfy both their specific goals in a given case as well as to meet their broader business goals. The second aspect would be more internal to my firm: I enjoy serving as a mentor — hopefully as a role model for the associates in my firm generally, but particularly for the female associates in my firm. It’s a rewarding experience to try to help attract, develop and promote the talent within Wiley Rein. That’s been a significant part of my focus as a lawyer and my career here at the firm, and hopefully will be going forward as well.

Q What’s the most important lesson you’ve learned in your career?

A The importance of developing and sustaining a strong reputation early on with your supervisors if you’re in a law firm, or your boss if you’re outside of a law environment. For them to trust you and give you the opportunities, you have to quickly earn their respect and earn their trust through developing that strong reputation. It’s very critical. And then as you advance, you have to maintain that reputational capital

to allow you to be an influence, whether internally at your firm or externally with clients or opposing counsel or other courts or agencies, whomever the external partners are.

Q Outside family, what woman has been your role model?

A It’s a partner at my law firm. Her name is Dot (Dorthula H.) Powell-Woodson. She started at Wiley Rein as a lateral partner around the same time I started as a first-year associate, and she was somebody who for a long time was a role model for me. I didn’t have a real direct relationship with her, but over time have developed one, and she is someone who is strong in her convictions but diplomatic in her approach. She advocates for herself and others, and is someone whom I respect very much and look up to.

Q What’s at the top of your bucket list and why?

A I would love to go to all the Grand Slam tennis tournaments. I’ve been to the U.S. Open in Flushing Meadows, but have never gone to Wimbledon, the French Open or the Australian Open. I’m an avid sports fan and play tennis, but I also enjoy traveling, and it would be fun to align both interests.

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Colleen Reitan

Executive Vice President and
Chief Operating Officer
Health Care Service Corp.
Chicago
Age: 53

As executive vice president and chief operating officer of Health Care Service Corp. — and, previously, Blue Cross Blue Shield of Minnesota — Colleen Reitan has amassed a wealth of executive experience in nearly every facet of the managed care industry, including claims management, information technology, internal governance and compliance, financial and actuarial management and, most recently, health care reform implementation. Under her operational leadership, HCSC's Blue Cross and Blue Shield health plans in Texas and Illinois have each consistently ranked highest in member satisfaction among commercial health insurers. In her spare time, she is an avid skier.

Q What's your advice for women entering this field?

A We're at a point in time right now where managed care is probably the most dynamic sector of the health care industry, largely because of all the changes that are happening under health care reform. So my advice to young women would be that this work requires using an equal mix of your head and your heart. I'd also encourage them to be willing to take risks, and to not be afraid to make lateral moves within the industry. There's a lot to learn in this field, and the more you're willing to take on different types of roles, the greater the investment you make in yourself.

Q What attracted you to this industry?

A The business of health insurance is important work, because you're providing a service that's really important to people and often becomes the most important thing to them, either in times of joy such as childbirth or in times of great struggle, such as a fight against cancer. In that regard, it couldn't be more fulfilling. Secondly, it's complicated work, and there are always a lot of problems to be solved. It takes a lot of creativity and a willingness to try different things, and it's always been very fast-paced. I thrive under those conditions, so for someone like me, it's a very rewarding field to be in.

Q What aspects of your job give you the greatest sense of accomplishment?

A It's definitely been having the opportunity to solve problems and implement strategies by working through and with some really great people. That's easily the part of my job that gives me the most energy. It's not always positive tasks, either. Sometimes you're going to have to deal with things that didn't work out the way you intended them to, but working

with the kind of people that are drawn to this industry — and more specifically, this company — is a great joy and a whole lot of fun.

Q Outside family, what woman has been your role model?

A Early on in my career, some of my role models were high-level hospital administrators, and they were very open to my doing informational interviews with them so I could learn more about their

work. They were really willing to help a young woman imagine what life would be like further up the chain. Further into my career, I've been lucky enough to work with a number of women who were or still are CEOs of health insurers, whom I admire greatly for their intelligence and their understanding of the industry. To be honest, I've really never found there to be a shortage of great women role models in the health care field.

Q What's at the top of your bucket list and why?

A From a professional standpoint, I feel a huge amount of responsibility toward helping this organization to navigate through all of the changes that are occurring under the Affordable Care Act. That's a very broad goal, but it's really high on my list. On the personal side, I think my goal is to ski more, and to be healthy enough to be able to ski until I'm 80.



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Liliana Salazar



Senior Vice President,
Employee Benefits Compliance
Practice Co-Leader
Wells Fargo Insurance Services Inc.
Torrance, Calif.
Age: 39

Helping employers make sense

of the complexity of the Patient Protection and Affordable Care Act seems like a problem made especially for Liliana Salazar. As Employee Benefits Compliance Practice co-leader at Wells Fargo Insurance Services Inc., Ms. Salazar directs a compliance team dedicated to advising employers on their benefits responsibilities under federal, state and local laws. An attorney, Ms. Salazar's first job out of law school was at a law firm in Bogota, Colombia, that represented some of the largest shipping companies in South America and the world. Ms. Salazar moved to California in 1997, joined employee benefits broker/consultant HCM Benefits and soon passed the California bar examination. She quickly established herself at HCM, which was purchased by ABD Insurance & Financial Services in 2003. She now brings her years of expertise in areas such as the Employee Retirement Income Security Act and the Health Insurance Portability and Accountability Act to bear for Wells Fargo, which acquired ABD in 2008.

Q What's your advice for women entering this field?

A I suggest that women have an open mind, as the insurance industry is one that is constantly evolving as new products and laws are enacted almost on a daily basis, impacting group health plans and their administration. Women will excel in the insurance industry, as it is an industry that requires individuals to be organized, to be effective at multitasking, and to be excellent communicators as they will be required to interact on a regular basis with health insurance providers, insurance carriers, regulators, employers and their employees.

Q What attracted you to this industry?

A I chose to join the insurance industry as an ERISA attorney, as I have always enjoyed working with employers and assisting them to understand and comply with new and existing laws and regulations impacting the administration of group health plans.

Q What aspects of your job give you the greatest sense of accomplishment?

A I enjoy assisting our clients as they navigate through the complexities of employee benefit laws, most recently health care reform. I have assisted over 2,000 employers to understand their new obligations under the Affordable Care Act and develop short- and long-term strategies that will enable them to continue to offer benefit coverage to their employees while meeting their budgetary goals. I also enjoy interacting with regulatory agencies and acting as an advocate for clients and employers nationwide, as regulators are sometimes unaware of the actual implications that new regulations will have on employers and the administration of their group health plans.

Q What's the most important lesson you've learned in your career?

A The most important lesson I have learned in my career is that nothing in the insurance industry is static. There will always be new products or laws impacting group health plans, and I must stay current in order to help

clients remain competitive and in compliance.

Q Outside family, what woman has been your role model?

A I particularly admire two women: Mother Teresa of Calcutta and Margaret Thatcher. They both embody the characteristics that I admire most in women. They pursued their vision and dreams and made them a reality through hard work, perseverance, and determination.

Q What's at the top of your bucket list and why?

A At the top of my bucket list is to travel around the world with my husband and daughter, as we have a lot to learn and experience from different cultures and countries.

Q What's your secret vice?

A That is a great question. As of today, I do not have a secret vice. However, I must confess I did read the Patient Protection and Affordable Care Act and the reconciliation bill, Health Care and Education Reconciliation Act of 2010, as well as all regulatory guidance issued so far on the ACA.

There will always be new products or laws impacting group health plans, and I must stay current in order to help clients remain competitive and in compliance.

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April 29, 2014

Jan E. Simonsen

Equity Member
Carr Maloney P.C.
Washington
Age: 53

As a 19-year-old, Jan E. Simonsen, an equity member at law firm Carr Maloney P.C. in Washington, was a secretary for a very small law firm in Virginia Beach, Va. There, she was answering the phone, drafting pleadings and “doing everything else” when she realized “I could do it all myself.” She went on to earn her paralegal degree, finish college at Northeastern University in Boston and receive her law degree at Vermont Law School in South Royalton, Vt. Ms. Simonsen joined Carr Maloney 24 years ago, where she litigates matters involving complex liability claims, retail litigation, mass tort litigation, professional liability, product liability and commercial litigation. She represents several large retailers as well as other large business entities, including homebuilders and manufacturers. Over the past several years, she has been recognized by her peers for inclusion in “The Best Lawyers in America” publication, and she has been lead counsel in numerous jury and nonjury trials, as well as in arbitrations.

Q What’s your advice for women entering this field?

A Know yourself, be true to yourself, be yourself, and keep a good sense of humor.

Q What attracted you to this industry?

A The litigation that I do. And what I really love about it is, I learn something new every day. There are no two cases that are the same. There are no two issues that are the same. With insurance work, it’s a lot of risk assessment and managing expectations, which I enjoy.

Q What aspects of your job give you the greatest sense of accomplishment?

A My clients, meeting them, getting to know them, growing with them, understanding their needs and helping them with the issues that they have — the insurance clients as well as the noninsurance clients, and the insureds.

Q What’s the most important lesson you’ve learned in your career?

A I think it’s being yourself. If you stand before a jury and you are trying to be something you’re not, they will see through it. If you try to be something you’re not to opposing counsel or to your clients or to your partners, people see through that. So I think it’s very important to be yourself.

Q Outside of family, what woman has been your role model?

A Her name was Margaret Haywood. She was the first African-American woman to be

appointed to the District of Columbia Superior Court. I clerked for her. She was an incredible woman, led an incredible life and never lost her sense of humor. She actually married my husband and me. She passed away about 10 years ago, but she was an amazing woman.

Q What’s at the top of your bucket list and why?

A To travel more with my family.

Q What’s your secret vice?

A I don’t think I have any secret vices. I do love good food and good wine, and I love to run. All of those things keep me sane. And I like to sing, but not in public — in the shower, the car, the elevator, with my 14-year-old son.



If you try to be something you’re not to opposing counsel or to your clients or to your partners, people see through that. So I think it’s very important to be yourself.

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2013 TO WOMEN WATCH

Kimberly Waller

I am inspired by the young women entering the industry with energy and enthusiasm. I am inspired by seasoned women professionals who have served as trailblazers. There are so many amazing women to learn from. It would take pages and pages for me to name them all.



Executive Vice President
Willis North America Inc.
Chicago
Age: 51

Kimberly Waller is executive vice president of Willis North America Inc., where she is co-leader of Willis Open, a practice group launched in March that focuses on meeting the growing demand by public entities and businesses for supplier diversity solutions. Before joining Willis in December 2012, Ms. Waller spent 22 years with Aon P.L.C., where she started as a production underwriter, which ultimately led to becoming a managing director. She began her career in insurance with Hartford Financial Services Group Inc., before which she was an economist with the federal government.

Q What's your advice for women entering this field?

A Take your relationships seriously. Know that it's a very small world and it's important to do the right thing. Everything has a way of coming full circle.

Q What attracted you to this industry?

A I was introduced to the industry following my first career as an economist with the federal government. I had an opportunity to transition from the public to the private sector through a training program with the Hartford. The insurance industry allowed me to blend my knowledge of the economy and

business with principles of risk assessment and mitigation. I love the integration of both of these disciplines.

Q What aspects of your job give you the greatest sense of accomplishment?

A I get the greatest sense of accomplishment in being able to work with dynamic, smart people. When it's done right, together we are able to change the way business is typically done, win new business and make a significant impact.

Q What's the most important lesson you've learned in your career?

A I have learned the importance of working hard, keeping your promises, and valuing my business relationships.

Q Outside family, what woman has been your role model?

A There are a number of women who have served as role models for me. I am inspired by the young women entering the industry with energy and enthusiasm. I am inspired by seasoned women professionals who have served as trailblazers. There are so many amazing women to learn from. It would take pages and pages for me to name them all.

Q What's at the top of your bucket list and why?

A At the top of my professional bucket list is my goal to work with successful women entrepreneurs in the industry to help them to grow to earn a spot on the top 50 of insurance firms in the country. You see, because if I am successful in doing that, we all win.

Q What's your secret vice?

A Potato chips and French fries.

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Issue: January 6

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Independent medical exam pros, cons



Mr. Miller

There are several things that make an appropriate independent medical exam in a workers compensation case. First, make sure you know the objectives prior to scheduling the exam, says Daniel R. Miller, senior consultant at ClaimDocs L.L.C. The claims manager and the exam medical provider need to know exactly what the issues are and why the exam is being requested.

BY DANIEL R. MILLER

Are independent medical examinations a great workers compensation claims management tool, or are they a waste of money?

The answer is both.

The independent medical exams are medical-legal reports typically ordered by insurance companies or third-party administrators to help resolve many types of workers compensation claim disputes. There is a wide range of potential issues that arise in the course of a claim. Typical issues and potential disputes include establishing causation, the determination of return-to-work restrictions, impairment ratings, if there are permanent disability awards, whether maximum medical improvement has been reached, and the appropriateness of current and/or future medical treatment.

These issues can be resolved, in theory, by having an objective independent medical examination performed. And these exams can indeed be a great claims management tool. Other times, however, not so much.

They can be a waste of money.

The scheduling of the exams is typically very labor-intensive, time-consuming and expensive, and it is rarely a well-managed process. Poor communications between claims examiners, independent medical exam coordinators, and exam providers is commonplace.

Often reports on the exams are not well-written, making it difficult to determine what point the medical expert is trying to make. These situations arise from multiple breakdowns in the process. And many of these exams are conducted by medical providers who are not trained or appropriately credentialed in conducting them.

Another issue can be the claims examiner who is on a “fishing expedition” and provides ineffective guidance to the independent exam medical provider in terms of what specific issues need to be addressed and why an exam is being scheduled in the first place.

Other times exam reports can state things such as, “The claimant is not currently disabled,” “not actively under treatment,” “can return to work to modified duty” and even “full duty,” “no objective medical findings to support subjective complaints,” “range of

motion normal,” and “injury is the result of a pre-existing condition.” Yet these types of supposedly definitive medical statements or disability status statements often do not result in any documented claims file resolution or aren’t even noted in the file summary.

One of my favorite independent medical exam report statements is “the claimant had a fight with their boss and now has a total disability for a bad back.”

There are other problems in the independent medical exam industry that don’t involve outright fraud or blatant abuse. For example, the initial result may be an exam report that completely states what the payer wants them to say, such as that the “injury was not work-related” or “claimant is not disabled.” Many of these medical exam providers are well-known to workers compensation judges and/or commissions and have no credibility whatsoever, and the reputation of the insurer, self-insured employer or the claim administrator who contracted them is damaged by association.

An independent medical exam should be, by definition, truly independent. Many experts say that it is actually very important to lose a case now and then.

A recent study by the National Insurance Crime Bureau reported the number of questionable workers compensation claims increased 28% in 2012, despite the falling claim numbers overall. The three major reasons for the increase in questionable claims are thought to be an increase of claimant fraud, the filing of claims based on prior injuries not related to the workplace, and malingering.

This study suggests that it may be time for an increased use of independent medical exams. Despite some of the major problems in the multibillion-dollar independent medical exam industry, the use of these exams can, in fact, be a great claims management tool.

There are several things that make an appropriate exam. First, make sure you know the objectives prior to scheduling the exam. Both the claims manager and the exam medical provider need to know exactly what the issues are and why the exam is being requested. The independent exam can be for one or many reasons, so be specific. If the issue is causation, go beyond simply asking if

the injury is work-related. Provide specific reasons why it might not be. Make sure the independent medical exam provider has all the relevant facts, such as prior medical reports, witness statements and claimant statements.

If the exam is about return-to-work or work restrictions, provide specific job requirements, as well as be able to offer temporary modified work to meet any restrictions. Up to 80% of physicians determine return-to-work dates based on how the claimant describes job requirements. Better yet, send a video of the actual job requirements. Many times claimants grossly misrepresent their job requirements. My favorite was the claimant who told my physician friend that he had to repeatedly lift 50 pounds of hay all day. The reality was the claimant pushed a button and a machine did all the lifting. These independent medical exams should be more than a fishing expedition hoping to “catch something.” That is unlikely to happen unless the correct bait is used.

Another important decision is the timing of the exam. Sometimes they are ordered too early in the claims process

but, more often than not, they are ordered far too late.

Typically, state workers compensation laws dictate when, why and how often an independent medical exam may be requested. When in doubt, verify the state requirements. Many states are now utilizing the American College of Occupational and Environmental Medicine and related treatment guidelines. Make effective use of these guidelines. Also make sure to follow all state law requirements such as notification to state workers compensation boards, claimants and their attorneys, if represented. If the state rules are not followed, such as enough advance notice for the claimant, the independent exam may be disallowed and result in a complete waste of time and money.

Avoid using so-called “hired guns.” As previously mentioned, workers comp judges will see repeated use of medical exam providers who always side with the insurer or the employer. The best independent exams are conducted by highly credentialed board-certified specialists who are truly independent medical experts. Doctors affiliated with major medical schools and teaching hospitals carry a lot more weight than a recent graduate.

Also, it is important to use doctors who actually have thriving patient practices and are not simply independent medical exam doctors. Also make sure they are truly experts. Having an orthopedic hand specialist or knee specialist carries more weight than simply a generalist physician.

Other rules of thumb include establishing an excellent working relationship with your vendors and providers. Clear, concise communications are essential.

Remember to choose when, why and with whom to schedule an independent medical exam wisely. Few workers comp claimants and their doctors are committing outright fraud. Most are not, but unfortunately some are.

Your independent medical exam provider’s report can be a great claims management tool or a complete waste of time and money.

Daniel R. Miller is a senior consultant at ClaimDocs L.L.C. in Chicago. He can be reached at dmillerymd@aol.com or 508-545-0188.



Few workers comp claimants and their doctors are committing outright fraud. Most are not, but unfortunately some are.

Berkshire med mal unit reimburses services

Berkshire Hathaway Specialty Insurance, the Boston-based commercial insurance arm of Berkshire Hathaway Inc., said that it now offers reimbursements to its health care professional liability clients for preapproved risk management services.

Health care providers that buy professional liability coverage from Berkshire can request reimbursement for clinical risk support, quality of care and patient safety efforts and other risk management services they receive from their broker or other third-party vendor.

“Our approach allows us to be flexible in providing support precisely where our customers ask for it, whether they want to expand the use of the risk management services they receive from their broker, or bring greater focus to assessing specific clinical risks,” Leo Carroll, senior vice president of Berkshire Hathaway Specialty’s health care professional liability practice, said in a statement.

Berkshire said the dollar amount of the reimbursements available to health care provider clients is determined in proportion to the value of their professional liability insurance program.

Schinnerer offers enhanced kidnap cover

Victor O. Schinnerer & Co. has broadened its definition of kidnap and ransom with an enhanced endorsement to its kidnap, ransom and extortion insurance coverage, the underwriting manager said.

Sarah Katz, assistant vice president for the Chevy Chase, Md.-based firm, in a statement said the policy endorsement now defines kidnapping to include attempted kidnapping.

In addition, the definition of ransom has been broadened to include property, monetary instruments and securities in addition to cash and marketable goods, she said.

The company said in a statement that the enhanced endorsement also extends personal accident coverage to include loss of speech and/or hearing, and removes the exclusion for kidnapping, hijacking and extortion perpetrated by an employee of the policyholder.

Limits from \$500,000 to \$65 million are available on its policy, Ms. Katz said. There is no additional charge for the enhanced endorsement.

Cbiz offers employers private health exchange

Cbiz Inc. has launched a private exchange providing employer group health benefits.

The Cleveland-based firm said in a statement its private exchange, Cbiz-Choice, is designed to give small and midsize employers greater control over their group employee benefits costs by allowing them to set a fixed dollar value for the benefits they provide. Employees choose from a range of health, life, dental, vision, disability and



IronPro offers liability cover for private equity

IronPro, Ironshore Canada Ltd.’s professional and management liability unit, is offering a professional liability policy for Canadian private equity and venture capital firms to protect against global portfolio investment risk exposures, Ironshore said.

Developed in response to potential gaps in insurance protection for diverse risk exposures within specialized investment funds managed by Canadian private equity firms, the policy provides coverage for directors and officers, errors and omissions, mergers and acquisitions, and employment practices liability and can include provisions for general liability risks, the specialty insurer said in a statement.

The policy has limits for up to \$15 million, the insurer said.

“IronPro recognizes that private equity funds in Canada can have unique, distinct structures that offer various services to support portfolio company operations, thereby resulting in significant risk exposure,” Daniel Lee, underwriting manager for IronPro, Ironshore Canada Ltd., said in the statement. “Private equity professionals who manage funds by taking calculated investment risks should consider specialized insurance to protect themselves and the funds’ indemnity obligations that arise through normal business activities.”

wellness benefits.

“On one hand, employers benefit by being able to set predictable budgets, while the employees gain the ability to customize their personal benefits package and source those benefits from top national and regional providers,” Bonnie Evelyn, national practice leader of Cbiz Benefits & Insurance Services Inc., a unit of Cbiz, said in a statement.

Cbiz’s exchange was developed and launched through a partnership with Buffalo, N.Y.-based Liazon Corp. and is supported by Liazon’s Bright Choices exchange platform.

As of September, about 2,400 employers were providing group benefits to their employees through the Bright Choices exchange, and more than 300 benefit brokerages had contracts with Liazon for use of the platform.

Arup joins global quake model initiative

San Francisco-based engineering and consulting firm Arup Group Ltd. has joined a global initiative designed to mitigate earthquake risks and raise awareness around the globe.

As part of its partnership with the Global Earthquake Model group, Arup said its team of earthquake engineers will support the group for five years.

The global earthquake initiative includes governmental bodies, international aid organizations, academia, global finance and insurance groups, and communities living in earthquake zones. The goal is to develop tools to better quantify earthquake risk and help build financial resilience in advance of disasters, Arup said in a statement.

“By combining our global engineering expertise with the seismological and financial aspects of the model, we will help quantify the benefits of risk mitigation, help create financial incentives for earthquake resiliency, and thus save lives and protect communities,” Andy Thompson, Arup’s global lead for catastrophe risk management, said in a statement.

Pembroke offers coverage for space launch financing

Ironshore International, a unit of Ironshore Inc., said its Pembroke Managing Agency Ltd. is offering insurance coverage for lenders engaged in financing satellite projects.

The insurance provides coverage for banks and export credit agencies against the risk of nondisclosure and misrepresentation by the borrowers in a satellite financing transaction, the insurer said in a statement.

“Access to financing is the most difficult aspect an entrepreneur encounters to facilitate the launch of a new commercial space project,” Neil Stevens, director of Pembroke’s space division, said in the statement. “The insurance coverage offers a solution that removes the residual exposure inherent in satellite financing during the riskiest part of the mission, which is the launch phase.”

Pembroke syndicate 4000 will lead a group of Lloyd’s of London syndicates to provide capacity of up to \$100 million to underwrite coverage.

iPad app for FSM Pro launched by Mercer

Mercer L.L.C. has launched its Funded Status Monitor for the iPad.

The app, which is available on iTunes, enables pension plan sponsors and trustees to access daily information related to the funded status of defined benefit pension plans, Mercer said in a statement.

Funded Status Monitor Mobile is directory connected to Mercer’s Funded Status Monitor service that tracks daily movements in assets and liabilities by collecting daily bond yields and equity returns across more than 30 asset classes, Mercer said.

DEALS & MOVES

Towers Watson expands exchanges with \$215 million Liazon deal

Towers Watson & Co. has acquired Buffalo, N.Y.-based Liazon Corp., which operates the Bright Choices private health insurance exchange, for \$215 million, the benefits consultant said.

The acquisition of privately held Liazon, which was founded in 2007 and now has 120 employees, strengthens its offerings in the rapidly growing private insurance exchange market, Towers Watson said in a statement.

While Towers Watson’s exchange, known as One-Exchange, primarily serves larger employers, Liazon’s Bright Choices has been more focused on smaller employers.

Liazon’s online benefit markets offerings are distributed through more than 400 insurance brokers, either under the Bright Choices brand or as a third-party proprietary exchange. Towers Watson said it plans to continue the relationships and use the Liazon name with broker partners.

The \$215 million acquisition comes amid significant growth in the private health insurance exchange market. For example, the number of employee enrollees obtaining coverage in an exchange launched by Aon Hewitt tripled to more than 330,000 in just one year, while exchanges organized by Mercer L.L.C. and Buck Consultants L.L.C. will launch next year.

Claims manager Engle Martin buys PT&C Forensic Consulting

Atlanta-based loss adjusting and claims management provider Engle Martin & Associates Inc. has acquired Atlanta-based PT&C Forensic Consulting Services, Engle Martin said last week.

Terms of the deal were not disclosed.

PT&C Forensics specializes in forensic engineering, fire and explosion origin and cause, subrogation, special investigation, building consulting and expert testimony services, Engle Martin said in a statement.

Grover Davis, president and CEO of PT&C Forensics, will continue to lead the company, and PT&C Forensics will maintain its independent management structure, Engle Martin said.

“The acquisition of PT&C Forensics strengthens our service capabilities for our customer base and significantly expands our technical expertise,” John Quinn, president and CEO of Engle Martin, said in the statement.

PT&C Forensics, which already has more than 35 U.S. locations, plans to open additional offices next year, according to the statement.

Zurich Insurance Group sells stake in New China Life

Zurich Insurance Group Ltd. said it is selling its stake in New China Life Insurance Co. Ltd. to an unnamed investor. Zurich holds a 9.4% stake in the Beijing-based life insurer.

Zurich said the sale of its stake would take place via a block trade on the Hong Kong stock exchange and via a placing agreement with international investment banks. The price is \$943 million, the Wall Street Journal reported.

This is Zurich’s second sale of shares in New China Life since the Chinese insurer went public in December 2011. In July, Zurich sold a block of shares for \$283 million.

HEALTH CARE ORGANIZATIONS FACE TECHNOLOGY RISKS

Q What are the biggest risks health care organizations are facing right now?

A The biggest risk for health care organizations is to not effectively identify, mitigate, manage and finance risks from an enterprise perspective. Health care organizations should design enterprise risk management infrastructures utilizing either the ISO 31000 risk management standard or an ERM framework established by the Committee of Sponsoring Organizations of the Treadway Commission, or a combination of the two. An enterprise risk approach will identify for each health care organization its biggest risk. In addition, technology in general is a big risk for health care organizations. Oftentimes, technology advances more rapidly than organizations can handle. Organizations do not have the infrastructure and ability to seamlessly identify the risks in a timely manner or adapt in a timely manner.

Q What is the biggest driver of workers compensation claims for health care organizations, and

Q&A

how can organizations manage these exposures?

A Workers compensation represents a significant portion of health care organizations' total cost of risk and requires diligent risk mitigation. Typically, we look at the following intensive risk management and claims intervention to reduce the likelihood of adverse loss experience: adoption of an organizationwide general safety program to increase safety awareness and urgency; repetitive motion injury-prevention plans to address issues surrounding computer-related injuries, along with

those caused by pushing, pulling, lifting or manipulating objects; implementation of minimal lift programs to address losses caused by patient handling and moving of objects; slip and trip prevention programs; and increased diligence with staff training related to workers compensation.

Q Do you expect the increased patient load from the Patient Protection and Affordable Care Act to generate increased medical malpractice exposures for health care organizations?

A Early signs from Massachusetts suggest there is little effect on frequency or severity of medical malpractice losses, but it is too soon to say because cause and effect may be masked by other market conditions. Risk managers are wise to monitor diagnostic claims, especially delay in diagnosis, which is an evolving exposure as the time to secure a scheduled appointment with providers lengthens under increased consumer demand for access and service. Risk mitigation strategies must include preparation for the



JEFFREY F. DRIVER

STANFORD UNIVERSITY
MEDICAL NETWORK RISK
AUTHORITY L.L.C.

Jeffrey F. Driver is CEO of Stanford University Medical Network Risk Authority L.L.C. in Palo Alto, Calif. Mr. Driver spoke recently with *Business Insurance* Associate Editor Sheena Harrison about risks his firm, jointly owned by the Stanford Hospital and Clinics and the Lucile Packard Children's Hospital, is helping clients to manage. Edited excerpts follow.

increase in patients and patient visits in order to maintain quality of care and patient safety.

Q Have you seen medical malpractice and other professional liability insurance rates fall or stabilize in recent years? What's driving the pricing trends?

A For the last two to three years, the health care professional liability market has been relatively inexpensive and rates have been

stable. New insurers in the market and strong underwriting results based on risk management efforts to curb underlying loss experience are driving this environment. However, California has experienced increasing severity of losses during the last three years. In the past, hospitals were afforded credit by virtue of being in California. As California severity trends solidify, underwriters are unlikely to provide this credit and will likely view California exposures on par with the rest of the nation.

COMINGS & GOINGS

UP CLOSE: ROSS J. DOWNING

BOSTON-BASED VICE PRESIDENT
Lockton Cos. L.L.C.

PREVIOUS POSITION: Boston-based vice president at Beecher Carlson Holdings Inc.

LOOKING FORWARD TO: Working in collaboration with the expertise within Lockton's national health care network to help support our client's business operations under the ever-changing Patient Protection and Affordable Care Act. The health care practice here at Lockton has a proven track record as the go-to industry risk experts.

GOALS FOR NEW POSITION: As health care systems continue to evolve under the Affordable Care Act, they will need a true risk financing consultant and adviser to help support their business. The Lockton Healthcare Network combines risk, insurance and employee benefits strategies as an integrated approach. My goal is to introduce this strategy in conjunction with Lockton's deep resources to health care organizations.

INDUSTRY CHALLENGES: Clients serviced by the health care network need to find a way to reduce their overall costs while simultaneously improving the quality of care — a very difficult task in this environment.



INDUSTRY OUTLOOK: The health care industry is a fast-changing and growing industry. The key to moving in the right direction amid the volatility of the market is cost control and continuous improvement in the quality of care.

WHAT I WOULD CHANGE: The effect that the political landscape is having on health care.

FIRST INDUSTRY JOB: Financial analyst at Aon Risk Solutions in Boston.

WHAT SURPRISED ME: Even though I'm a third-generation insurance broker, I had no idea how varied the insurance industry and brokerage community is.

MYSELF IN 10 YEARS: The leading health care risk financing consultant nationwide.

ADVICE: The more you put in, the more you get back. That goes for anything you do in your life.

OUTSIDE THE INDUSTRY, A DREAM JOB: Probably a sports agent or heli-ski instructor.

Professional Moves & Promotions

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

INSURERS

American International Group Inc.	Kelly Lyles
FM Global	Randall Schreitmueller
SullivanCurtisMonroe Insurance Services L.L.C.	John Paganas
Travelers Cos. Inc.	Khamla Vorasane
USI Insurance Services L.L.C.	Ray Bascio

BROKERS

BMS Associates Ltd.	Toby Ducker
Cooper Gay Swett & Crawford Ltd.	Gordon Newman
Cooper Gay Swett & Crawford Ltd.	Carlos Reis
Lockton Cos. L.L.C.	Mike Smith

OTHER

Crawford & Co.	José Vicente Gomes da Silva
Global Captive Management Ltd.	Ian Bridges
RiskMatch L.L.C.	Thomas McMahan
Towers Watson & Co.	Edward Root

Business Insurance would like to report on senior-level changes at commercial insurance companies and service providers. Please send news and photos of recently promoted, hired or appointed senior-level executives to: Kate Shepherd, *Business Insurance*, 150 N. Michigan Ave., Chicago, Ill. 60601-7524. kshepherd@businessinsurance.com.

RELATIONSHIPS

Continued from page 4

operations, Mr. Russo said.

Then the broker can prepare the executive summary of the risk for the underwriter.

“The executive summary is a brief outline of the risk, and the key word is brief ... it should be short and cogent and hit the highlights of the project,” he said.

A key part of the submission is information on the client’s loss history. Typically, underwriters are looking for at least a five-year loss history, though most would prefer to see loss data going back 10 years if it is available, he said.

When underwriters receive submissions, they begin work with four key staff members to assess the risk, said Stephen A. Buonpane, New York-based vice president of construction at Ace USA, a unit of Ace Ltd.

“They are trying to coordinate a game plan,” he said, during a panel discussion at 33rd IRMI Construction Risk Management conference

in San Diego last month.

First, the submission is reviewed by an underwriting assistant, who checks key facts, such as names, addresses, payroll information, the proposed duration of the project and limits requested, Mr. Buonpane said.

Next, a risk engineer reviews the submission. “I can’t stress how important the risk engineer is in this process, particularly for construction risks. ... These are the guys that you need to pander to,” Mr. Buonpane said.

Risk engineers are the “eyes and ears” of underwriters and know which companies have the best safety procedures, he said. The feedback from the risk engineers can make the difference between a conservative pricing quote and a competitive quote.

The risk is then reviewed by a credit analyst, who helps determine required collateral levels for high-deductible programs, and then by a claims account manager, who provides claims pricing proposals.

When the feedback is collected, underwriters then can evaluate

the risk on technical issues, such as retention levels and program structure, and expense issues, such as service costs, taxes and surcharges. Then the risk is ready to be evaluated by an actuary, Mr. Buonpane said.

Factor in changes

Preparing for renewal coverage also requires careful planning, Ed Littleton, senior vice president of Balfour Beatty Construction in Dallas, said during a separate panel discussion at the conference.

Before starting the negotiations, risk managers should consider how their operating environment and the insurance market have changed since their last renewal, he said. Key considerations include changes in business strategy, new regulations or laws, changes in the overall construction market, and pricing and capacity changes in the insurance market.

Risk managers also should consider whether their insurers’ appetite for their business has changed.

In addition, risk managers should review recent claims, Mr. Littleton said, and ask themselves, “Are you getting what you think you paid for?”

If a risk manager wants to make a change on a program, consideration should be given to whether removing one insurer from a section of the program will affect the rest of the program. For example, changing an insurer on a primary layer and moving an excess insurer into the primary layer could have consequences for the whole coverage tower, Mr. Littleton said.

When risk managers meet with

insurers for the renewal negotiations, they should make their positions clear from the start and outline any changes that they know might deter an insurer from renewing a policy, said William Noonan, vice president of risk management at Structure Tone Inc. in New York.

For example, if a construction contractor decides it wants to establish a line in the sand on a particular claims issue by taking several cases to court for a judge’s ruling, the risk manager should inform the insurers prior to renewal, he said.

To help underwriters get a better grasp of the risk that a construction company presents, senior executives from the policyholder firm should be present at the meeting with underwriters to address concerns and help “sell” the risk to the insurers, Mr. Noonan said.

Once agreement is reached on a renewal, risk managers should insist that they receive the policy in a timely manner, he said. “We have to tie payment to receiving a policy.”



VIDEO INTERVIEW

Access *Business Insurance's* interactive digital edition to watch

William Noonan, vice president, risk management at Structure Tone Inc., discuss strategies for successful renewal negotiations and meetings with brokers and underwriters.

CONSTRUCTION

Continued from page 4

emotional impact on everyone in the company, and they still do,” Mr. Kunnath said.

In light of the growing body of research suggesting a link between employees’ overall health and their risk of workplace injuries, Mr. Kunnath said Pankow Management has made a concerted effort to adopt a culture of “deep concern for the well-being” of its employees.

“In our case, it’s not just wellness from the perspective of biometric screenings or health insurance discounts for not smoking,” Mr. Kunnath said. “It’s a kind of 360-degree care and a culture founded in a respect for human dignity.”

He was one of several speakers who commented on the extent to

which contractors’ corporate culture can enhance or impede their risk management strategies and overall performance.

While many contractors have implemented mobile electronics and customized software solutions to enhance worksite safety, fleet auto and heavy equipment management, and subcontractor pre-qualifications, panelists said cultural compatibility must factor into contractors’ consideration of technology added to their risk management programs.

“It has to be based on what your specific needs are as a company,” said Chad Goodfellow, president of Kihei, Hawaii-based contractor Goodfellow Brothers Inc.

Cultural shift

In 2011, the company installed wireless handheld transmitters in its fleet of trucks and heavy equip-

ment, allowing drivers and operators to submit daily inspection reports on their vehicles.

Though the integration of the transmitters — as well as the software platform Goodfellow Brothers uses to collect, analyze and process the inspection reports — represented “a big cultural shift” for the company’s 800 employees, the system has cut its fleet auto liability losses by 70% since its launch.

“The key component of this is to take it slow,” Mr. Goodfellow said. “Don’t go out and buy 350 of these systems at once. Start with a few of them and see how it works. See if you like it.”

Additionally, corporate culture often plays a significant role in determining the success or stagnation of mergers and acquisitions of construction contractors, said Hank Harris, president and CEO of Raleigh, N.C.-based management consultancy FMI Corp.

“The economics of mergers and acquisitions are actually pretty straightforward,” Mr. Harris said.

Successful execution of a merger or purchase agreement among construction contractors, engineering firms, architectural design houses or combination thereof requires an examination of each entity’s corporate culture, he said.

“It’s always the culture of the companies that screws it up,” Mr. Harris said. “At the end of the day, a construction company or an engineering firm is made up of a bunch of people. Every organization has certain shared behaviors, and trying to get all of these different people to come to some sort of cultural understanding can be quite a mess.”

Alongside a range of quantitative metrics, contractors should conduct a thorough review of their current and historical appetites for financial risk when evaluating the

types and dollar amounts of liability losses they choose to retain, said Michael O’Neill, president and CEO of Dallas-based American Contractors Insurance Group.

“You may have a first- or second-generation family-owned company that was less risk-averse in the past, versus a culture under the current generation that is now turning away from risk,” Mr. O’Neill said. “Contractors will land on the spectrum of risk retention appetite based on their culture, their business model and the types of contracts they undertake.”

More than 1,200 people attended IRMI’s conference. Next year’s conference has been scheduled for Nov. 9-13, 2014, in Nashville, Tenn.

SOLVENCY

Continued from page 4

advanced regulatory regimes in the world,” Allianz Chief Financial Officer Dieter Wemmer said in a statement. “This will benefit both insurers and their stakeholders.”

Gabriel Bernardino, chairman of the European Insurance and Occupational Pensions Authority, said the European regulator also welcomed the agreement.

Clarity about the Solvency II timetable has been “long-awaited and will certainly contribute to the strengthening of insurance supervision in Europe,” he said.

While Insurance Europe, which represents insurers and reinsurers in Europe, also welcomed the

Solvency II start date, “the timetable is very ambitious, giving insurers little time to adapt their business processes,” it said.

Janine Hawes, insurance director at KPMG L.L.P. in London,

The 2016 start date “marks a significant step in the Solvency II journey,” but “the timeframe remains tight.”

Janine Hawes, KPMG L.L.P.

agreed. The 2016 start date “marks a significant step in the Solvency II journey,” she said, but “the timeframe remains tight.”

Agreement still must be reached on certain technical elements of

the rules, which Ms. Hawes said could be delayed by the May 2014 European Parliament elections. The outcome of the parliamentary election could delay the progress of Solvency II, experts say.

In a report, rating agency A.M. Best Co. Inc. said delaying Solvency II past 2016 would add to insurers’ financial burden.

There has been a degree of “Solvency II fatigue” in the market, and progress on the new capital rules has been “fraught with delays,” the rating agency said. “This has been a source of frustration for the insurance industry with delays resulting in additional costs and companies being required to dedicate staff to prepare for a moving target.”

“A.M. Best believes it is imperative that the momentum continues with Solvency II and that further

delays in its implementation would be detrimental to the insurance industry,” it said.

Areas that still need to be resolved include “level two implementing measures,” said Asesh Sarkar, insurance expert at PA Consulting Group Ltd. in London.

Implementing measures are the mechanisms by which the Solvency II directive will be adapted into nation states’ rules. But any further delays likely would be “not material,” Mr. Sarkar said.

Many insurers also must get ready for the rules’ Pillar III reporting requirements, he said of a recent survey of 20 U.K. insurers.

“Overall, there is a good probability that the timetable will be met,” and most insurers are confidence that they will be ready in time, Mr. Sarkar said.

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PUBLIC NOTICES

LEGAL NOTICE

IN THE MATTER OF THE ANCILLARY RECEIVERSHIP OF LUMBERMENS MUTUAL CASUALTY COMPANY Supreme Court of the State of New York, County of New York, Index No.: 400534/2013 NOTICE

Pursuant to an order of the Supreme Court of the State of New York, County of New York ("Court"), entered on June 19, 2013, the Superintendent of Financial Services of the State of New York and his successors in office were appointed as ancillary receiver ("Ancillary Receiver") of Lumbermens Mutual Casualty Company ("Lumbermens") and, as such, have been directed, among other things, to take possession of Lumbermens' property and recover such other assets of Lumbermens that are located in the State of New York pursuant to Article 74 of the New York Insurance Law ("Insurance Law"). The Ancillary Receiver has, pursuant to Insurance Law Article 74, appointed Michael J. Casey, Acting Special Deputy Superintendent ("Acting Special Deputy"), as his agent to carry out his duties as Ancillary Receiver. The Acting Special Deputy carries out his duties through the New York Liquidation Bureau, 110 William Street, New York, New York 10038.

PLEASE TAKE NOTICE, that the Court has issued an order, entered October 22, 2013 establishing November 10, 2014, at 4:30 p.m. C.S.T., as the claim filing deadline ("Claim Filing Deadline") for filing proof of claims, including contingent claims, along with supporting documents, to Andrew Boron, Director of Insurance of the State of Illinois, who has been affirmed as the statutory liquidator ("Domiciliary Liquidator") of Lumbermens. **TAKE FURTHER NOTICE**, that all persons, companies or entities who have, or may have, claims against Lumbermens, its property or assets, or against a Lumbermens insured or policyholder, has the right to present and file with the Domiciliary Liquidator a proof of claim form on or before the Claim Filing Deadline.

TAKE FURTHER NOTICE, any insured under an insurance policy issued by Lumbermens has the right to present and file with the Domiciliary Liquidator a proof of claim setting forth a contingent claim on or before the Claim Filing Deadline. No such contingent claim shall share in a distribution of estate assets unless such claim is liquidated and the insured claimant presents and files with the Domiciliary Liquidator proof of payment of such claim on or before the contingent claim deadline of November 10, 2015, at 4:30 p.m. C.S.T. ("Contingent Claim Deadline").

TAKE FURTHER NOTICE, any insured's contingent claim for which a proof of claim was received by the Domiciliary Liquidator by the Claim Filing Deadline but which is not liquidated by the Contingent Claim Deadline may be estimated for purposes of participating in any distribution(s) of estate assets, unless otherwise directed by the Illinois Court.

TAKE FURTHER NOTICE, that proofs of claim, including contingent claims, along with supporting documents, are to be filed with, and may be obtained from the Domiciliary Liquidator of Lumbermens, c/o the Office of the Special Deputy Receiver, located at 222 Merchandise Mart Plaza, Suite 960, Chicago, Illinois 60654, OSD website www.osdchi.com or by calling OSD at (312) 836-9500.

Requests for further information should be directed to the New York Liquidation Bureau, Creditor and Ancillary Operations Division, at (212) 341-3857.

Dated: October 23, 2013, Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York as Ancillary Receiver of Lumbermens Mutual Casualty Company.

LEGAL NOTICE

IN THE MATTER OF THE ANCILLARY RECEIVERSHIP OF AMERICAN MOTORISTS INSURANCE COMPANY Supreme Court of the State of New York, County of New York, Index No.: 400532/2013 NOTICE

Pursuant to an order of the Supreme Court of the State of New York, County of New York ("Court"), entered on May 30, 2013, the Superintendent of Financial Services of the State of New York and his successors in office were appointed as ancillary receiver ("Ancillary Receiver") of American Motorists Insurance Company ("AMICO") and, as such, have been directed, among other things, to take possession of AMICO's property and recover such other assets of AMICO that are located in the State of New York pursuant to Article 74 of the New York Insurance Law ("Insurance Law"). The Ancillary Receiver has, pursuant to Insurance Law Article 74, appointed Michael J. Casey, Acting Special Deputy Superintendent ("Acting Special Deputy"), as his agent to carry out his duties as Ancillary Receiver. The Acting Special Deputy carries out his duties through the New York Liquidation Bureau, 110 William Street, New York, New York 10038.

PLEASE TAKE NOTICE, that the Court has issued an order, entered October 22, 2013 establishing November 10, 2014, at 4:30 p.m. C.S.T., as the claim filing deadline ("Claim Filing Deadline") for filing proof of claims, including contingent claims, along with supporting documents, to Andrew Boron, Director of Insurance of the State of Illinois, who has been affirmed as the statutory liquidator ("Domiciliary Liquidator") of AMICO.

TAKE FURTHER NOTICE, that all persons, companies or entities who have, or may have, claims against AMICO, its property or assets, or against an AMICO insured or policyholder, has the right to present and file with the Domiciliary Liquidator a proof of claim form on or before the Claim Filing Deadline.

TAKE FURTHER NOTICE, any insured under an insurance policy issued by AMICO has the right to present and file with the Domiciliary Liquidator a proof of claim setting forth a contingent claim on or before the Claim Filing Deadline. No such contingent claim shall share in a distribution of estate assets unless such claim is liquidated and the insured claimant presents and files with the Domiciliary Liquidator proof of payment of such claim on or before the contingent claim deadline of November 10, 2015, at 4:30 p.m. C.S.T. ("Contingent Claim Deadline").

TAKE FURTHER NOTICE, any insured's contingent claim for which a proof of claim was received by the Domiciliary Liquidator by the Claim Filing Deadline but which is not liquidated by the Contingent Claim Deadline may be estimated for purposes of participating in any distribution(s) of estate assets, unless otherwise directed by the Illinois Court.

TAKE FURTHER NOTICE, that proofs of claim, including contingent claims, along with supporting documents, are to be filed with, and may be obtained from the Domiciliary Liquidator of AMICO, c/o the Office of the Special Deputy Receiver, located at 222 Merchandise Mart Plaza, Suite 960, Chicago, Illinois 60654, OSD website www.osdchi.com or by calling OSD at (312) 836-9500.

Requests for further information should be directed to the New York Liquidation Bureau, Creditor and Ancillary Operations Division, at (212) 341-3857.

Dated: October 23, 2013, Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York as Ancillary Receiver of American Motorists Insurance Company.

LEGAL NOTICE

IN THE MATTER OF THE ANCILLARY RECEIVERSHIP OF AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY Supreme Court of the State of New York, County of New York, Index No.: 400533/2013 NOTICE

Pursuant to an order of the Supreme Court of the State of New York, County of New York ("Court"), entered on June 19, 2013, the Superintendent of Financial Services of the State of New York and his successors in office were appointed as ancillary receiver ("Ancillary Receiver") of American Manufacturers Mutual Insurance Company ("AMM") and, as such, have been directed, among other things, to take possession of AMM's property and recover such other assets of AMM that are located in the State of New York pursuant to Article 74 of the New York Insurance Law ("Insurance Law"). The Ancillary Receiver has, pursuant to Insurance Law Article 74, appointed Michael J. Casey, Acting Special Deputy Superintendent ("Acting Special Deputy"), as his agent to carry out his duties as Ancillary Receiver. The Acting Special Deputy carries out his duties through the New York Liquidation Bureau, 110 William Street, New York, New York 10038.

PLEASE TAKE NOTICE, that the Court has issued an order, entered October 22, 2013 establishing November 10, 2014, at 4:30 p.m. C.S.T., as the claim filing deadline ("Claim Filing Deadline") for filing proof of claims, including contingent claims, along with supporting documents, to Andrew Boron, Director of Insurance of the State of Illinois, who has been affirmed as the statutory liquidator ("Domiciliary Liquidator") of AMM.

TAKE FURTHER NOTICE, that all persons, companies or entities who have, or may have, claims against AMM, its property or assets, or against an AMM insured or policyholder, has the right to present and file with the Domiciliary Liquidator a proof of claim form on or before the Claim Filing Deadline.

TAKE FURTHER NOTICE, any insured under an insurance policy issued by AMM has the right to present and file with the Domiciliary Liquidator a proof of claim setting forth a contingent claim on or before the Claim Filing Deadline. No such contingent claim shall share in a distribution of estate assets unless such claim is liquidated and the insured claimant presents and files with the Domiciliary Liquidator proof of payment of such claim on or before the contingent claim deadline of November 10, 2015, at 4:30 p.m. C.S.T. ("Contingent Claim Deadline").

TAKE FURTHER NOTICE, any insured's contingent claim for which a proof of claim was received by the Domiciliary Liquidator by the Claim Filing Deadline but which is not liquidated by the Contingent Claim Deadline may be estimated for purposes of participating in any distribution(s) of estate assets, unless otherwise directed by the Illinois Court.

TAKE FURTHER NOTICE, that proofs of claim, including contingent claims, along with supporting documents, are to be filed with, and may be obtained from the Domiciliary Liquidator of AMM, c/o the Office of the Special Deputy Receiver, located at 222 Merchandise Mart Plaza, Suite 960, Chicago, Illinois 60654, OSD website www.osdchi.com or by calling OSD at (312) 836-9500.

Requests for further information should be directed to the New York Liquidation Bureau, Creditor and Ancillary Operations Division, at (212) 341-3857.

Dated: October 23, 2013, Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York as Ancillary Receiver of American Manufacturers Mutual Insurance Company.

LEGAL NOTICE

IN THE MATTER OF THE CONSERVATION OF THE TRUST FUNDS OF LEGION INDEMNITY COMPANY Supreme Court of the State of New York County of New York, Index No.: 402667/03 NOTICE

Pursuant to an order of the Supreme Court of the State of New York, County of New York ("Court"), entered October 3, 2003 ("Conservation Order"), the then-Superintendent of Insurance of the State of New York and his successors in office were appointed as conservator ("Conservator") of a certain trust fund ("Trust Fund") of Legion Indemnity Company ("Legion Indemnity") and, as such, has been directed to conserve funds in the Trust Fund pursuant to Article 74 of the New York Insurance Law ("Insurance Law"). The Superintendent of Financial Services of the State of New York has now succeeded the Superintendent of Insurance as Conservator of Legion Indemnity. The Conservator has, pursuant to Insurance Law Article 74, appointed Michael J. Casey, Acting Special Deputy Superintendent ("Acting Special Deputy"), as his agent to carry out the responsibilities of the Conservator, through the New York Liquidation Bureau ("Bureau"), 110 William Street, New York, New York 10038. The Conservator has submitted to the Court a motion ("Motion") seeking an order: (a) approving the conservation agreement ("Conservation Agreement") dated December 4, 2008, between Michael T. McRath, the then Director of Insurance of the State of Illinois as liquidator of Legion Indemnity ("Liquidator") and the Conservator; (b) authorizing the Conservator to distribute the Trust Fund to the Liquidator in accordance with the terms of the Conservation Agreement; (c) terminating this conservation proceeding upon distribution of the Trust Fund to the Liquidator without further order of this Court (d) upon distribution of the assets in accordance with the terms of the Conservation Agreement, the Conservator, his predecessors and successors in office, his agents, attorneys and employees will be discharged and released from any and all further liability arising out of this proceeding; (e) authorizing and directing the Conservator, in his discretion, to destroy or otherwise dispose of any and all of the books, files, records and other property of Legion Indemnity in his possession without further order of this Court; and (f) providing for such other and further relief as this Court deems just and proper.

A hearing is scheduled on the Motion on the 18th day of December 2013, at 2:30 p.m., before the Honorable Doris Ling-Cohan, JSC, New York Supreme Court at the Courthouse, IAS Part 36, Room 428, 60 Centre Street, New York, New York 10007. If you wish to object to the Motion, you must serve a written statement setting forth your objections and all supporting documentation ("Answering Papers") upon the Conservator and the Court, at least 7 days prior to the hearing. Service on the Conservator shall be made by first class mail at the following address: Superintendent of Financial Services of the State of New York as Conservator of Legion Indemnity Company, 110 William Street, New York, NY 10038, Attention: John Pearson Kelly, General Counsel. Copies of the Answering Papers to the Court will be submitted in an envelope with a copy of the first page of the Order to Show Cause attached to the envelope and sent to the following address: Hon. Doris Ling-Cohan, Supreme Court: New York County, 60 Centre Street-Room 428, New York, NY 10007, Attention: Monica Cheng, Assistant Law Clerk.

By filing the Motion, the Conservator is seeking approval, from the Court, of the Conservation Agreement and termination of the conservation proceeding upon distribution of the Trust Fund to the Liquidator. The Motion and supporting papers are available for inspection at the above address. In the event of any discrepancy between this notice and the documents submitted to Court, the documents control. Requests for further information should be directed to the Bureau's Creditor & Ancillary Operations Division at (212) 341-6665.

Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York as Conservator of Legion Indemnity Company.

BUSINESS FOR SALE

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The administrator of Accent Europe Insurance Company Limited (under administration) (an Irish based insurer with a European portfolio) ("Accent") invites expressions of interest with respect to the acquisition of a small insurance portfolio.

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Tom Kenny (kenny@mcastayluby.ie) Tel. +353 1 676 3566
+353 1 603 0853

at McStay Luby, Chartered Accountants, 21-23 Fenian Street, Dublin 2, Ireland.

and cc Oliver Kelly (Oliver.Kelly@esg-world.com) Tel. +353 1 603 0852



LEGAL NOTICE

IN THE MATTER OF THE LIQUIDATION OF ATLANTIC MUTUAL INSURANCE COMPANY Supreme Court County of New York Index No.: 402424/10 NOTICE

Pursuant to an order of the Supreme Court of the State of New York, County of New York ("Court"), entered on April 27, 2011 ("Liquidation Order"), the then-Superintendent of Insurance of the State of New York and his successors in office were appointed as liquidator ("Liquidator") of Atlantic Mutual Insurance Company ("Atlantic Mutual") and, as such, has been directed to take possession of Atlantic Mutual's property, and liquidate its business and affairs pursuant to Article 74 of the New York Insurance Law ("Insurance Law"). The Superintendent of Financial Services of the State of New York has now succeeded the Superintendent of Insurance as Liquidator of Atlantic Mutual. The Liquidator has, pursuant to Insurance Law Article 74, appointed Michael J. Casey, Acting Special Deputy Superintendent of Financial Services ("Special Deputy"), as his agent to liquidate the business of Atlantic Mutual. The Special Deputy carries out his duties through the New York Liquidation Bureau, 110 William Street, New York, New York 10038. The Liquidator has submitted to the Court a verified petition ("Verified Petition") seeking an order: (i) approving the Liquidator's Report on the Status of the Liquidation of Atlantic Mutual and Request for Authority to Distribute Assets, and the financial transactions delineated therein; (ii) authorizing the continued payment of administrative expenses; (iii) authorizing the Liquidator to distribute Atlantic Mutual's assets, consistent with this Court's orders and the priorities set forth in Insurance Law Section 7434, to those creditors of Atlantic Mutual with allowed claims, to the extent that, in the Liquidator's discretion, sufficient funds are available; and (iv) providing for such other and further relief as this Court may deem just and proper.

A hearing is scheduled on the Verified Petition on the 17th day of December, 2013, at 11:00 a.m., before the Honorable Eileen A. Rakower, JSC, New York Supreme Court at the Courthouse, IAS Part 15, 80 Centre Street, Room 327, in the County, City and State of New York, 10013. If you wish to object to the relief sought, you must serve a written statement setting forth your objections and all supporting documentation upon the Liquidator and Clerk of the Court, at least seven days prior to the hearing. Service on the Liquidator shall be made by first class mail at the following address: Superintendent of Financial Services of the State of New York as Liquidator of Atlantic Mutual Insurance Company, 110 William Street, New York, New York 10038, Attention: General Counsel.

The Verified Petition and Report are available for inspection at the above address. In the event of any discrepancy between this notice and the documents submitted to Court, the documents control.

Requests for further information should be directed to the New York Liquidation Bureau, Creditor and Ancillary Operations Division, at (212) 341-6665. Dated: October 30, 2013, Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York as Liquidator of Atlantic Mutual Insurance Company.

LEGAL NOTICE

IN THE MATTER OF THE LIQUIDATION OF CENTENNIAL INSURANCE COMPANY Supreme Court County of New York Index No.: 402424/10 NOTICE

Pursuant to an order of the Supreme Court of the State of New York, County of New York ("Court"), entered on April 27, 2011 ("Liquidation Order"), the then-Superintendent of Insurance of the State of New York and his successors in office were appointed as liquidator ("Liquidator") of Centennial Insurance Company ("Centennial") and, as such, has been directed to take possession of Centennial's property, and liquidate its business and affairs pursuant to Article 74 of the New York Insurance Law ("Insurance Law"). The Superintendent of Financial Services of the State of New York has now succeeded the Superintendent of Insurance as Liquidator of Centennial. The Liquidator has, pursuant to Insurance Law Article 74, appointed Michael J. Casey, Acting Special Deputy Superintendent of Financial Services ("Special Deputy"), as his agent to liquidate the business of Centennial. The Special Deputy carries out his duties through the New York Liquidation Bureau, 110 William Street, New York, New York 10038. The Liquidator has submitted to the Court a verified petition ("Verified Petition") seeking an order: (i) approving the Liquidator's Report on the Status of the Liquidation of Centennial and Request for Authority to Distribute Assets, and the financial transactions delineated therein; (ii) authorizing the continued payment of administrative expenses; (iii) authorizing the Liquidator to distribute Centennial's assets, consistent with this Court's orders and the priorities set forth in Insurance Law Section 7434, to those creditors of Centennial with allowed claims, to the extent that, in the Liquidator's discretion, sufficient funds are available; and (iv) providing for such other and further relief as this Court may deem just and proper.

A hearing is scheduled on the Verified Petition on the 17th day of December, 2013, at 11:00 a.m., before the Honorable Eileen A. Rakower, JSC, New York Supreme Court at the Courthouse, IAS Part 15, 80 Centre Street, Room 327, in the County, City and State of New York, 10013. If you wish to object to the relief sought, you must serve a written statement setting forth your objections and all supporting documentation upon the Liquidator and Clerk of the Court, at least seven days prior to the hearing. Service on the Liquidator shall be made by first class mail at the following address: Superintendent of Financial Services of the State of New York as Liquidator of Centennial Insurance Company, 110 William Street, New York, New York 10038, Attention: General Counsel.

The Verified Petition and Report are available for inspection at the above address. In the event of any discrepancy between this notice and the documents submitted to Court, the documents control.

Requests for further information should be directed to the New York Liquidation Bureau, Creditor and Ancillary Operations Division, at (212) 341-6665. Dated: October 30, 2013, Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York as Liquidator of Centennial Insurance Company.

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TORNADOES

Continued from page 1

without a big Atlantic hurricane.

The increasing number of tornadoes with billion-dollar losses — driven in large part by increasing property values, according to some experts — is one more factor drawing insurers' and reinsurers' focus to noncoastal weather events and providing urgency for greater tornado resilience in both residential and commercial structures.

"We're starting to see more and more larger and more severe storms in middle America that are causing larger impacts on middle America," said Andy Castaldi, head of catastrophe perils for the Americas at Swiss Re Ltd. in Armonk, N.Y. "Years ago, you wouldn't expect to see a tornado or a hailstorm hit the billion-dollar mark in losses. But losses of that size are becoming more frequent in any given year.

"That's a trend that we have to slow down, and that goes to things like better building codes," Mr. Castaldi said.

However, better building codes might not be able to protect a building from a strong tornado's 200 mph winds, he said. And property owners always face a cost/benefit question, with some concluding the costs of increasing buildings' tornado resilience isn't merited given the odds of the property being struck by such a storm.

"Part of it might be a misconception by people that if my building is built to the building code, then it's safe. The building code is sort of a minimum standard," said Tanya Brown, a research engineer at the Insurance Institute for Business and Home Safety's Research Center in Richburg, S.C.

In addition, tornadoes are "such a spatially rare event. Your risk of getting hit by a tornado in any given year is pretty low," Ms. Brown said.

"I think we need to distinguish between low-probability events and zero-probability events," said James Waller, research meteorologist at Guy Carpenter & Co. L.L.C.

in Philadelphia.

"EF-2s or weaker constitute 95% of all tornadoes. That's a range where structural resilience measures can really make a difference," Mr. Waller said. "The first thing to go is usually the roof, and if you can keep the roof on for just a bit longer it can make a big difference in terms of the safety and the resilience of the home. The same thing goes for commercial structures as well."

Regarding the unusual Nov. 17 tornado outbreak in the Midwest, Bill Bunting, forecast operations chief at the National Weather Service Storm Prediction Center in Norman, Okla., said, "They do happen, but to see that many tornadoes that far north certainly is a very rare occurrence in November."

Mr. Bunting said that among the conditions that led to the Nov. 17 tornadoes were a very strong jet stream and intensifying low pressure system at the surface.

"That increased the degree of wind shear, and it brought very warm, moist air into the Ohio Valley, where you normally don't see

it in November," he said.

While the storm system was unusual, drawing any connection between the tornado outbreak and climate change is difficult, if not impossible, in the absence of more data and history, experts say.

"The challenge is that November tornado events are so rare," Mr. Bunting said. "It's hard to infer a trend."

"Events like this may have happened in the past or could have happened in the past, and it could be the normal variation of outcomes in the current climate," Mr. Castaldi said. "However, this is something that we could expect to see as a result of climate change, and 20 years from now we might look back and say this was the start of something."

Mr. Waller said U.S. tornado outbreaks tend to demonstrate "crazy variability from year to year. There's no evidence to detect any statistically relevant trends when you look back over time.

"We really don't have as robust a data set as we need to make a conclusion one way or another at this time," he said. "You can't really point to one event and make an argument for climate change. You have to look at the aggregation of those events over time."

Though climate change might not produce more or more severe tornadoes, it could produce more outside of spring and summer, said Matthew Nielsen, director of model project management at Newark, Calif.-based Risk Management Solutions Inc.

"It certainly has been speculated that these types of events, happening at weird times — off of the peak — that could happen more frequently in the future," Mr. Nielsen said.

While a link between tornadoes and climate change might not be clear, the increased frequency of large tornado losses is getting insurers' and reinsurers' attention, though their response remains to be seen, Mr. Nielsen said. "This is no longer just background noise as they focus on earthquakes and hurricanes," he said.

"What I've seen a lot lately from a lot of people in the insurance industry that I work with is people

National standards urged for U.S. tornado protection

A draft report released late last month by a federal agency calls for national standards for building design and construction, public shelters and emergency communications to reduce the human and economic costs of tornadoes.

The report, released Nov. 21, provides the results of a two-year investigation conducted by the U.S. Department of Commerce's National Institute of Standards and Technology into the May 2011 tornado that struck Joplin, Mo.

The category EF-5 Joplin tornado destroyed 8,000 structures, killed 161 and is considered the deadliest tornado in U.S. history.

The NIST study focused on tornado characteristics, building performance, human behavior and emergency communication.

The report, which has been released to garner public comment, found that in most cases buildings failed to adequately protect occupants regardless of their construction type, and that Joplin residents had little access to emergency shelters. The report also found that communications failures and confusion contributed to a delayed or inadequate response by businesses and homeowners in the tornado's path.

While saying that many of the report's storm engineering findings "have been around for some time," Tanya Brown, research engineer at the Insurance Institute for Business and Home Safety's Research Center in Richburg, S.C., said the report addressed not only structural issues but issues surrounding emergency communications and disseminating information.

"I will say that this is one of the most comprehensive reports we have seen" regarding tornado resiliency, Ms. Brown said. "I was really happy to see that NIST is taking the lead on this."

James Waller, research meteorologist at Guy Carpenter & Co. L.L.C. in Philadelphia, also welcomed the report, saying that while groups like the IBHS and others have been promoting resilient construction and tornado-resilient construction measures that can save lives and reduce property losses, implementation and enforcement of such standards isn't uniform from state to state and county to county in the U.S.

"We're hearing the same message from different angles, but I think it's an important message," Mr. Waller said.

By Rodd Zolkos

TORNADO SEASON STRETCHES

U.S. tornadoes listed by month since 2010.

Month	2013	2012	2011	2010
January	74	79	16	30
February	39	57	63	1
March	18	154	75	33
April	86	206	758	139
May	264	121	326	304
June	121	111	160	324
July	70	37	103	146
August	45	38	57	55
September	16*	39	51	57
October	76*	37	23	108
November	87*	7	44	53
December	0	53	15	32

* Preliminary count

Source: National Weather Service Storm Prediction Center

trying to model these events," he said, lessening their reliance on historic claims information in assessing tornado risk.

But modeling tornadoes is challenging, Mr. Waller said. "It's an ongoing effort in the industry," he said. "Tornadoes are really, really tricky to model because they happen on such a small scale. Hurri-

canes are big.

"Tornadoes are smaller, they're more difficult to model. The random nature is more difficult. They really are low-probability events," Mr. Waller said. "That's the challenge that the modelers face. They've made advances in that regard, and there are more advances to be made, I'm sure."

HALLIBURTON

Continued from page 1

the-market presumption theory."

The theory says plaintiffs in class actions do not have to demonstrate each of the individual class members relied on the company's alleged misrepresentation of information. It is based on the presumption that in an efficient marketplace, a company's share price reacts to all publicly available information about the company. Experts say the *Basic* ruling has made it much easier for plaintiffs to file class action lawsuits.

Defendants are seeking to overturn an April ruling by the 5th U.S.

Circuit Court of Appeals in New Orleans, in a case in which plaintiffs claim Halliburton had understated its asbestos liabilities.

The fraud-on-the-market presumption theory is "the most powerful engine of civil liability ever established in American law," according to an amicus brief filed by former U.S. Securities and Exchange Commission members and law professors that urges the high court to "curtail or abandon" the theory. It has "revolutionized private securities litigation and made it the massive multibillion-dollar industry that it is today," the brief says.

Its basic premise of market efficiency has come under fire in academic circles, too.

Many legal experts say that based on a related securities ruling issued earlier this year, they are confident at least four Supreme Court justices — Antonin Scalia, Clarence Thomas, Samuel Alito and Anthony Kennedy — will vote to at least modify, if not entirely discard, the fraud-on-the-market presumption theory. But it is uncertain how Chief Justice John Roberts will vote on the case.

A high court decision to overturn the *Basic* rule could lead to lower D&O rates, experts say. "I think it will have a huge impact if the court throws out the fraud-on-the-market presumption," said John D. Hughes, a partner with law firm Edwards Wildman Palmer L.L.P. in Boston.



HEAR INTERVIEW

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Mary-Pat Cormier, a partner with law firm Bowditch & Dewey L.L.P. in Boston, talks about why a class action case the Supreme Court will decide involving Halliburton Co. could have a dramatic effect on securities litigation.

"You would expect the insurance market to follow the underlying substantive liability, and so if it dramatically reduces exposure, you'd expect the insurance market to reflect that," said Jordan Eth, a

partner with law firm Morrison & Foerster L.L.P. in San Francisco.

It will have a "dramatic effect on what plaintiffs are going to be able to claim, and that's going to give it a dramatic impact on what damages" D&O insureds will have to pay, said Mary-Pat Cormier, a partner with law firm Bowditch & Dewey L.L.P. in Boston.

Joseph P. Monteleone, a partner with Tressler L.L.P. in New York, said, "You'll see a lot of companies begin to rethink" their coverage limits.

This will "probably lead to a reduction of the size of some of the (coverage) towers in the market, which means even if rates do not decrease dramatically it could indirectly result in overcapacity in

PREDICTIONS

Continued from page 1

actually one more than the annual average of 12, the season was below normal in the severity and longevity of storms, said Gerry Bell, lead seasonal forecaster at NOAA's Climate Prediction Center.

This was the third below-normal season since 1995, when the Atlantic region entered an "active" era — a decades-long period characterized by climate conditions favorable to forming hurricanes.

"It's quite rare in an active era," said Mr. Bell, adding that 1994 was the last time no major hurricanes hit the U.S. for an entire season.

The lack of hurricanes was "almost shocking," said Mike Halpert, acting director at the Climate Prediction Center. "An active era without (major) hurricanes is a very unusual occurrence."

With the two hurricanes this season both rated as Category 1 storms, this year became the first since 1986 to produce no Category 2 hurricanes, said Phil Klotzbach, a research scientist in the department of atmospheric science at Colorado State University.

Several experts have suggested that cooler, drier air from the midlevel of the atmosphere — 10,000 to 25,000 feet — may have curtailed the environment that is needed to form hurricanes.

"Hurricanes need a moist, unstable environment, and we just didn't see this in the Atlantic development region in 2013," said James Waller, Philadelphia-based research meteorologist with Guy Carpenter & Co. L.L.C.

"This year, we think we have a primary culprit. Abnormally dry air in a sinking motion in the middle levels of the atmosphere tends to choke out thunderstorms so they can't merge and become hurricanes," Mr. Klotzbach said.

Wind patterns also could have helped suppress hurricane activity. "Wind shear and wind from Africa" can influence the formation of storms, Mr. Bell said.

"If something happens to the monsoons in Africa — that's where many depressions begin —

it can cause fewer hurricanes," said Jenni Evans, professor of meteorology at Penn State University. "The monsoon has not been as strong as it used to be in terms of amount of rain."

While the cause of the mild 2013 hurricane season continues to provide fodder for debate, the insurance sector is assessing it from a loss perspective.

"Insured losses from hurricanes are not driven by frequency; they are driven by severity," said Karen Clark, president and CEO of Karen Clark & Co. in Boston. She pioneered catastrophe modeling in 1987 and is developing the next generation of catastrophe management tools.

With no severe hurricanes, insurers got a big break this season, which officially ended Sunday, after paying billions in claims

Inc. "One or two low hurricane seasons does not a trend make."

Indeed, the long-term average of catastrophic Atlantic hurricane losses comes to about \$12 billion annually, but that is driven by years in which there was an Andrew or Katrina racking up \$30 billion or more in insured losses and includes calm years such as this year, Ms. Clark said.

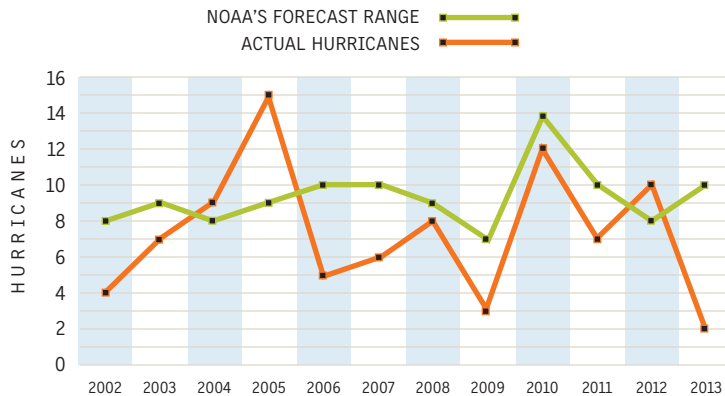
"Eighty percent of long-term annual losses come from 20% of storms," Ms. Clark said.

The lack of a significant loss event this year has allowed talk of abundant alternative reinsurance capital to dominate negotiations for Jan. 1, 2014, reinsurance contract renewals.

"That conversation overshadows everything, but that is partly because there has been no mega event to focus attention else-

HURRICANES: PREDICTIONS VS. REALITY

Number of Atlantic hurricanes that occurred and the number forecast by the National Oceanic and Atmospheric Administration for 2002-2013.



Source: Karen Clark & Co.

in the previous two years from Sandy and Irene, respectively.

Dave Finnis, property practice leader at Willis North America Inc., said he doubts insured losses from the 2013 hurricane season would exceed \$200 million.

This season alone should not be viewed as a reason to allow reinsurance rates to slip too far, industry experts say.

"Absent any other reasons, a slow storm season in not an excuse for reinsurers to lower rates and have those rates fall off the table," said Phil Campbell, Edina, Minn.-based executive vice president at BMS Intermediaries

where," said Lara Mowery, Minneapolis-based global head of property specialty for Guy Carpenter. "Any time you have excess capacity, it impacts transactional economics, especially in the absence of additional loss to highlight that exposure."

Abundant capital flowing into reinsurance markets from private investors is having a softening effect on reinsurance renewals, especially absent a big weather event.

Looking ahead to 2014, NOAA forecaster Mr. Bell said: "Every indication is that we remain in a high-activity era."

the market" and have a downward effect on rates as more insurers compete for the same business, Mr. Monteleone said.

Experts say the high court also may just modify the fraud-on-the-market presumption, rather than discard it altogether.

"My prediction is that the Supreme Court will modify *Basic vs. Levinson*" and narrow the market presumption theory's effect, which would lead to fewer cases filed against firms or earlier dismissal of them, said Douglas W. Greene, a shareholder with law firm Lane Powell P.C. in Seattle.

In addition, the court "could substitute a different presumption that allows plaintiff lawyers to continue to pursue" these cases,

said Kevin LaCroix, an attorney and executive vice president at R/T ProExec, a division of R-T Specialty L.L.C. in Beachwood, Ohio. He said the court also may opt to focus on a second, procedural question before it in the case that concerns what material defendants can use to rebut the presumption theory and when.

If the fraud-on-the-market presumption is rejected, plaintiff firms, for instance, may choose to focus on litigation in which companies are accused of omitting — rather than misrepresenting — information, which does not fall under the market presumption.

Ann Longmore, New York-based executive vice president of FINEX North America, a unit of Willis

North America Inc., said if the fraud-on-the-market presumption theory is rejected by the court, instead of one massive class action, there could be a number of smaller lawsuits led by major institutional investors.

"It would be like the fall of the former Soviet republic," she said. "There may be an initial drop" in D&O rates, "but I would say no more than 10%."

Steve Shappell, Denver-based managing director of Aon Risk Solutions' financial services group, said, "There are a lot of institutional investors out there" who "have a lot of pressure on them to fulfill their fiduciary obligations to pursue these claims and to make their investors whole."

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MEDICARE

Continued from page 3

comment date be the same. It's not the usual process," said Melissa Shelk, vice president of federal affairs for the Washington-based American Insurance Association.

Litigation could result unless the rule is changed, she said.

In comments submitted to CMS in November, the AIA, the Property Casualty Insurers Association of America, the Risk & Insurance Management Society Inc., the Medicare Advocacy Recovery Coalition, and UWC-Strategic Services on Unemployment and Workers' Compensation asked the agency to rescind its interim final rule for SMART Act implementation.

All five groups propose that CMS issue a new rule incorporating changes outlined in their comments and allow feedback before setting a final rule.

"Our concern is that rather than enhancing the ability to determine final conditional payment amounts in advance of a settlement that this (will) make it more difficult to settle cases," said Keith Bateman,

The Strengthening Medicare and Repaying Taxpayers Act says the Centers for Medicare and Medicaid Services is responsible to set up a website allowing claimants and payers to determine how much money is owed to Medicare "120 days before the reasonably expected date of a settlement, judgment, award or other payment."

The bill's language says the portal would be established no later than nine months after the SMART Act's enactment, or by Oct. 20, 2013.

However, while beneficiaries now can access their information on the portal, *mymedicare.gov*, CMS' interim final rule says payers will not have access for two more years.

The CMS portal says the deadline for payer access is "no later than Jan. 1, 2016."

Experts say the interim final rule's wording also misinterprets the 120-day notification window in various ways, potentially extending the notification period from 215 to 245 days.

By Sheena Harrison

vice president of workers compensation for the Des Plaines, Ill.-based PCI.

Roy Franco, principal of Medicare compliance firm Franco Signor L.L.C. and former chairman of MARC, said he believes CMS

issued an interim final rule rather than a notice of proposed rulemaking in an attempt to meet an October deadline for SMART Act implementation. His firm also asked CMS to rescind its interim final rule.

chronic conditions and suggests strategies to address them, including changes in plan design, enhanced provider management, worksite environmental changes and employer involvement in community programs targeting the conditions (see box).

Though ValuePort initially was designed to identify these risks and conditions, it can be customized to detect and identify strategies to address other health risks and/or conditions unique to certain employer groups, Ms. Linscott said. It also enhances the capabilities of eValue8, which is used annually by employers to compare and contrast health plan performance in managing population health.

Initially, ValuePort is being licensed to employer coalitions. In the next several months, however, it will be made available to individual employers and providers, such as benefits brokers that may want to use the tool as a value-added service to assist their employer clients in population health management and value-based purchasing initiatives, Ms. Linscott said.

NBCH's annual meeting attracted 320 attendees, including 55 employers representing purchaser-led business and health coalitions whose 7,000 employer members provide health benefits to 25 million U.S. employees and their dependents.

Payers can't access key technological tool

NCBH

Continued from page 3

care, and improve health and health care.

NBCH also is developing other technology designed to help employers determine where best to invest their health care dollars so they can get the greatest return on their investment. Its latest innovation, ValuePort, unveiled at the conference, uses a combination of paid health benefit claims and self-reported employee health risk assessment data to help employers prioritize their greatest employee health improvement opportunities.

In addition, employers can use the tool to benchmark their workers' health risks against those of other employers. ValuePort can be used by self-insured and fully insured employers, as long as they have access to their employees' claims and health risk data.

Developed with financial support from the U.S. Centers for Disease Control and Prevention and the Robert Wood Johnson Foundation, ValuePort was piloted by employer health coalitions engaging more than 40 employers of varying sizes, Ms. Linscott said.

The tool identifies and quantifies the effects of 12 health risks and/or

SCREENING FOR CONDITIONS

The ValuePort software tool identifies and quantifies the effects of 12 conditions. They are:

Alcohol use
Breast cancer
Cervical cancer
Colorectal cancer
Depression
Diabetes
Hypertension
Nonurgent emergency department use
Obesity
Physical inactivity
Stress
Tobacco use

Source: National Business Coalition on Health

EXPRO

Continued from page 3

frequently cited the ADM approach, in which the company used its Vermont captive, Agrinational Insurance Co., to reinsure life insurance benefits written by Minnesota Life Insurance Co. Under the arrangement, ADM, among other things, agreed to boost plan participants' benefits and to use an independent fiduciary to ensure that all conditions of exemption were met.

Even though the speedier ExPro process was put on hold for more than a year, employers still could seek individual exemptions to fund employee benefit risks through their captives.

In March, Atlanta-based The Coca-Cola Co. won final approval of an individual exemption to use its South Carolina captive, Red Re Inc., to reinsure group term life insurance and accidental death and dismemberment policies written by Metropolitan Life Insurance Co.

In November, the Labor Department proposed an individual exemption to allow Santa Clara, Calif.-based computer chip manufacturer Intel Corp. to use its Hawaii captive, Technology Assurance Ltd., to reinsure life insurance and AD&D policies written by Minnesota Life Insurance Co. Final approval is expected.

Signaling the return of ExPro, a Labor Department spokesman said employers seeking ExPro for captive benefits funding arrangements "should review the criteria set forth in the Coca-Cola individual exemption and the Intel indi-

"It's sort of like (putting) the cart before the horse at this point," Mr. Franco said. "You have CMS interpreting a congressional statute and then posting (an interim) rule that ... people have to follow," he said. "We may have to have a change."

Common concerns in the industry comments include delays in establishing a website to allow insurers and self-insured employers to find out the final amount of money due to CMS before settling a claim and an extended timeline for how long CMS has to respond to requests for reimbursement information (see box).

Experts say those concerns defeat the purpose of the SMART Act, which was written to speed up and simplify the process to reimburse CMS for workers comp and liability settlements.

"Following the (interim rule) is going to prolong the claims process, which means the victims of loss will likely see a delay in receiving the benefits they need while we wait for CMS," Richard Rabs, vice president of insurance and risk for Veolia Environnement North America and chairman of the RIMS External Affairs Committee, said in a statement to *Business Insurance*.

Douglas Holmes, president of the Washington-based UWC, said CMS' interim final rule was disappointing for the organization's insured and self-insured members.

"So many of the things that were addressed from a policy standpoint in the SMART Act are being frustrated by the very rules that are being set forth to implement the act," Mr. Holmes said.

Mr. Franco said it's possible that CMS could amend its rule to include feedback from industry groups, though he said there's a "low probability" that CMS would rescind the rule entirely.

He recommends that industry observers continue to submit comments about the interim rule to their congressmen, even though the official CMS comment period has concluded.

If CMS implements a final rule for the SMART Act without including industry feedback, experts say they may seek a legislative solution to perceived problems in the regulations or challenge the rule through a lawsuit.

"We'll circle back with our membership and probably talk to the other groups that have commented as well about what next steps make sense," Mr. Holmes said.

vidual exemption."

The spokesman also noted last month that in reviewing captive benefit funding arrangements, "new conditions to protect plans and their participants and beneficiaries" were developed.

Benefit experts say the conditions are not so much new, but that certain requirements, such as enhancement of benefits for plan participants, will receive greater regulatory analysis.

Karin Landry, a managing partner at Spring Consulting Group

"This is very good news. We should expect more activity as a result of the Labor Department's willingness to say how you should go about the process."

George O'Donnell,
Aon Risk Solutions

L.L.C. in Boston, which filed Intel's application, noted that the Department of Labor has always required benefit enhancements for plan participants under ExPro arrangements. Now, regulators "seem to be focused on making sure that enhanced benefits not only are offered broadly to participants, but that they also are lasting enhancements."

Other conditions, including the use of a highly rated commercial insurer to issue policies, remain in place to win ExPro approval.

Once the Intel application receives final approval, as is almost certain, ExPro once again will be available, experts predict.

"I'm delighted to hear that the DOL has opened the door for future transactions. Going forward, it will be easier for employers to understand the rules," Ms. Landry said.

"This is very good news. We should expect more activity as a result of the Labor Department's willingness to say how you should go about the process," said George O'Donnell, technical director of global risk consulting at Aon Risk Solutions in Somerset, N.J.

Since the first employer, International Paper Co., received ExPro approval in 2003 to fund benefit risks through its captive, more than 20 other companies have followed suit, reducing the time, effort and legal fees that would have been required in seeking an individual exemption, experts say. The group includes H.J. Heinz Co., Google Inc. and Microsoft Corp.

"You have a much better sense of the timing" with ExPro, said Debbie Liebeskind, a senior actuarial consultant with Towers Watson & Co. in Parsippany, N.J.

Instead of the roughly 2½ months for ExPro approval, individual approval can easily take three to four times longer.

The reasons driving corporate interest in captive benefit funding have not changed, experts say.

Those factors include reduced costs compared with purchasing commercial insurance as well as diversifying their captives' book of business.

"You can get better coverage at a lower cost compared to the commercial market," Ms. Liebeskind said.

"The corporate interest continues to be there," Mr. O'Donnell said.

Former NHL players sue over concussion-related injuries

■ Ten former National Hockey League players have filed a class action lawsuit alleging the league and its board of governors have not done enough to protect players from concussions. The suit, filed in U.S. District Court for the District of Columbia, seeks compensatory and punitive damages as well as medical monitoring for former NHL players who retired on or before Feb. 14 of this year “and who have suffered brain trauma and/or injuries as a result of concussive and subconcussive impacts inflicted on them while playing in the NHL.” The lawsuit, which estimates the class includes 10,000 people, is the first one filed by former professional hockey players.

High court takes cases of religious objections to health care law

■ The U.S. Supreme Court has agreed to consider religious objections made by corporations to a provision of the Patient Protection and Affordable Care Act requiring employers to provide health insurance that covers birth control. The key question in the two cases the court agreed to hear is whether closely held companies owned by individuals who object to the birth control mandate on religious grounds can be exempted from the requirement when making free exercise of religion claims under the First Amendment of the U.S. Constitution and the Religious Freedom Restoration Act. One case was filed by the evangelical Christian owners of Hobby Lobby Stores Inc. and Mardel. The other was brought by the Mennonite family that owns Conestoga Wood Specialties. Oral arguments will likely be scheduled for next March, with a ruling due by June.

Reuters

Weather variations could cost U.S. economy \$534 billion a year

■ An analysis by Allianz Global Corporate & Specialty S.E. said routine weather variance could cost the U.S. economy as much as \$534 billion per year, with the U.S. Department of Commerce estimating that 70% of U.S. companies are directly affected by the weather. Minor weather variations can significantly affect the energy sector, travel and transportation, construction, the food and beverage sector, municipalities and the retail sector, including the shopping period between Black Friday and Christmas, according to “The Weather Business — How Companies Can Protect Against Increasing Weather Volatility.” The availability and accuracy of historical data has been a critical component in advancing the weather risk management market, according to the Allianz analysis.

2013 group health care costs rose by lowest rate since 1997: Mercer

■ Helped by the continuing growth of high-deductible plans, group health care costs this year rose by the lowest percentage in more than 15 years, according to a survey by Mercer L.L.C. In 2013, group health plan costs increased 2.1% to an average of \$10,779 per employee compared with \$10,558 in 2012, according to the survey of more than 2,800 employers. This year’s increase is the smallest since 1997 and is sharply less than 2012, when costs increased an average of 4.1%;

and 2011 and 2010, when costs rose an average of 6.1% and 6.9%, respectively. The slowdown is partly due to the growth of consumer-driven health care plans. This year, 18% of employees were enrolled in CDHPs, up from 16% in 2012 and 8% in 2008, according to the survey.

Aon Benfield names Kelly Smith president of U.S. unit

■ Reinsurance brokerage Aon Benfield has named Kelly Smith to the newly created position of president of its U.S. operations. Ms. Smith most recently was executive managing director of Aon Benfield U.S., a unit of Aon P.L.C. She will report to Bryon Ehrhart, CEO of Aon Benfield Americas. “Kelly Smith has built and led teams that have driven highly differentiated results for our clients,” Mr. Ehrhart said in a statement. Ms. Smith will be based in Chicago.

Reinsurers report lower premiums for first nine months of 2013

■ Net written premiums for the first nine months of 2013 written by a group of 18 U.S. reinsurers fell 9.6% from those posted during the prior-year period to \$20.7 billion, according to an analysis released by the Washington-based Reinsurance Association of America. However, the group’s combined ratio improved to 85.8% in the first nine months of 2013 from 91.8% during the first nine months of 2012. According to the RAA, the 2013 combined ratio was attributable to a 56.5% loss ratio and an expense ratio of 29.4%. In addition, policyholders’ surplus was \$128.5 billion, up from \$127.0 billion reported in the second quarter of 2013.

Embattled Tower Group reports quarterly net loss of \$507.3 million

■ Financially troubled Tower Group International Ltd. had a net loss of \$507.3 million for the three months ended June 30 compared with a net loss of \$16.8 million during the same period last year, the company said. The Hamilton, Bermuda-based reinsurer also said it added \$326.7 million to its loss reserves during the period as a result of a review completed with the help of an independent actuarial consultant. Tower also said it will lay off about 10% of its nearly 1,400 employees, mostly affecting commercial lines underwriting and operations. Second-quarter net written premiums totaled \$360.1 million, down 18.3% from the year-ago period. Investment income reached \$27.6 million, down 8.8% from second quarter 2012. Revenue for the period was \$419.9 million, down 10.0% from the year-ago period. The company’s combined ratio for the second quarter was 183.1%, up substantially from 110.3% a year ago.

Alternative capital yields hamper U.S./Bermuda reinsurers

■ The U.S./Bermuda reinsurance market is facing the dual challenges of converging capital, leading to reports of over-capitalization, and low investment returns, ratings agency A.M. Best Co. Inc. said in a report. Reinsurers’ strong cash position from successfully managing exposures in recent years is coinciding with an influx of alternative capital from hedge funds and other sources, leaving the sector exceptionally well-capitalized — perhaps even overly so — which could weigh upon pricing, the report

said. The sector also is being affected by a low-yield interest rate environment. “This remains a challenge, as investment yields appear likely to linger at historical lows for the next few years,” according to the Best report.

Ace names John Lupica vice chairman of parent company

■ John Lupica, who is chairman of insurance for North America at Ace Ltd., has been named to the additional post of vice chairman of the parent and Ace Group Holdings Inc. In the newly created post of vice chairman, Mr. Lupica’s responsibilities encompass Ace’s property/casualty insurance operations in the United States, Bermuda and Canada. He will continue to be based in Philadelphia

NCCI proposes workers comp rate moves for Louisiana, Georgia

■ A decrease in the frequency of Louisiana workers compensation claims has led the National Council on Compensation Insurance Inc. to request that rates be decreased 5.1% next year. NCCI’s rate filing would take effect May 1, 2014, if approved by the Louisiana Department of Insurance. It includes an average 6.7% rate cut for Louisiana manufacturers, a 6.1% decrease for office and clerical firms, a 5.7% decrease for goods and services companies, and a 5% rate cut for contractors. Meanwhile, the NCCI has requested a 2.3% hike in Georgia workers compensation advisory rates for next year based on increased claim frequency and medical severity. NCCI’s proposed rate would be effective March 1, 2014, if approved by the Georgia Insurance and Safety Fire Commissioner’s office.

Proposed reinsurance fee rules would exempt self-funded plans

■ Proposed U.S. Department of Health and Human Services rules would provide certain self-funded group health care plans with relief from the financial burden of one aspect of the Patient Protection and Affordable Care Act. Employers that self-insure and self-administer health coverage for their employees will be exempt from having to pay into the law’s three-year transitional reinsurance program for the 2015 and 2016 plan years, HHS said in the proposed rules. However, all self-insured plan sponsors — as well as fully-insured employers — will be required to pay into the reinsurance program in 2014.

Global insurers will continue to consolidate in EMEA regions

■ Consolidation will continue among global insurers in Europe, the Middle East and Africa over the next several years, according to a Towers Watson & Co. survey of senior insurance merger and acquisition executives. The report, “Surviving the Perfect Storm: The Outlook for Insurance M&A in EMEA,” said there are many factors making the region “fertile ground” for M&As, including multinational and regional players with high-growth ambitions; growth opportunities in niches and product innovation; and structural changes to the regulatory landscape. Seventy-seven percent of respondents said they expect insurance M&As in the EMEA region to increase in the next one to three years, while 73% said their companies plan to make such deals during the period.

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Use of Vicodin pains drug's maker

A pharmaceutical manufacturer is suing to stop a hip West Hollywood boutique from giving it free advertising.

AbbVie Inc., maker of Vicodin, has filed a lawsuit in U.S. District Court in Los Angeles that seeks to enjoin celebrity boutique Kitson from selling its line of "designer drug" sports jerseys and sweat-shirts featuring the trade names of the popular prescription painkillers and other well-known drugs.

Not only does using the name without permission infringe on AbbVie's trademark, it suggests that "popping Vicodin is a cool, 'in' thing to do," the Chicago-based drug maker asserts in its suit.

The boutique allegedly displays the shirts in its West Hollywood store window with the promotional slogan, "Just What the Doctor Ordered."

If it wins its battle in court, AbbVie pledges to donate any monetary award to prescription drug abuse outreach and educational programs.

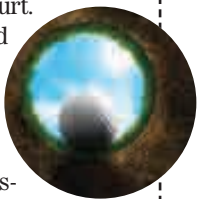
Ace golfers teed off at hole-in-one insurer

A Connecticut man who sold insurance covering prizes for golfers making a hole-in-one and subsequently was accused of bilking players of their winnings reportedly pleaded guilty to a misdemeanor last week in a Montana court.

Kevin W. Kolenda, president and CEO of Hole-In-Won.com, had been charged with felony insurance fraud but pleaded guilty to acting as an insurer without a license in Montana, according to the *The Missoulian* newspaper.

Hole-In-Won sells hole-in-one insurance, which covers the cost of prizes awarded to golfers who make ace shots. Mr. Kolenda's company reportedly refused to pay an \$18,000 prize to a Montana man who hit a hole-in-one at a 2010 Montana golf tournament, falsely claiming that the golfer's tee was too close to the hole to qualify for the money. Mr. Kolenda reportedly agreed to pay \$10,000 to the Montana golfer as part of his plea agreement.

This isn't the first time Mr. Kolenda has been accused of putting away his insurance responsibilities. The Washington insurance office says he faces similar charges in 10 other states.



MATERIAL GIRL'S MUSIC SAMPLING RULED IMMATERIAL



DENIS BEAUMONT/SHUTTERSTOCK.COM

Madonna defeated a lawsuit that claimed she and her producer illegally sampled a track in her song "Vogue."

Madonna recently defeated a lawsuit that claimed she and producer Robert "Shep" Pettibone had illegally sampled a track that the claimant contended had been "deliberately hidden" in the singer's 1990 hit "Vogue." A U.S. District Court judge in California ruled that Madonna and Mr. Pettibone's sampling of a horn section of a track by the Salsoul Orchestra was so "trivial" that it could not be recognized.

Delaware-based record company VMG Salsoul L.L.C. owns the copyright to a 1976 track called "Chicago Bus Stop," which was itself remixed — by Mr. Pettibone — in 1983 in a tune called "Love Break."

VMG Salsoul alleged that it had discovered a "deliberately hidden" sample of that track in Madonna's international smash hit through the use of recently developed technology.

The record company argued that Madonna had performed "Vogue" numerous times but had never paid for the sample. But U.S. District Court Judge Beverly O'Connell ruled that the sample — which appears 11 times during "Vogue" — was so minimal as to be unrecognizable.

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Carnegie Deli sandwiched in dispute

The famous overstuffed deli sandwiches and cheesecakes featured at the well-known Carnegie Deli in New York have now become the focus of a messy lawsuit and divorce.

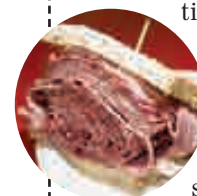
Marian Levine, whose father bought the business with a partner in 1976, contends her estranged husband, Sanford Levine, who was running it, had been having an affair with one of its waitresses, Thai native Penkae Siricharoen.

Not only did Mr. Levine give his girlfriend the deli's secret recipes while carrying on a clandestine affair, he set her up in her own restaurant in Queens.

Ms. Levine claims she was unaware of the affair until he started pushing her to sell the business.

A lawsuit filed by Ms. Levine seeks to void a 15-year lease at \$975 a month on an apartment above the restaurant, which the business owns, that Mr. Levine had given the waitress.

But customers of the deli need not fear for their beloved sandwiches and cheesecake. Although Mr. Levine has quit the deli business and moved out from his home, the restaurant remains open for business.



FEATUREFLASH/SHUTTERSTOCK.COM

A judge declared a mistrial in an injury lawsuit against singer Rick Springfield.

New-style evidence in old-style lawsuit

A website comment has led to a mistrial in a case involving a pop star whose heyday was long before the social media era.

A New York Supreme Court judge declared a mistrial in an injury lawsuit against Rick Springfield after learning a commenter's post to an online story about the trial supported the plaintiff's claims.

In her suit, Vicki Calcagno contends that she suffered a concussion and permanent injuries when the 1980s star best known for the song "Jessie's Girl" fell on her during a 2004 performance.

The case was set to head to the jury when the news of the post corroborating Ms. Calcagno's claims of Mr. Springfield falling into the audience came to light. With the plaintiff's attorney asking for permission to allow new witnesses, lawyers for Mr. Springfield — who had testified to not remembering the incident — requested the mistrial to provide additional time to interview the new witnesses.

2013 WOMEN TO WATCH



WOMEN TO WATCH 2013

Women who do outstanding work in insurance, risk management, employee benefits and related fields are profiled in this annual *Business Insurance* Women to Watch feature. It also serves as a springboard to encourage more women to break through the glass ceiling in a male-dominated industry. Chosen from hundreds of nominees, profiles of this year's 25 honorees focus on their achievements as well as how they have helped other women advance in the business.

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