

BUYERS CHOICE AWARDS REVEAL INSIGHTS INTO VALUED QUALITIES / PAGE 3

SUPREME COURT DECISION TO HEAR OVERTIME CASE DRAWS ATTENTION / PAGE 4

MEDICAL SECOND OPINIONS MAY OFFER COST BENEFITS TO MIDSIZE FIRMS / PAGE 6

In Brief

Property renewals see rate increases

Nearly half of all U.S. property insurance renewals in the fourth quarter to date have experienced rate increases, according to data from a Marsh Inc. benchmarking survey. Marsh found that 29% of clients renewed with increases between 1% and 10%, 11% received increases between 11% to 20%, and 8% had increases of more than 20%.

2011 hurricane losses total around \$5B: RMS

Insured losses from the 2011 hurricane season should amount to about \$5 billion, Risk Management Solutions Inc. said. The season, which ended Nov. 30, generated 19 tropical storms, seven of which grew into hurricanes. Three of those grew into major hurricanes with sustained winds of at least 111 mph.

See **IN BRIEF** page 33

WOMEN TO WATCH

Business Insurance's annual Women to Watch feature profiles the achievements of 25 women who are doing exceptional work in risk management, benefits management, commercial insurance and related fields. **PAGE 11**

WORKERS COMPENSATION

Helping workers break addiction

As problem grows, employers eye ways to fight opioid abuse

By **SHEENA HARRISON**

With opioid prescription abuse on the rise nationwide, workers compensation experts are seeking ways to help addicted workers return to sobriety.

Insurers, brokers and third-party administrators say they're working with primary physicians to help wean claimants off Schedule II narcotics, such as oxycodone and methadone, if they start to develop a dangerous dependence on such drugs.

Some companies also are creating strategies to assist workers who already have become hooked in hopes of preventing opioid overdoses and deaths, as well as containing medical claim costs.



"A number of employers are looking at different ways to intervene earlier in the process," said Nancy Decato, Los Angeles-based managing director and West zone practice leader for claims consulting with Marsh Risk Consulting.

Brokers such as Marsh and Lockton Cos. L.L.C. and insurer Liberty Mutual Group Inc. say "peer-to-peer" physician reviews are a standard in workers comp to help doctors head off addiction problems before they become too serious.

In such cases, a company's medical director or another medical professional will review workers comp claims that appear to have excessive opioid dosages or prescription refill rates. From there, the medical director would talk with the claimant's treating physician to create a plan for using a lower amount of such

See **OPIOIDS** page 32

PENSION BENEFITS



AP PHOTO

Last week's Chapter 11 bankruptcy filing by American Airlines' parent company fueled speculation that the airline may terminate pension plans.

Is biggest pension loss about to land on PBGC?

American Airlines bankruptcy raises fears

By **JERRY GEISEL**

WASHINGTON—The Pension Benefit Guaranty Corp. could be hit with its biggest loss ever, while American Airlines employees and retirees could lose hundreds of millions of dollars in promised benefits, if the financially ailing

company terminates its four massively underfunded pension plans.

Speculation about the future of American's pension plans loomed large after last week's Chapter 11 bankruptcy reorganization filing by American parent company

See **PBGC** page 30

LIABILITY & LITIGATION

Medicare payment ruling may chill comp settlements

By **SHEENA HARRISON**

CINCINNATI—A federal appeals court decision that allows Medicare to claim nearly half of a man's liability settlement could hinder insurers' ability to settle such claims and may be an issue that reaches the U.S. Supreme Court.

In a 2-1 ruling last month, a

panel of the 6th U.S. Circuit Court of Appeals in Cincinnati said Medicare should recoup \$62,300 of Vernon Hadden's \$125,000 liability settlement from a 2004 auto accident.

The claim was based on \$82,000 in medical bills that Medicare paid as a result of Mr. Hadden being hit by a truck owned by the Hop-

kinsville, Ky.-based Pennyrile Rural Electric Cooperative Corp. The recovery amount excludes Mr. Hadden's legal fees.

Attorneys for the man argued that Pennyrile's settlement represented only 10% of his total damages, while an unidentified driver who caused the Pennyrile vehicle to swerve and hit the pedestrian was 90% responsible for the accident. Consequently, the victim's attorneys argued that only 10% of the Pennyrile settlement should be dedicated to Medicare reimbursement.

The appeals court disagreed in a split decision, saying that Mr. Hadden was obligated by the Medicare Secondary Payer Act "to reimburse Medicare the full amount that it demanded of him."

Medicare Secondary Payer com-

pliance experts say the ruling in *Vernon Hadden vs. USA* could have a chilling effect on settlements, awards and judgments in the liability and workers compensation arenas.

"It can adversely impact the ability of the parties to settle," said Roy Franco, co-chair of the Washington-based Medicare Advocacy Recovery Coalition. "Because if Medicare gets the entire pie, what's left for everyone else?"

Michael Merlino, vp of Medicare compliance for Sedgwick Claims Management Services Inc. in Atlanta, said the ruling in Hadden was expected and unwelcome. Sedgwick is a member of the MARC coalition, which contributed to Mr. Hadden's legal expenses.

See **MEDICARE** page 32

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Business Insurance

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2011 WOMEN TO WATCH

profiles

VIEW FULL PROFILES ONLINE:

Business Insurance's annual Women to Watch feature recognizes women doing outstanding work in risk and benefits management, insurance and related fields. Full versions of the profiles of this year's honorees are at www.BusinessInsurance.com/women2011.

MOST POPULAR STORIES
 Week of November 28, 2011

1. *Business Insurance* names 2011 Buyers Choice Awards winners
2. Takeover of American's pensions would be biggest PBGC loss
3. Lloyd's syndicate 1965 halts underwriting new business
4. *BI* names overall winners of first Buyers Choice Awards
5. Employers can help workers be more responsible for their health
6. U.S. P/C reinsurers' combined ratio worsens to 108.8%: RAA
7. Imperial Security to pay EEOC \$50K to settle religious bias suit
8. Subway franchising firm not liable for uninsured franchisee claims
9. Construction insurance rates could be rising: Lockton report
10. Health care premiums rising, but at slower rate: Survey

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white paper

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READ: Comp Time, the award-winning workers compensation blog by Senior Editor Roberto Cenicerros.



WATCH: Our latest Insurance Broker Insights video features brokerage executives offering their views on technology.

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Risk management or *mastery*?

Aon congratulates all of the extraordinary professionals recognized as 2011 Women to Watch. Especially our own **Kelly Superczynski** and **Kristi Savacool**, who come to work every day committed to delivering innovative and customized solutions that meet clients' needs.

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Risk. Reinsurance. Human Resources.

2011 BUYERS CHOICE AWARDS

What do buyers value most?

Buyers Choice Awards data shows how priorities differ

By **RODD ZOLKOS**

CHICAGO—The five companies earning top honors in *Business Insurance's* first Buyers Choice Awards program were ones buyers would recommend to peers as demonstrating the service and expertise attributes they value most.

A look at the attributes buyers most associated with the various top honorees, however, often speaks to the differences that companies of various sizes hold most important in doing business with insurers, brokers and third-party administrators (see related chart).

The top five honorees in the inaugural Buyers Choice Awards are Chubb Corp., recognized as top insurer by mid-market buyers; Chartis Inc., selected the top insurer by large buyers; Willis Group Holdings P.L.C., the top broker as chosen by mid-market buyers; Marsh Inc., the top broker identified by large buyers; and Sedgwick Claims Management Services Inc., chosen as the top third-party administrator by mid-market and large buyers.

Speaking at an awards dinner for the Buyers Choice honorees last week in Chicago, Frank G. Racioppi, senior vp at WNS Global Services in New York, which assisted in analyzing the Buyers Choice data, noted that there were three “naturally occurring” sizes of buyers who participated in the survey: above \$3 billion in annual revenue, \$500 million to \$3 billion, and less than \$500 million in annual revenue. “Across the three segments, we find different attributes to be preferred,” he said.

“I think for large buyers, the deliverables and needs are different,” said Timothy J. Cunningham, principal at OPTIS Partners L.L.C. in Chicago. “The smaller astute buyer needs much more hands-on stuff.”

See **AWARDS** page 30

BUYERS CHOICE KEY ATTRIBUTES

The most important factors that made brokers, insurers and third-party administrators winners in the eyes of buyers

	Buyer company size, in annual revenue			Attribute
	>\$3 billion	\$500 million-\$3 billion	<\$500 million	
Broker service	✓	✓	✓	Demonstrates trust, integrity and reliability
Broker expertise	✓	✓	✓	Effectively explores and negotiates to secure best pricing and best terms of coverage
Insurer service			✓	Demonstrates reliable customer service and responsiveness
	✓	✓		Provides good value for premiums paid
Insurer expertise	✓	✓	✓	Possesses and leverages deep knowledge of your industry/individual risk profile
Third-party administrator service	✓			Uses cutting-edge technology and reporting for real-time claims information and communication
		✓	✓	Demonstrates trust, integrity and reliability
Third-party administrator expertise	✓			Actively focuses on reducing costs or processing times
		✓	✓	Possesses and leverages deep knowledge of your industry/individual risk profile

Source: Business Insurance Buyers Choice survey

WORKERS COMPENSATION

Cat bond to cover quake-related comp claims

By **SHEENA HARRISON**

SAN FRANCISCO—Standard & Poor's Corp. says a catastrophe bond being offered by the California State Compensation Insurance Fund could pave the way for more disaster-related workers compensation coverage.

A recent S&P report said an undefined amount of three-year, Class A senior notes are to be issued on behalf of SCIF by Golden State Re Ltd., a newly incorporated special-purpose insurer based in Bermuda.

Willis Capital Markets & Advisory is brokering the deal, according to S&P. The bond, expected to close Dec. 9, would cover workers comp claims caused by earthquakes through December 2014.

99.99%

The cat bond will cover earthquakes across the United States, though 99.99% of the risk exposure is expected to come from California.

Details, such as the bond's principal amount and interest rate, were not available in the report.

San Francisco-based SCIF is California's largest workers comp insurer. In a statement, SCIF said it “is in the process of

evaluating our reinsurance and will have more to say on this issue after we are done.”

Willis declined to comment about the bond.

S&P said this is the first cat bond it has rated “related to reinsuring workers compensation claims.” Analyst Gary Martucci, who co-authored the report, said last week that the SCIF bond could prompt other workers comp insurers to look at ways to transfer disaster-related risks.

“Those other state comp funds that have earthquake risk or hurricane risks...might consider this as well,” Mr. Martucci said. “It expands the supply of potential reinsurance, which could lower the cost.”

The cat bond will cover earth-

quakes across the United States, though 99.99% of the risk exposure is expected to come from California, according to the S&P report. Mr. Martucci said this provision would allow SCIF to cover claims if a major earthquake struck out of state but caused workers comp-related injuries in California.

For instance, Mr. Martucci said a significant earthquake outside of California could cause aftershocks in the state and could qualify for the coverage.

“It would need to be one very large earthquake,” he said.

The S&P report said the bond will cover losses exceeding an “initial index attachment point of 1,000 up to the initial index

See **SCIF** page 30

Learn how telecommuting reshapes risks

As the U.S. workforce becomes increasingly mobile, the risk landscape for employers is transforming, with exposures moving out of the traditional workplace and into workers' homes, cars and even public places.

But despite a significant increase in telecommuting in the past decade, many employers still are using old risk management programs for these new exposures, which include workers compensation, employment practices liability and cyber liability risks.

A new white paper from *Business Insurance* examines in depth the risks associated with telecommuting and offers practical advice on how risk managers can get the exposures under control and shield their organizations from liability.

Particularly critical are changes that are taking place in workers comp as telecommuting revises the traditional “course and scope” of an employee's job into new areas. The white paper examines that trend, including the impact of recent case law, and gives employers best practices guidance and materials that will help them make needed changes to their risk management programs.

The white paper also explores the impact telecommuting is having on EPL exposures, including the ways social media and the isolation of home offices open the possibility of new types of discrimination and harassment claims.

In addition, home offices and remote work using laptop computers, smartphones and tablets significantly complicate cyber security and liability risk management efforts. The white paper explores these changing risks as well as what practical steps companies can take to manage them.

To purchase a copy of “Telecommuting Risks: How to Minimize the Liabilities Arising from a Mobile Workforce,” visit www.businessinsurance.com/whitepapers. *Business Insurance* subscribers are eligible for a discount off the cover price.

INTERNATIONAL

Olympic Park a risk management model

By SARAH VEYSEY

LONDON—The U.K. Health and Safety Executive says the construction of the Olympic Park in the Stratfield district of London for the 2012 Olympic and Paralympic Games is a model of good health and safety risk management.

In a report published this fall, the HSE, the U.K.'s workplace health and safety regulator, said the construction industry should learn lessons from the project to construct the stadiums that will be used in the 2012 games.

The HSE said that, as of October, there had been 68 million hours worked on construction of the Olympic Park site since work began in 2005. During that time, it said, the HSE received reports of 114 injuries and eight "dangerous occurrences."

The Olympic Development Agency, the body charged with

staging the games, adopted a "no scapegoat approach" to managing risks, which allowed workers to raise concerns without fear of reprisals, noted the HSE.

The ODA said it wanted to "go as far as possible to prevent illnesses and injuries, business losses and environmental harm due to unplanned events in our premises and on our sites."

"The construction industry has for many years been one of the most dangerous in which to earn a living," said Stephen Williams, the HSE's director for London 2012. "London 2012 is important because it shows that it doesn't have to be that way. No matter what size your organization, no matter what size your project, small changes in the way you operate can have a huge impact on the health and safety of your workers," he said.

Michael Conroy Harris, a con-

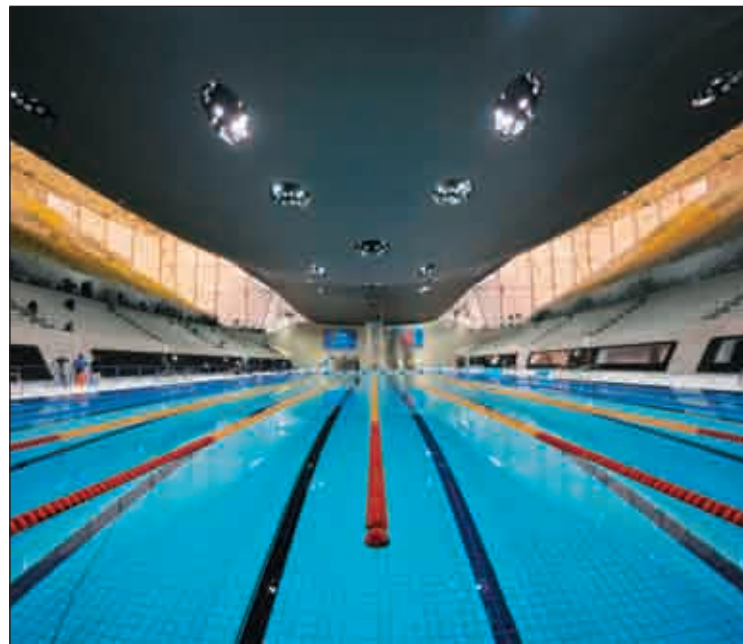
struction specialist at law firm Eversheds L.L.P. in London, said the HSE's aim to build on the lessons learned from the construction of the Olympic Park was laudable.

"Having worked on building sites in the 1980s and been a visitor to them ever since, it's astonishing just how far site health and safety has come in that time," he said. "It's like comparing brick-style mobile phones of that time with today's smartphones—while you can see some common ancestry, it's just not the same beast anymore."

But he said that while vast improvements in construction site health and safety had been made, there are still "clouds on the horizon."

"Construction insolvencies are still rife, and cut-throat tendering

See **OLYMPICS** page 28



REUTERS

London's Olympic Park site includes an aquatic center. The 2012 Olympic facilities have been praised by health and safety officials.

EMPLOYMENT PRACTICES

High court to rule on overtime pay

Drug sales rep case being watched closely

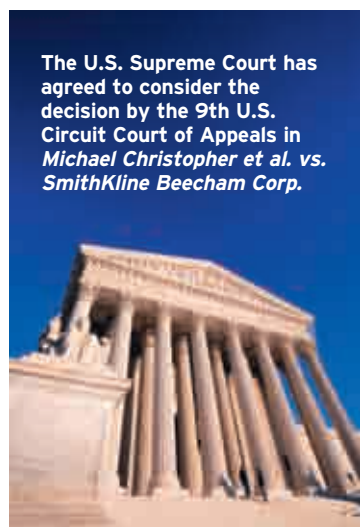
By JUDY GREENWALD

WASHINGTON—The U.S. Supreme Court's eventual decision on whether pharmaceutical sales representatives are entitled to overtime pay could well extend to employers in general, observers say.

The nation's highest court last week agreed to consider the February decision by the 9th U.S. Circuit Court of Appeals in *Michael Christopher et al. vs. SmithKline Beecham Corp.*, in which the San Francisco-based appeals court ruled that pharmaceutical sales reps of the unit of GlaxoSmithKline P.L.C. are outside sales employees under the Fair Labor Standards Act of 1938 and are exempt from being paid overtime.

In contrast, the 2nd U.S. Circuit Court of Appeals in New York ruled in July 2010 in *In re Novartis Wage & Hour Litigation* that pharmaceutical sales representatives are not exempt from overtime.

The Supreme Court said last week that it will consider two issues: "whether deference is owed" to the secretary of labor's interpretation of the FLSA's outside sales exemption and related regulations, and whether the FLSA's outside sales exemption applies to pharmaceutical sales reps.



The U.S. Supreme Court has agreed to consider the decision by the 9th U.S. Circuit Court of Appeals in *Michael Christopher et al. vs. SmithKline Beecham Corp.*

Andrew J. Rolfes, a member of law firm Cozen O'Connor in Philadelphia, said the ruling by the 9th Circuit "took a practical view of what the sales reps do and said, 'Yes, they are really engaged in selling pharmaceuticals.' The 2nd Circuit said, 'No, they're not, because the doctors don't buy anything. All they do is write prescriptions.'"

Mr. Rolfes said, "If (the latter) view were to prevail, it would mean a fundamental change" in the way pharmaceutical firms do business.

Daniel J. Prokott, a partner with Faegre & Benson L.L.P. in Minneapolis, noted that the Labor Department submitted briefs in both cases arguing that the pharmaceutical sales reps should not be exempt and should be paid overtime, although it was unsuccessful in the 9th Circuit case.

"The scope of the (Supreme Court's) review could result in a pretty narrow decision that just simply addresses deference given to the DOL interpreting this

See **OVERTIME** page 33

BROKERS & INSURERS

Airmic seeks global database support

Centralized source would bolster firms' compliance efforts

By SARAH VEYSEY

LONDON—A call for providers to express their interest in setting up a database to help global insurance program buyers with compliance is an important step in addressing the issue, say risk managers, brokers and insurers involved in the project.

Insurers, brokers, data companies and legal firms already have

expressed interest informally in the project, Airmic Ltd. said last week.

The London-based association called on members of the insurance-related market to establish and maintain a database to provide guidance on admitted and nonadmitted insurers by jurisdiction.

The database also would provide information such as statutory obligations and restrictions, information about local insurers and whether insurance can be bought on a nonadmitted basis, mandatory policy forms and wordings, local tariffs and pay-

ment protocols, claims notification and processing, and the consequences and penalties of failing to comply, Airmic said.

The effort to develop a global database, which began about a year ago, has the support of the Federation of European Risk Management Assns., the International Underwriting Assn. and the London & International Insurance Brokers' Assn., Airmic said.

The New York-based Risk & Insurance Management Society Inc., the Brussels-based World

See **AIRMIC** page 33

RMOY nominations deadline extended

Business Insurance invites readers to nominate candidates for the annual Risk Manager of the Year® award and Risk Management Honor Roll® by the extended deadline of Dec. 9.

The award to recognize outstanding risk managers involves a two-part nominating process. Part 1 requires a nominating statement that summarizes the achievements or qualities that make the individual worthy of consideration for the award.

An independent panel of former honorees will screen the nominations.

Nominees advanced by the

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OF THE YEAR®
2012

screening panel are then asked to prepare a more detailed nomination form in Part 2 of the process.

Those nominations will be judged and scored by a panel of independent judges representing the 2011 honorees; and executives from leading risk management providers,

including brokers, insurers and consultants.

The risk manager with the highest score is selected as the Risk Manager of the Year® by a panel of independent judges. Up to five other individuals can be named to the Risk Management Honor Roll.

Anyone involved in managing the risk of their organization, anywhere in the world, is eligible for consideration for the award. For complete information about the process, please download a copy of the Part 1 nomination form at www.BusinessInsurance.com/RMOY.

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Mid-Market EXECUTIVE

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

Firms seek medical second opinions

Reviews seen as tool to reduce costs of complex cases

By JOANNE WOJCIK

Second-opinion medical services can be an effective benefits cost-containment tool for mid-market employers as treatment costs for complex cases such as cancer and back injuries are soaring.

The services are available to fully insured and self-insured employers, regardless of size, and can be purchased either on a case-by-case basis or under a contractual arrangement in which the employer pays a per-employee fee each month.

In many cases, the service more than pays for itself given the nominal cost—usually less than \$1,000 per case—compared with the cost of treatment for many complex cases, experts note.

According to recent data collected by three major second-opinion medical service providers, misdiagnoses are discovered in up to 20% of medical cases and treatment changes are recommended in more than half of them.

Dr. Jonathan Schaffer, managing director of the Cleveland Clinic's MyConsult Online Medical Second Opinion service, said one case resulted in savings of more than \$150,000 when treatment changes were implemented for a 61-year-old patient who had undergone spinal fusion surgery.

"Her doctor wanted to extend the fusion further up her spine, but we found that the previous fusions didn't create the appropriate spinal curvature," he said.

Part of the reason for the high frequency of misdiagnoses and incorrect treatment plans is that many physicians do not regularly address complex cases such as those being referred for second opinions, said Dr. Joseph C. Kvedar, director of the Center for Connected Health at Partners HealthCare System Inc. in Boston. Partners has provided second-

opinion services remotely for 17 years, the past 10 online via Partners Online Specialty Consultations, a service available on a retail basis for individuals or on a contract basis to employer groups.

According to a recent analysis of 330 oncology cases by Partners, 12% of the cases reviewed resulted in changes in diagnosis, while 90% resulted in either a new plan or a significant change in prior treatment plan, he said.

"I don't think it's a knowledge deficit of local providers, but those doctors aren't treating a particular disease over and over" like the specialists at Partners are, Dr. Kvedar said.



"There is a lot of variation of care around the United States," said Dr. Stephen Ferzoco, a Boston-based surgeon who provides second-opinion services at Best Doctors Inc. "The basic stuff gets done very, very well," he said. "We all try to practice evidence-based medicine, but sometimes it's stuff that we can't find information on."

As part of its second-opinion service, Best Doctors consults with patients' treating physicians to educate them about conditions and treatments to which they may not have been exposed in their regular medical practices, Dr. Ferzoco said.

Best Doctors was founded 22 years ago by several Boston physicians to serve mostly large, self-funded employers, said Evan Falchuk, president and chief strategy officer. But as the cost of health care rises for employers of all sizes, he is seeing more interest among smaller and midsize

employers who pay \$4 to \$5 per employee per month for Best Doctors' second-opinion service.

"Everybody wants to have a healthier workforce. I can do everything I can to help my employees stop smoking and lose weight, but if they get sick through no fault of their own, they need help to navigate the system," he said.

For example, in the case of a patient who was not responding to lung cancer treatment, "Best Doctors reviewed medical records and found that the patient had previously been treated for thyroid cancer. The evaluation discovered that the thyroid cancer had metastasized in his lungs, so it wasn't lung cancer. This is typical. Twenty percent of people end up with the wrong diagnosis in general," Mr. Falchuk said.

MyConsult also began offering its services to large, self-insured employers when it launched in 2002, said Dr. Schaffer, "but in the last couple of years, the smaller employers are becoming more interested, so we now have employers with as few as 500 employees."

While the majority of the employers using MyConsult are self-insured, some insured employers also are making the service available to employees case by case. The cost averages about \$565 per case, with an additional \$180 charged if pathology is needed, he said.

Dr. Schaffer said Cleveland Clinic doctors disagree with initial diagnoses in 11% of cases. In 15% of cases, they find the need for further testing. In 22% of the cases reviewed, minor changes to treatment plans are recommended, moderate changes were recommended in 26% of cases and major changes were recommended in 18% of cases.

Dave Thomas, benefits manager at Development Dimensions International Inc., a Pittsburgh-based human resources consulting company that provides health insurance to about 1,000 employees and dependents, signed up for the Best Doctors service as a cost-con-

tainment tool Jan. 1 after learning about it through the Pittsburgh Business Group on Health.

He said the service "gives employers an opportunity to get involved in the management of the illness, not just paying the claims."

While Mr. Thomas said it is too early to calculate the return on investment, he knows that two employees have used the service so far and that one resulted in a different course of treatment.

"It's really aimed at simply making sure treatment is appropriate and provided in a cost-effective way. The spin with Best Doctors is, they really look at the case much as you would expect a team of medical professionals in a teaching hospital to come in and look at all the details and then start fresh to make sure the diagnosis is correct, what treatment options are available, and whether the one selected is the best and reflects the latest thinking."

Because the cost is less than \$4 per employee per month, DDI extended the program to all employees, regardless of whether they are enrolled in its benefit plan.

"We think it's a valuable tool to give them," Mr. Thomas said.

Christine Whipple, executive director of the PBGH, negotiated a discount with Best Doctors as part of the coalition's ongoing effort to provide services and programs to member employers to help them better manage their health care costs. "We saw it as more than a second-opinion service. It is a more personalized and consultative service to determine the right course of treatment. When we're facing health issues, we all want that feedback and input," she said.

John Myers, president of AIM Mutual Insurance Co., a workers compensation insurer in Burlington, Mass., that offers Best Doctors to its 150 employees, said sometimes a second opinion can alleviate the fear that often accompanies a serious diagnosis.

He said after Best Doctors corroborated the diagnosis of one employee who was facing complicated surgery, "it relieved the employee's concern, and it also confirmed that the treating physician was a good one and there was no need to change doctors."

Dental care review services expanding

While most second-opinion services involve medical care, some are turning up in the dental care arena as a cost-containment tool.

Because employees share more of the cost of dental care, they can provide savings to employers and employees, said Theresa McConeghey, assistant vp of dental insurance at Des Moines, Iowa-based Principal Financial Group Inc., which introduced a second-opinion dental service in November.

"There are a lot of different ways to treat a disease," she said. "For example, you could go in and have a cracked tooth. One dentist might want to try to save it, put a crown on it, while a different dentist would want to pull it and replace it with a bridge or an implant."

Each treatment plan has significantly different costs, she said.

Principal opted to begin offering the second-opinion service after a review of claims patterns in its book of mostly middle-market business showed that dental plan members were not always receiving appropriate and cost-effective treatment, Ms. McConeghey said.

Under the program, dental plan members can visit the Principal Dental Health Edge website to download a voucher to pay for a second-opinion dental exam at the same out-of-pocket cost as a preventive visit, which is covered at 100% under most plans, she said. The site also provides information on procedures, treatment plans, network providers, basic oral health as well as a cost estimator that calculates dental costs within a given ZIP code.

"At the end of the day, it's going to educate people and provide them with more choices," Ms. McConeghey said.

—By Joanne Wojcik

The service 'gives employers an opportunity to get involved in the management of the illness, not just paying the claims.'

Dave Thomas, Development Dimensions International Inc.



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Your Biggest Assets When
You're *Our* National Accounts Client.

A major national, publicly traded Retailer recently learned that their primary insurer had settled a claim without their knowledge or input. The settlement of the claim resulted in financial consequences and negative press coverage. The Retailer and their broker approached the market looking for an insurer who would offer claims management on an unbundled basis and, that provided both technical claim expertise/oversight, as well as, collaboration on claims management.

Arch's **National Accounts Casualty (NAC)** division answered the call. Specializing in the large deductible/large SIR primary casualty marketplace, we provide deep claim consultation expertise and a collaborative communication approach. Arch NAC understands *it's the client's money and reputation on the line*. That's why we've been building on our reputation for expertly servicing national accounts and specifically, applying our national accounts claims expertise. Helping clients lessen their risk with complex financial transactions – it requires proven expertise. **ArchExpertisesm**.

A.M. Best: "A" Standard & Poor's: "A+"

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Opinions

EDITORIAL

Buyers' choices reveal insights

INSURANCE BUYERS have a diverse set of expectations of their insurance service providers, and those expectations vary significantly depending on the size of the buyer's organization. That is the clear conclusion from *Business Insurance's* inaugural Buyers Choice Awards program.

As we report on page 3, an analysis of the findings shows that there are significant differences in the expertise and service qualities that organizations of differing sizes most value in their brokers, insurers and third-party administrators.

For example, while all sizes of buyers ranked deep knowledge of their own industry as a key attribute for insurers, the smaller the buyer, the more likely it was to see the assignment of appropriate underwriting talent as one of the main attributes most valued in an insurer.

There are several ways to interpret the data, but one possibility is that smaller buyers feel that they need a greater amount of special attention than some insurers are prepared to give them and they value highly those insurers that are prepared to offer personalized service and attention.

At the other end of the scale, it was intriguing to see that large organizations are much more concerned than midsize and smaller organizations about the use of cutting-edge technology by their TPAs and the availability of real-time data. That, in part, signals the sophistication of the risk management skills available in-house at large buyers—they know their business, and they are looking for the high-level tools to help them carry out their risk management strategies.

Interestingly, smaller organizations put a significant weight on the international capabilities of their brokers. This may suggest that a much wider variety of companies now have international exposures than previously thought, or maybe the interest is directly related to the supply chain problems that organizations of all sizes suffered as result of the Japanese earthquake and other events.

Either way, what is clear is that brokers, insurers and TPAs can't stand still and that the development of relevant expertise and services tailored to the specific needs of different clients is the key to success.

LETTERS

Business Insurance welcomes letters to the editor.

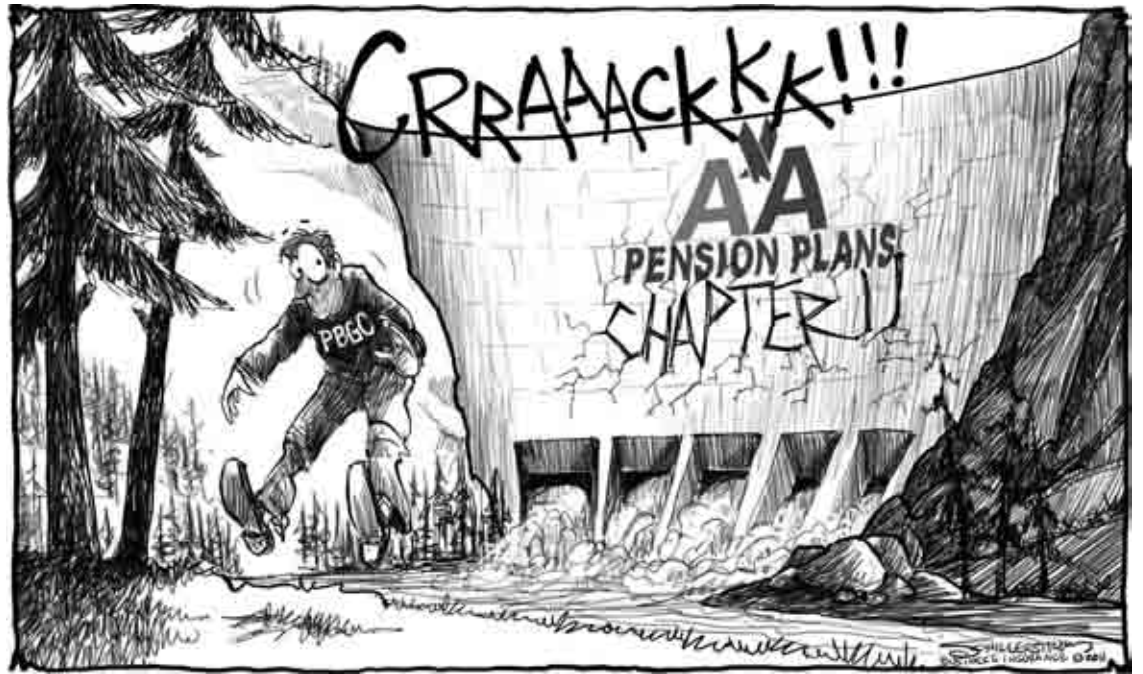
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SCHILLERSTROM



COMMENTARY

Bad decisions hurt pension system

Ince every time another company decides to freeze its pension plan.

More than 40% of Fortune 1000 companies sponsoring defined benefit plans have frozen at least one plan, up nearly sixfold since 2004, according to a recent Towers Watson & Co. analysis. I wouldn't be surprised if more than half of all private sector defined benefit plans are frozen within the next couple of years, resulting in hundreds of thousands of employees no longer earning a secure, predictable employer-provided pension benefit.

I winced because the withering of the defined benefit pension plan system was at least partly avoidable and there is plenty of blame to spread around.

At the top of the list are federal lawmakers, who did plenty to discourage employers from offering the plans. One wrong-headed move goes back many years ago when many plans were hugely overfunded as a result of stellar investment returns and high interest rates.

A fair number of employers purchased annuities from insurers to ensure participants would receive their promised accrued benefits, terminated their plans, then set up new plans and collected the surplus assets from the terminated plans. I see nothing wrong with such a practice as it encouraged employers to generously fund their plans, knowing they would be entitled to the surplus.

Some federal lawmakers saw it differently, viewing it as corporate plundering of pension plans. Unfortunately, their views prevailed and Congress imposed such huge taxes on reversions that it essentially end-

ed the practice and gave employers a disincentive to offer pension plans.

Regulators aren't without blame either. Consider their actions when a new pension plan design—cash balance plans—emerged in the mid-1980s. Those plans spread like wildfire. Employees liked them because the benefits were easy to understand and the plans often provided richer benefits for shorter-service workers than traditional final average pay plans. Employers also liked the plans because their costs were easier to predict than traditional plans and, in some cases, cost less than the plans that they replaced.

But when lawsuits were filed alleging that the basic design of the plans discriminated against older employees, regulators refused to issue guidance to end the age discrimination issue. Finally, Congress passed legislation in 2006 to make clear that the plans were not age discriminatory. But by then, many employers lost their interest in the plans because of the uncertain legal climate.

In all fairness, regardless of what lawmakers and regulators would have done, defined benefit plans would have waned. Many employers, due to issues such as increased life expectancies, want plans with more predictable costs, such as 401(k) plans.

Still, the actions and inactions of legislators and regulators accelerated the demise of defined benefit plans, and one can only hope that greater wisdom prevails in future federal benefit law and rulemaking.

Contact: jgeisel@businessinsurance.com



JERRY GEISEL
EDITOR-AT-LARGE



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Products & Services

Hiscox terrorism cover backs medical facilities

HAMILTON, Bermuda—Hiscox Ltd. has released an insurance product that is designed to protect U.S. hospitals from the threat of terrorist attacks.

The new product, developed by Hiscox's Hamilton, Bermuda-

based health care unit, is the first U.S. terrorism coverage crafted specifically for the health care industry, the company said in a statement.

Hospitals, physician offices, medical researchers and long-term care providers represent a "soft target" for terrorist attacks due to their low degree of security and

high casualty potential. A successful attack could expose a medical facility and its executives to "a wide range" of regulatory and civil liabilities, the insurer said in the statement.

"Health care institutions in the (United States) have a genuine vulnerability to the terrorist threat whether perpetrated by single issue, direct action groups such as animal rights or anti-abortion organizations, disturbed/disgruntled individuals or religious extremists," Ian Thompson, a senior vp at Hiscox Bermuda, said in the statement.

The product offers up to \$50 million in comprehensive terrorism liability coverage and nuclear,

chemical, biological and radioactive terrorism coverage, as well as reimbursement for evacuation, notification and triage expenses.

For more information, contact Mr. Thompson at (441)-278-8365 or ian.thompson@hiscox.bm.

Ironshore targets M&As in Asia/Pacific region

MELBOURNE, Australia—Ironshore Australia has developed coverage for exposures related to mergers and acquisitions throughout the Asia/Pacific region.

The coverage, designed to address increased M&A activity in the region, will be available through select insurance brokers,

the Melbourne, Australia-based unit of Ironshore Inc. said in a statement.

The M&A product covers buyers, sellers, taxes and environmental warranties.

"The Asia/Pacific region has been extremely active on the M&A front over the past few years and this activity is expected to continue," David Rogers, managing director of Ironshore Australia, said in the statement. "Australia is uniquely situated to capitalize on the above-average growth prospects throughout the region through their world class financial and legal services industry."

Ironshore Australia said it will partner with law, accounting, consulting and private equity firms as well as financial institutions and small-business owners within the region to provide the coverage.

For more information, contact Mr. Rogers at +61-3-9935-2824 or david.rogers@ironshore.com.

New Torus suite caters to professionals

HAMILTON, Bermuda—Torus Insurance Holdings Ltd. is offering a suite of products aimed at various professionals.

The suite is being offered across three segments: professional liability, private company management liability and financial institutions liability, the Hamilton, Bermuda-based specialty insurer said in a statement.

The products are targeted toward professional services providers, such as media and entertainment content producers and distributors, information technology service providers and financial institution asset managers, Torus said.

"Our broad suite of products was developed with a view to simplifying the professional lines market for both brokers and insureds," Jeffrey Grange, senior vp and head of professional lines at Torus, said in the statement. "And with extensive experience in underwriting professional lines risks, our team has created a policy architecture that is a radical departure from the notoriously complex policy wordings in this market."

The primary professional and management liability coverage aims to address exposures arising from technology, content dissemination, and private and network security for small to midsize companies with limits up to \$10 million per risk.

For more information, contact Mr. Grange at 201-743-7700 or jgrange@torusinsurance.com.

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Contact Terrie Sorensen, Vice President, Product Management, Prudential Group Insurance, at (973) 548-6284.

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TO SUBMIT ITEMS

BI's Products & Services column reports on new product offerings. Please send Product & Services news to Mike Tsikoudakis, 360 N. Michigan Ave., Chicago, Ill. 60601 or email mtsikoudakis@businessinsurance.com.

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2011 WOMEN TO WATCH

Business Insurance's annual Women to Watch feature recognizes women doing outstanding work in insurance, risk and benefits management, and related fields. The insurance industry, especially at the executive levels, remains a male-dominated sector in many areas. But more and more women are being appointed to executive and senior management positions, as we have seen in this annual feature throughout the past six years.

It is always tough for the *BI* editors involved in the selection process to narrow down the field of candidates and select only 25 honorees. This year the process was extraordinarily difficult as we received a record number of nominations.

However, we have selected what we think is an exceptional group of women who are doing extraordinary work. Profiles of the nominees begin on page 12. To read the full-length interviews, visit www.businessinsurance.com/women2011.



Read the complete profiles of the 2011 Women to Watch at www.BusinessInsurance.com

Marcia Benshoof

President of Benefits
IMA Financial Group Inc.
Denver
Age: 52

Marcia Benshoof has more than 30 years of insurance industry experience, including executive positions in the workers compensation and managed care marketplaces. Since January, she has been charged with transforming IMA Financial Group Inc.'s benefits practice into IMA Benefits, a new division that assists clients in effectively adapting to health care reform while still running their businesses. Previously, she was president of IMA of Colorado. In addition, she's been part of a health care reform think tank for more than two decades. Ms. Benshoof also has developed



and executed legislative strategy around health care and insurance issues at the state and federal levels. She holds a faculty post with the University of Colorado Health Sciences Center and

serves on several boards and committees, including the Healthcare Executives Forum, a Colorado-based think tank of executives who study health care from a business, financial and public policy perspective. She also is a member of Colorado's Business Leaders in Managed Care.

WHAT IS THE MOST INTERESTING THING YOU'VE LEARNED IN YOUR CAREER?

That insurance is—when you distill it down to its most basic level—about human resources. Whether it's workers compensation insurance, property insurance or health insurance, the most important thing and interesting thing is that a life or lifeblood is attached to the end of

that "transaction."

DID YOU HAVE A MENTOR EARLY IN YOUR CAREER?

Her name was Bennie Hamlin, and she was vp of the first company I worked for right out of college. I was in managed care at the time. It was amazing for me to be immediately involved with a female executive. I had a lot of access to her. She was extraordinarily successful. She has been priceless. She would throw me into the deep end of everything so I could learn. She made me into a businessperson. Every time I was scared to do something I hadn't done before, she'd say, "You'll figure it out." She believed in me no matter what.



Libby Christman

Vp, Risk Management
Ahold USA Inc.
Carlisle, Pa.
Age: 45

Libby Christman is infusing risk management into the culture, strategies and operations of grocery chain Ahold USA Inc., continuing a movement she began at the Giant Food Stores unit before stepping up to the parent company's U.S. division in mid-2010. Her responsibilities include occupational safety and health, compliance, customer safety, property protection, claims and litigation management, business continuity and crisis management. She led development of an Ahold proprietary program, which will be rolled out to other divisions, that significantly reduced a category of customer injuries by 40% in two years. Additionally, her focus on nurse triage and safe shoes in the workplace has generated more than \$6 million in savings for one division since 2008. She is collaborating with the claims management department in designing a predictive model for workers comp claims. She also is developing risk management and safety benchmarks for all U.S. divisions. Ms. Christman is the chair of the Food Marketing Institute's Risk and Safety Committee and a member of the Network of Executive Women, a food industry group that aims to attract, retain and advance women in the retail and consumer products arenas.

WHAT ADVICE WOULD YOU GIVE TO WOMEN ENTERING THIS FIELD?

You need to know the business your company is in. I'm in risk management, but that's not the corporate business of Ahold. I work for a retail grocery company. I learned that...to make recommendations, initiate change and have credibility, I really had to understand what the needs of a grocery retailer were. Also, in order for you to do your job well, you have to understand how you impact everyone else's function and how they impact you....Make it your business to understand how each area of the company impacts yours, and how your area impacts others.

OUTSIDE FAMILY AND COLLEAGUES, WHOM DO YOU ADMIRE MOST?

I admire people who just don't follow a normal path, who have a significant amount of courage to do the right thing and the personal strength to stand alone.

DO YOU USE SOCIAL MEDIA?

I use Facebook for personal relationships and LinkedIn to connect with people professionally...I spoke at the (Risk & Insurance Management Society Inc.) conference because of people I connected with through LinkedIn. We ended up doing a really great session.

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CONGRATULATIONS TO KATHY AND CAROLINE!

Marsh, Guy Carpenter, and everyone at Marsh & McLennan Companies is pleased—but not surprised—at your selection by *Business Insurance* as 2011 Women to Watch.



KATHY McCANN
GUY CARPENTER



CAROLINE WOOLLEY
MARSH

Robin L. Cohen

Partner and Head of the Insurance Recovery Litigation Group
Kasowitz Benson Torres & Friedman L.L.P.
New York
Age: 49

Robin L. Cohen has been at her current position for 18 months after serving as head of the insurance recovery group at Dickstein Shapiro L.L.P., where she was managing partner of the firm's New York office. An attorney since 1986, Ms. Cohen has spent much of the past several years collecting accolades. Chambers USA, which rates U.S. law firms, named Kasowitz's insurance recovery group the best in the nation this year. Chambers called Ms. Cohen "spectacular and confidence-inspiring" and said she "continues to build



on her superb reputation in New York with a growing presence nationally." The National Law Journal has also named her one of the 50 Most Influential Women Lawyers in America.

WHAT ADVICE WOULD YOU GIVE TO WOMEN ENTERING THIS FIELD?

I think that the best way to succeed in this field is to be proactive. Being someone who is tenacious and forceful, pushing the case forward. Make sure you have the confidence and that you are not afraid to go to trial. That's what you need to show the other side.

DID YOU HAVE A MENTOR EARLY IN YOUR CAREER?

Jerry Oshinsky, a main partner at Anderson Kill Olick & Oshinsky, was instrumental in shaping my career. He recognized very early what my talents were. Even though I was a second-year associate, he tapped into those talents

and allowed me to argue in federal and state courts, doing those things that are usually reserved for partners.

WHAT IS YOUR DREAM JOB, OUTSIDE OF YOUR CURRENT ROLE?

I am pretty much in my dream job. I love what I do. I love being in court. I love arguing before smart judges.

OUTSIDE FAMILY AND COLLEAGUES, WHOM DO YOU ADMIRE MOST?

I admire Hillary Clinton. She dealt with a lot of adversity and she handled herself with grace. I admire her because she is a very smart attorney and savvy woman. She turned her adversity into success.



Grace Crickette

Chief Risk Officer
University of California
Oakland, Calif.
Age: 50

Grace Crickette is chief risk officer of the University of California, where major initiatives for the risk services department she leads include reducing the cost of risk, implementing safety programs, improving claims management systems and developing risk financing strategies, as well as implementing enterprise risk management, emergency management and business continuity planning throughout the university. Ms. Crickette joined the university in 2004 after 13 years at United Rentals Inc., where she was vp of risk services. She graduated with distinction from the University of Redlands with a bachelor's degree in business administration and holds a variety of professional designations.

WHAT IS THE MOST INTERESTING THING YOU'VE LEARNED IN YOUR CAREER?

Every day's interesting. Particularly with the university, I get to learn a lot about science and research, and I get to experience things from a scientific standpoint that the majority of the world doesn't get to see or get to learn about. Going back to that not spending a lot of time at my desk, just being out in the operations and meeting people and learning what they're doing, that's the most interesting.

DID YOU HAVE A MENTOR EARLY IN YOUR CAREER?

I had several, but the greatest mentor I had was Bill Berry, who was president of U.S. Rentals and then United Rentals. He was a great mentor because basically it was the rental and construction industry—obviously very male-dominated—and he supported me, he promoted me, he made me an officer of the company.

WHAT IS YOUR DREAM JOB, OUTSIDE OF YOUR CURRENT ROLE?

I think it would be to be Anthony Bourdain and cook and travel. But within my given profession...I believe every job is what you make of it. You either can make it a nightmare or a dream. Right now, this is my dream job.

BEYOND WORK, WHAT ONE THING DO YOU WANT TO DO OR ACCOMPLISH IN LIFE?

I would like to see all of my children and perhaps someday grandchildren be successful. The other is I really enjoy traveling, and so I hope to be able to continue traveling and seeing the world and learning more about the world.

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3/10 (✓)



Sedgwick congratulates all of the exceptional women recognized as the 2011 *Business Insurance Women to Watch*.

This year we recognize our own Kimberly George, SVP Managed Care Practice & Client Services, for going above and beyond for our clients and our industry. She is one of nearly 10,000 Sedgwick professionals dedicated to providing customized solutions that exceed our clients' expectations.

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Lori Daugherty

President
PMSI Inc.
Tampa, Fla.
Age: 51

As president of PMSI Inc.'s pharmacy division, Lori Daugherty is responsible for managing the financial performance of one of the nation's leading providers of pharmacy, medical services and equipment, and settlement solutions to the workers compensation industry. She is known for developing PharmaComplete, a comprehensive, data-driven cost-containment solution that reduces non-network workers compensation expenses by addressing high-cost out-of-network provider bills throughout the life of a claim. Since its implementation in 2010, PharmaComplete has achieved network



penetration rates averaging more than 90% for PMSI clients, surpassing the industry's historically accepted rates of 65% to 70%. Ms. Daugherty has more than 20 years of industry experience,

previously serving as president and CEO of three major health care and workers comp managed care organizations.

DID YOU HAVE A MENTOR EARLY IN YOUR CAREER?

Bill Chastain, former president of PMSI. I worked for this individual for about eight years, during my first round at PMSI. He was a process-oriented person. I've had great mentors throughout my career. Even today, I have a professional in a similar industry that, when I feel the need to reach out to someone, I can go to them in confidence and talk about those issues.

WHAT IS YOUR DREAM JOB, OUTSIDE OF YOUR CURRENT ROLE?

I would like to open a shelter for

single women with children who have lost their jobs and have been displaced as a result of the current economic climate, to support them and their family needs while they are re-educated and/or reintroduced into the work environment. Florida has the highest percentage of homeless children because of the economy.

DO YOU USE SOCIAL MEDIA?

I do, but on a limited basis. One, due to time: I do have a family and I do have a career, and I need to have some "me time," too. On a professional basis, I use LinkedIn. I read a lot of industry blogs. I also use YouTube so that I can stay current on what my 16-year-old son, Bryan, is viewing.



Michelle DuFour

Senior Manager, Global Benefits
BorgWarner Inc.
Auburn Hills, Mich.
Age: 45

Eighteen years into her position, Michelle DuFour is responsible for management and strategy development for international health and welfare, wellness, disability and retirement plans for BorgWarner Inc.'s 18,000 employees, including 4,000 U.S. employees and 5,000 U.S. retirees. Ms. DuFour manages a direct team of four human resources specialists and collaborates with an indirect team of six shared services specialists across company plant locations. She is known for her ability to work effectively with line supervisors, union leaders and executive management. Among her achievements, she helped her company realize limited increases in health care costs, with a majority of employees paying nothing toward their health plan premiums.

WHAT ADVICE WOULD YOU GIVE TO WOMEN ENTERING THIS FIELD?

Ask people who do this type of work for an informational interview; it helps you narrow in on what skills are most marketable, and you'll get new ideas that are helpful as responsibilities increase. Communicate and prepare early. In this field, you only have an opportunity a few times a year to make significant change. Become really good at multitasking. Think strategically; your success in this field is typically measured by cost containment, and you'll only have cost containment if you can get others to participate in your vision.

WHAT IS THE MOST INTERESTING THING YOU'VE LEARNED IN YOUR CAREER?

Share your passion with others; honest and open communication creates buy-in. Trying something new is OK, even if it doesn't work out, because very few bad ideas can't be undone.

WHAT'S YOUR CAN'T-MISS TV SHOW?

I am hooked on "Boardwalk Empire." It's an interesting time in the history of our country and very well done. For a laugh, I love to watch "Modern Family," great writing and in line with what many families look like today.

BEYOND WORK, WHAT ONE THING DO YOU WANT TO DO OR ACCOMPLISH IN LIFE?

Take better care of myself so I can raise my son and see him develop his own career and family.

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WOMEN TO WATCH



Sharon Edwards

Chief Financial Officer
Willis North America
Nashville, Tenn.
Age: 46

Sharon Edwards was promoted in March to chief financial officer for Willis North America, the largest business group of Willis Group Holdings P.L.C. Ms. Edwards is responsible for all of the \$1.35 billion unit's financial functions, including transactional accounting, financial planning and analysis, reporting and the financial operations of each North American region. In her 20 years with Willis, Ms. Edwards has been the first

woman to assume several of the leadership roles which she has held. She is among a small group of women CFOs in the industry. The broker credits her financial and operational expertise with helping to grow the North American unit. Ms. Edwards also mentors many women in the company, recognizing their talents, helping them acquire new skills to advance, and recommending them when she sees them as the best candidate for leadership positions. In 2008, as director of financial operations, she led the post-acquisition financial and accounting integration of Hilb Rogal & Hobbs Co.



Laura A. Foggan

Partner
Wiley Rein L.L.P.
Washington
Age: 53

Laura A. Foggan is a partner at Wiley Rein L.L.P. and leader of its insurance appellate group, which represents trade groups such as the American Insurance Assn. and Complex Insurance Claims Litigation Assn. She provides advice on emerging risks and litigation trends under general liability and other coverages, and litigates coverage for consumer privacy claims, construction defects, mass tort and pharmaceutical claims, global warming, bad faith exposures and other areas. She joined Wiley Rein in 1988.

DID YOU HAVE A MENTOR EARLY IN YOUR CAREER?

Two early mentors—both colleagues at Wiley Rein L.L.P. now—are my former practice chair, Tom Brunner, and former client, John Cole. Tom taught me to develop a big-picture strategy early on in evaluating legal problems—a case-by-case version of the “vision thing.” John Cole, for-



Mary Jane Fortin

President and CEO
American General Life Cos.
Houston
Age: 46

In 2009, Mary Jane Fortin took on the highest leadership of American General Life Cos. during a turbulent time as its parent corporation, American International Group Inc., experienced setbacks and a highly publicized intervention by the federal government. After taking over, Ms. Fortin faced concerns from employees and used that to develop a strong vision to rebuild confidence and strength by leading focus

groups at every American General site across the country. Ms. Fortin also led efforts in fixing and strengthening relationships with producers by participating in conferences and webcasts, visiting distribution partners and assuring them of American General's strength and stability with hard facts, and making sure agents realized how much she personally appreciated each partnership.

WHAT ADVICE WOULD YOU GIVE TO WOMEN ENTERING THIS FIELD?

I would encourage women who are embarking on their careers to

into Willis. After that, she was appointed to the new role of chief administrative officer and led the broker's implementation of the Epic client management and accounting system. Ms. Edwards serves on the Willis Chairman's Council, the Willis North America board of directors and the nonprofit Willis Foundation board.

WHAT IS THE MOST INTERESTING THING YOU'VE LEARNED IN YOUR CAREER?

When I was asked to be part of integrating HRH into Willis, I found I could actually do things that I never thought were possible for me to do. No one taught me how to integrate companies, but I used the skills I acquired over the years. I learned that if you bring all the skills you have to bear on a new situation, you can succeed. Never shy away from new opportunities.

WHAT IS YOUR DREAM JOB, OUTSIDE OF YOUR CURRENT ROLE?

My dream job would be to go into distressed companies and turn around their operations.

OUTSIDE FAMILY AND COLLEAGUES, WHOM DO YOU ADMIRE MOST?

Pat Head Summitt, the head coach of the University of Tennessee Lady Vols basketball team, who...has been diagnosed with early-onset Alzheimer's disease. Her drive, her passion and her ability to inspire the lives of the girls she coaches is a huge inspiration to me.

mer executive vp and chief claims officer of Zurich North America, was an early and very demanding client. From him I received an education on how the insurance business works. Both guided me toward becoming an advocate for insurers in my legal practice.

WHAT'S YOUR CAN'T-MISS TV SHOW?

I like BBC mystery shows, such as “Foyle's War,” “Inspector Lewis” and “Zen.” Also, I watched every episode of the BBC miniseries “Downton Abbey.” Honestly, I can and mostly do miss many popular TV shows, but a while back I was somewhat addicted to HBO's “The Wire.” I'd have to say law and crime shows are the ones I'm most likely to watch—it must be the lawyer in me.

BEYOND WORK, WHAT ONE THING DO YOU WANT TO DO OR ACCOMPLISH IN LIFE?

I'd like to be able to say that I've used my training and experience to help others—to solve problems and benefit the community. I've worked on domestic violence issues in the past, and I now work with a local charter high school in Anacostia, The Thurgood Marshall Academy, to offer a “law day” program to rising ninth-graders who learn critical thinking skills, public speaking techniques, and how to respectfully disagree and respond to an argument...I hope to do more of this type of thing throughout my life.

always remember that their life's journey—both personal and professional—is just that: a journey. I would advise women to learn from their mistakes and setbacks; don't get paralyzed by what should or could have been. Learn from these experiences, but then put them in your past and keep moving forward.

OUTSIDE FAMILY AND COLLEAGUES, WHOM DO YOU ADMIRE MOST?

One individual for whom I have an incredible amount of respect and admiration is Bob Benmosche, AIG's president and CEO. Bob is someone who continues to be a source of admiration and inspiration for me. He took on one of the most challenging and daunting business assignments in U.S. history. He has led an incredible turnaround at AIG with amazing courage, conviction and intensity, sprinkled with a great sense of humor—all traits that I admire very much in a leader. It has been an absolute privilege to work with Bob, and he will forever have an impact on how I think about leadership and driving business performance.

DO YOU USE SOCIAL MEDIA??

My main use of social media is with American General's employees. I post regularly to our Senior Leadership Team blog, which allows employees to also post comments and ideas...I'm always interested in ways that we can engage in a productive and entertaining dialogue, coming up with new ideas to help improve our business, our workplace and our communities.



Maureen Gallagher

Managing Partner
Neace Lukens Inc.
Southfield, Mich.
Age: 55

Maureen Gallagher has more than 30 years of experience as a commercial insurance broker, consultant and educator. As a managing partner for Neace Lukens Inc., she has developed specialty practices for the company, including real estate, manufactured housing and workers compensation. A frequent lecturer and presenter, she is a faculty member for the National Alliance for Insurance Education & Research and a member of the Society of Insurance Trainers and Educators. She created the Property Risk and Insurance Specialist and the Certified Workers Compensation Counselors certification programs at Insurance Partners Academy. She has been featured and profiled in numerous publications. She was named by *Crain's Detroit Business*, a sister publication of *Business Insurance*, as one of the Best and Brightest and one of Detroit's Most Influential Women. She is also a member of the Chairman's Club, reserved for only the top 5% of producers at Neace Lukens.

WHAT IS THE MOST INTERESTING THING YOU'VE LEARNED IN YOUR CAREER?

Being an insurance agent gives us the opportunity to interact with a variety of different businesses. From afar or the outside, it can appear that some businesses are raking in the money...they make it look so easy. My experience is that all businesses have unique difficulties and challenges they must deal with. I have a profound respect for business owners and leaders. There is no easy business. It takes an enormous amount of work to be successful in any business. I empathize with the burden of responsibility owners and leaders feel for their employees. It has been a privilege and honor to assist owners and leaders protect their assets, profits and people.

WHAT IS YOUR DREAM JOB, OUTSIDE OF YOUR CURRENT ROLE?

Frankly, if I did not love what I was doing, I would do something else. Being passionate and loving what you do is an important part of emotional and physical well-being. I do see myself focusing more and more on mentoring and teaching in the twilight of my career. It is not a dream job—as I don't think I will ever be good enough to go pro and get paid...so technically not a job—but if I could, I would train full time for athletic endurance events.



Kimberly George

Senior Vp, Managed Care Practice and Client Services
Sedgwick Claims Management Services Inc.
Chicago
Age: 42

Kimberly George, who began her career as a neuro-trauma nurse, oversees more than 1,000 nurses and managed care professionals for Sedgwick Claims Management Services Inc. In 2009, Ms. George directed a benchmarking study for Sedgwick that used claims and billing data, among other analytics, to measure workers compensation outcomes for California doctors. Memphis, Tenn.-based Sedgwick expanded that model in January to gauge workers comp treatment for more than 230,000 physicians nationwide.

WHAT ADVICE WOULD YOU GIVE TO WOMEN ENTERING THIS FIELD?

I would suggest that a new woman entering the industry should try to gain as much varied experience as possible. It's really the well-rounded exposure that a woman would have that brings additional depth and value into whatever position a woman's going into.

WHAT IS THE MOST INTERESTING THING YOU'VE LEARNED IN YOUR CAREER?

There's something that a manager told me from 20-plus years ago and it was, "Focus on the customer and everything else will fall in place." And I must say that throughout my entire career, focusing on the customer is what has mattered most.

OUTSIDE FAMILY AND COLLEAGUES, WHOM DO YOU ADMIRE MOST?

I am so touched by volunteers. I admire their selfless giving, their time and the energy commitment that they take to their cause, and the passion that they bring. I see volunteers sacrificing, in many ways, their own needs for the needs of others, and I very much admire volunteers.

DO YOU USE SOCIAL MEDIA?

Having two young children, I keep up on my Facebook...to watch what my children are doing. But I'm from the West Coast, and so being able to see pictures and touch base with my family and friends, I find Facebook very helpful for that. And I spend time on LinkedIn for business networking...I find LinkedIn very beneficial for connecting with other professionals within the industry whom I might not have met otherwise.

Sallie Giblin

Senior Vp
Lockton Insurance Brokers L.L.C.
San Diego
Age: 38

Sallie Giblin has more than 15 years of experience in employee benefits management. Prior to joining Lockton Insurance Brokers L.L.C., a unit of Lockton Cos. L.L.C. in 2006, Ms. Giblin was a senior vp at USI Insurance Services L.L.C. and an account executive at Barney & Barney L.L.C.

WHAT IS THE MOST INTERESTING THING YOU'VE LEARNED IN YOUR CAREER?

It's an old saying, but it's true that people don't care how much you know until they know how much



you care. That's something that really always struck a chord with me, and that's how I try to approach my clients, my colleagues and all of my other relationships.

DID YOU HAVE A MENTOR EARLY IN YOUR CAREER?

Kathy Ybarrondo was the managing partner for employee benefits at Barney & Barney. What was so unique about her was that, in a way, she could see me better than I could see myself. I had always set my expectations for myself very high, but I felt like the way she saw me and interacted with me made me want to take the sights I had set for myself and put them up a couple steps above that. Her spirit, her energy and the way she engaged people—and the ways in which I saw people respond and react to that energy—it's always made me want to give that feeling to other people. I

really try to make people feel as though they're the most important thing in the world, because I've had people do that for me in the past.

WHAT'S YOUR CAN'T-MISS TV SHOW?

I'd have to say "The Office." I have a Dwight Schrute bobblehead on my desk. I guess part of it is that you just can't take things too seriously.

BEYOND WORK, WHAT ONE THING DO YOU WANT TO DO OR ACCOMPLISH IN LIFE?

I'd like to write a book on marriage, and specifically the teamwork that's involved in keeping a marriage healthy.

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2011 WOMEN TO WATCH

Pam Humphrey

Houston Regional Executive Senior Vp
ACE USA
Houston
Age: 55

Pam Humphrey, with nearly 30 years of experience in the insurance industry, is responsible for the Houston region's commercial insurance production and underwriting, and developing and maintaining broker relationships for all lines and products offered by ACE USA in the Southwest region. Since taking on her latest role, the Houston region has shown consistent growth and was named region of the year for ACE USA in 2007. Active in the community, Ms. Humphrey has helped create scholarship programs for youth and has mentored inner-city teenagers since 2000.



ance or risk management skills and topics, particularly to new entrants to this industry. Doing so can give you more knowledge and skills, and broaden your outlook (and) perspective of the insurance profession.

OUTSIDE FAMILY AND COLLEAGUES, WHOM DO YOU ADMIRE MOST?

I admire visionaries, whether from a business perspective, such as the late Steve Jobs and Bill Gates, or visionaries of social change, such as Martin Luther King Jr. These are people who can think outside the box by using their talent to look beyond today to

make a change in the way we think and act in the world for future generations. As insurance women, we have to see ourselves in that future position and prepare a path and a plan for getting there by education, training and networking to broaden our horizons.

BEYOND WORK, WHAT ONE THING DO YOU WANT TO DO OR ACCOMPLISH IN LIFE?

My goal is to continue to make a difference in the lives of young people—our future—through my involvement serving on nonprofit organizations that engage in advocacy and mentoring...to help motivate youth.

DO YOU USE SOCIAL MEDIA?

I use LinkedIn, but not other forms of social media, because I enjoy the one-on-one interaction of people. You really get a sense of someone when you meet them one-on-one.

WHAT ADVICE WOULD YOU GIVE TO WOMEN ENTERING THIS FIELD?

As you initially enter the insurance industry, I would recommend that individuals become proficient in some area of the business. Once you become technically proficient, you can allow yourself the opportunity to broaden your horizons by learning other businesses and product lines. This can help provide you with the skills to progress and take on various management positions.

WHAT IS YOUR DREAM JOB, OUTSIDE OF YOUR CURRENT ROLE?

I would probably pursue a career/job teaching insur-

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Toni Ianniello

Partner
Steptoe & Johnson L.L.P.
Washington
Age: 59

Toni Ianniello heads one of the world's most highly regarded insurance practices at Steptoe & Johnson L.L.P. A seasoned litigator, she has appeared as lead counsel for major insurers in courts across the country as well as for international arbitrations. Her cases broadly range from hurricane claims to product liability and construction defect coverage disputes. Ms. Ianniello has been recognized in numerous ratings guides, including Chambers, Super-Lawyers, Best Lawyers and Legal 500, which described her as a "first-rate lawyer" who has "produced outstanding results in the most difficult cases." A member of Steptoe's executive committee, she also mentors younger women through the Women's Forum, which she founded in 2004.



DID YOU HAVE A MENTOR EARLY IN YOUR CAREER?

Roger Warin, chair of our firm, and a nationally known insurance coverage lawyer, had the most influence on me. I had been doing white-collar criminal defense work when he approached me about joining the insurance practice group. My initial reaction was that this would be the most boring work in the world. He persuaded me otherwise. Our cases are high stakes, the issues are challenging and often cutting-edge, and the clients are very sophisticated. By watching him, I learned to be practical and creative. I also learned the importance of treating everyone with respect—from the most junior employee in the client organization to the overly aggressive opposing counsel.

WHAT IS YOUR DREAM JOB, OUTSIDE OF YOUR CURRENT ROLE?

I always fantasized about being a Broadway star. I grew up on Long Island, and my favorite pastime was going to Broadway plays. My first musical was "The Sound of Music" with the original cast. I was in musicals all the way through high school, college and law school. You have to like performing to be comfortable in the courtroom.

WHAT'S YOUR CAN'T-MISS TV SHOW?

I love "The Closer" and "Homeland." Both concern very strong and very intelligent, but also very flawed, women who work in environments that are dominated by men. It's very interesting to watch them try to solve the world's problems as they struggle with the same life-balance issues that all women face.

Tina Y. Mallie

Executive Vp and Head of Direct Markets
Zurich American Insurance Co.
Overland Park, Kan.
Age: 47

Tina Y. Mallie is the first woman to lead Zurich American's direct markets unit, which underwrites coverage for franchised and independent automobile dealers and other transportation-related businesses. Since her promotion in 2010, she has led a re-evaluation of the unit's strategic direction and made operational changes to enhance customer service. With a team of 600 employees in 27 locations nationwide, Ms. Mallie's colleagues say she leads by example and ensures that the unit strives for excellence, integrity and putting the customer first. The former professor with a doctorate in accounting also spent eight years with Zurich in various executive capacities in Switzerland and North America. Also the first woman to run the construction services programs unit from February 2008 until March 2010, she expanded Zurich's presence in the commercial builders risk market. Ms. Mallie, who is dedicated to fostering Zurich's community support through organizations such as Habitat for Humanity and New Orleans-based nonprofit the St. Bernard Project, also encourages employees to volunteer. She also promotes and supports Zurich's Women in Leadership program as well as informal mentoring.



WHAT IS THE MOST INTERESTING THING YOU'VE LEARNED IN YOUR CAREER?

The most interesting thing I've learned is how important it is to love what you do, and to respect and learn from the people you work with. Keep learning. Question everything. Review it. Test it. I tell my team that the only phrase that will get them kicked out of my office is, "We've always done it that way." Get outside your comfort zone and take risks.

OUTSIDE OF FAMILY AND COLLEAGUES, WHOM DO YOU ADMIRE MOST?

One is the late Mother Theresa. I've always loved when I saw a quote from her or a photo of her helping people. I grew up having her as a model of someone who gave with no expectation of getting anything back. The other person is Jane Silva, the principal of St. Michael Special School in New Orleans. (Zurich helps the school build its business and fundraising skills.) She is humble, disciplined, strong and caring. She also gives kids something with no expectation of anything in return.



Kathleen R. McCann

Managing Director
Guy Carpenter & Co. L.L.C.
Boston
Age: 38

Kathleen R. McCann is a reinsurance broker who has been the branch manager of Guy Carpenter & Co. L.L.C.'s Boston branch office for more than two years. During that time, she has expanded the broker's Northeastern client base and directly worked with clients on reinsurance strategies to meet their risk and capital management needs. Ms. McCann also works with London and Bermuda reinsurers as co-lead of Guy Carpenter's Assumed Reinsurance Initiative, which taps account executives throughout the company to help reinsurer clients diversify and mitigate risks through retrocession. To help other women professionals, Ms. McCann chairs Guy Carpenter's networking and resource group for women employees and is helping the group establish a mentoring program for Marsh & McLennan Cos. Inc. Helping those less fortunate and supporting young women's causes are important to Ms. McCann. She serves on a Marsh & McLennan steering committee to raise funds for Plan International, which works to alleviate child poverty in developing countries, specifically the "Because I Am a Girl" initiative to fight gender inequality and promote girls' rights. In her own area, Ms. McCann is a member of the Mansfield, Mass., Mother's Club, a nonprofit aimed at supporting parents through activities that enrich children's lives and projects that benefit local families.

WHAT ADVICE WOULD YOU GIVE TO WOMEN ENTERING THIS FIELD?

My advice is for women in general, not just women in this industry: Being able to articulate and develop your 'personal brand' is so important. By that I mean women must be able to eloquently explain what they do, how they do it and why it is relevant. Put it into words that people not in the business can understand. I also advise women to learn something specific. Pick an area of business that is not necessarily one that you planned on entering, and become a 'go-to' person and clear resource for the organization for which you work. Take tough assignments, take chances, get out of your comfort zone.

WHAT'S YOUR CAN'T-MISS TV SHOW?

"Sons of Anarchy," which is about a California motorcycle gang that wants to save its outlaw lifestyle while also protecting its town. What I find interesting are the personal dynamics among the gang members.

Melissa Miller

Director, Employee Benefits and Services
NextEra Energy Resources L.L.C.
Juno Beach, Fla.
Age: 40

Melissa Miller serves as the director of employee benefits and services for NextEra Energy Resources L.L.C. Her areas of responsibility include design, implementation, administration, compliance and accounting for the health and welfare, retirement and time-off programs for NextEra's 15,000 employees and 4,600 retirees. In addition, Ms. Miller participates on the company's investment committee and serves as an officer for the company's administrative committee. She previously held a variety of roles in employee benefits, labor, and



human resources mergers and acquisitions. In 1995, she joined Florida Power & Light Co., the electric utility subsidiary of NextEra Energy, where she began her career on the employee services

help line. Ms. Miller earned a bachelor's degree in business management, finance and marketing from Florida Atlantic University, and completed her master's degree in business administration at Florida Atlantic University.

WHAT IS THE MOST INTERESTING THING YOU'VE LEARNED IN YOUR CAREER?

The most interesting thing I've learned in my career is the importance of learning how to work with other people and developing relationships. I believe that my team and I are more successful and can really get the job done because we've taken the time to understand how to work with each other and how to leverage our strengths.

WHAT IS YOUR DREAM JOB, OUTSIDE OF YOUR CURRENT ROLE?

I would probably want to do community outreach within an organization—fundraising and building relationships with local leaders and other groups to help out the communities where we do business.

DO YOU USE SOCIAL MEDIA?

I do use Facebook and LinkedIn for connectivity. I use Facebook to connect with friends and family. It gives me the ability to provide and receive updates from friends and family. I use LinkedIn from a business perspective. I like being connected to colleagues I don't see on a regular basis and knowing what's going on in their careers.

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2011

WOMEN TO WATCH



Lisa Morgan

Senior Vp, National Sales Executive
Hartford Financial Services Group Inc.
Hartford, Conn.
Age: 41

Lisa Morgan leads Hartford's small commercial sales organization, a new position for her. She is responsible for developing distribution strategy for top agency partners, managing agency growth and profitability, and directing the sales focus and operation. Prior to that, Ms. Morgan was senior vp, middle-market commercial insurance. While at the helm of Hartford's \$2 billion middle-market

commercial property/casualty insurance business, a position she had held since September 2010, she charted a new strategic course that focuses on customers in growth industries. In addition to the unit's strategy and growth, Ms. Morgan oversaw product development, underwriting, sales, marketing and operations, encompassing several hundred employees nationwide. Ms. Morgan's communication of the new direction won the support of employees across departments and business areas as well as partner organizations. A former defense attorney, Ms. Morgan's first position with

Hartford in 2001 was to direct strategy and litigation for claims handled by the insurer's large-loss unit. After moving into an operations role, she joined the middle-market unit in 2005 as assistant vp of strategic design and technology solutions. She was promoted to vp of middle-market operations in 2007. Ms. Morgan is known for her clear and direct communication with employees at all levels of her team. She also takes time to mentor employees.

WHAT ADVICE WOULD YOU GIVE TO WOMEN ENTERING THIS FIELD?

I would tell both men and women to be open to new opportunities that may not be in your planned path. If someone had told me when I was working as a defense attorney that I would be in charge of a \$2 billion business, I would have said it's not part of my planned path. Sometimes an opportunity arises that makes it worth going off the career path you originally intended. I also would advise women working in this male-dominated world not to ever lose touch with their feminine side. Be true to yourself.

WHAT IS YOUR DREAM JOB, OUTSIDE OF YOUR CURRENT ROLE?

I would become a certified personal trainer and nutritionist.

WHAT'S YOUR CAN'T-MISS TV SHOW?

"Modern Family" makes me laugh and laugh. The program shows how different American culture has become.



Karen O'Reilly

Staff Officer
Chartis Global Property
New York
Age: 54

Karen O'Reilly recently assumed the role of staff officer for Chartis Global Property. In this new role, she is charged with establishing an operating foundation for the newly organized global property team, ensuring prioritization of strategic issues and sharing of information across all segments of Property. Prior to September, Ms. O'Reilly was vp and chief innovation officer Lexington Insurance Co., a unit of Chartis Inc. In that capacity,

she led the development and introduction of an average of 10 new products each year. Within the past three years, and as a direct result of Ms. O'Reilly's leadership, Lexington introduced products that respond to the emerging exposures around nanotechnology, the developing carbon credit market and investment tax credits in alternative energy. She has a bachelor's degree in science and a master's degree in business administration, and she holds the Chartered Property and Casualty Underwriter designation.

WHAT IS THE MOST INTERESTING THING YOU'VE LEARNED IN YOUR CAREER?

Change is inevitable, and it's easier if you just accept that and embrace that and find where the opportunity will be in the change.

OUTSIDE FAMILY AND COLLEAGUES, WHOM DO YOU ADMIRE MOST?

I admire people who are very cognizant of changes developing around them and who are quick to see the danger and the opportunity in that change. I am impressed by those who then can navigate successfully through change and actually thrive in the end.

WHAT'S YOUR CAN'T-MISS TV SHOW?

"Luther" on the BBC. It's suspenseful and unpredictable, and Luther has a very human side.

BEYOND WORK, WHAT ONE THING DO YOU WANT TO DO OR ACCOMPLISH IN LIFE?

I would bike the Dolomites mountains (in Italy) because of their spectacular beauty and because it would be an incredible challenge.

DO YOU USE SOCIAL MEDIA?

Not really. I think, in business, it's generally true that there is a lot of information, and it's very hard to filter out the clutter.



Terrie Pohjola

Vp for Programs and Associations
SECURA Insurance Cos.
Appleton, Wis.
Age: 54

Terrie Pohjola has been in the financial services industry for 30 years—with much of her experience at SECURA Insurance Cos.—holding positions in sales, consulting, financial planning and investments. Ms. Pohjola is a member of Thrivent Financial Bank's board of directors. She earned her bachelor's and master's degrees from the University of Wisconsin-Green Bay and holds

a number of designations, including the Certified Public Accountant; Certified Information Technology Professional, issued by the American Institute of Certified Public Accountants; and Certified Treasury Professional, issued by the Assn. of Financial Professionals. She is a member of the American Institute of Certified Public Accountants and the Wisconsin Institute of Certified Public Accountants.

DID YOU HAVE A MENTOR EARLY IN YOUR CAREER?

Shortly after I started at SECURA, I met an experienced leader named

Bill Hoffman. He had been with SECURA for more than 20 years in various leadership roles. Most importantly, he was responsible for negotiating our reinsurance contracts, which single-handedly saved our company when we had the worst weather year in our 100-year history. Bill was my mentor for nearly 15 years until he retired a few years ago. His most important piece of advice was to make all my career decisions considering the impact to my family as the No. 1 criterion.

OUTSIDE FAMILY AND COLLEAGUES, WHOM DO YOU ADMIRE MOST?

Former Costa Rican President Oscar Arias Sanchez...He was Costa Rica's president twice from 1986 to 1990 and again from 2006 to 2010. He received the Nobel Peace Prize in 1987 for his efforts toward ending the civil strife in neighboring Central American countries. He also transformed the country's economy from its dependence upon coffee and bananas to marketing more high-end crops such as exotic plants. He also encouraged the tourism industry. As a result, Costa Rica has the highest per-capita income of all Central American countries.

BEYOND WORK, WHAT ONE THING DO YOU WANT TO DO OR ACCOMPLISH IN LIFE?

It's my goal to establish a charitable foundation directed toward placing adults with autism in the workplace. My youngest son is a high-functioning autistic person who has struggled to find an employer willing to take the time and resources to train him for a meaningful job.



MaryAnn Sackman

President
RMI Consulting L.L.C.
Port Washington, N.Y.
Age: 57

In 1980, MaryAnn Sackman and James Barber co-founded RMI Consulting L.L.C., a Port Washington, N.Y.-based risk management firm specializing in on-site consulting to minimize liability for clients across the commercial spectrum, including food retailers and wholesalers, real estate and health care. At RMI, where she has been president since the company's founding, she established the RPG Management division, aligning industry-specific clients for advantageous group purchasing power for the most comprehensive, cost-effective coverage. Ms. Sackman has been recognized for her leadership role as a businesswoman and named a Top Influential Woman by the Long Island Business News and New York Real Estate Journal. She is a board member for the March of Dimes, as well as St. Mary's Hospital for Children in Bayside, N.Y. She is an avid hunter and received the Diana Award in 2009 for being the most prolific female huntress in the world as recognized by Safari Club International.

WHAT ADVICE WOULD YOU GIVE TO WOMEN ENTERING THIS FIELD?

Listen to what the clients want and then fulfill their needs with good service. We're really proactive with our clients about determining their needs and then finding ways to service those needs.

WHAT IS YOUR DREAM JOB, OUTSIDE OF YOUR CURRENT ROLE?

I actually had my dream job when I started my career as a nurse. The hours and the pay were wearing, though. In my current career, I still am able to help people, and that is where my dream truly is. Whether it's in the insurance business or nursing, helping people get to where they need to be is my dream job.

OUTSIDE FAMILY AND COLLEAGUES, WHOM DO YOU ADMIRE MOST?

The people I admire most are those individuals who have disabilities and shortcomings in some way—whether it's financial or physical, or they may have learning difficulties—as they work hard to overcome their obstacles and succeed in life.

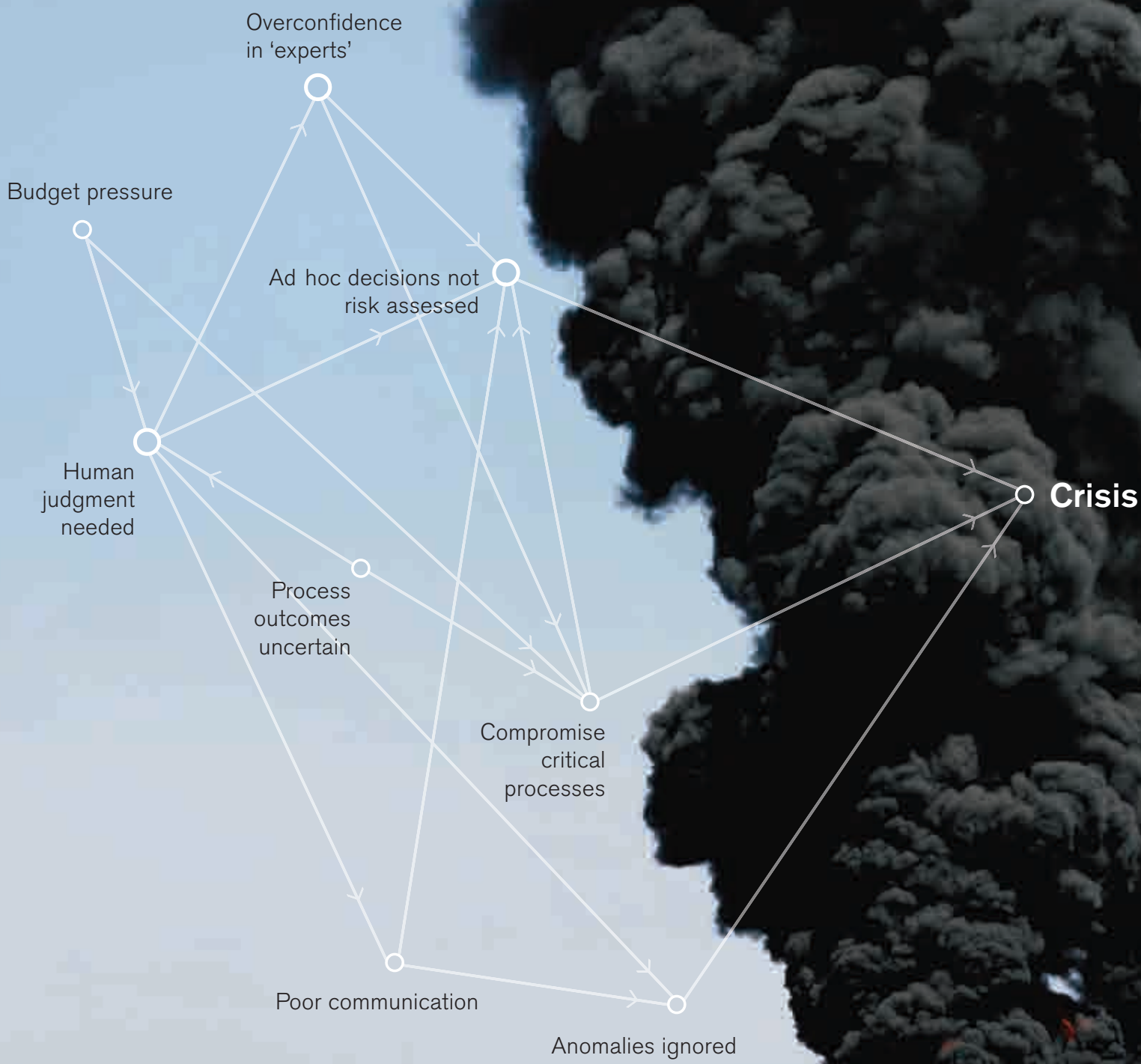
DO YOU USE SOCIAL MEDIA?

I am on Facebook and LinkedIn. I very rarely use social media, though. It takes a lot of time, and I don't really find it productive.

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2011

WOMEN TO WATCH



Kristi Savacool

CEO
Aon Hewitt Inc.
Lincolnshire, Ill.
Age: 52

Kristi Savacool is CEO of Aon Hewitt Inc., the benefit consulting and outsourcing giant that was formed after Aon Corp.'s purchase last year of Hewitt Associates Inc. Aside from her CEO role, which she assumed in May, Ms. Savacool is responsible for leading Aon Hewitt's outsourcing business, which provides a wide range of services to plans covering more than 22 million participants. In 2007-2008, Ms. Savacool directed Hewitt

Associates' restructuring program, which helped the company save between \$300 million and \$500 million in costs, a key factor in helping Hewitt weather the recession. She also sponsors Aon Hewitt's Women in Leadership programs, such as Mentium Corp., which specializes in mentoring solutions for female leaders.

WHAT ADVICE WOULD YOU GIVE TO WOMEN ENTERING THIS FIELD?

To recognize that the industry we are in is a service industry. It is real-

ly important to establish a service culture that drives outcomes for clients and individuals alike. You need to know them well and create a service culture that delivers on those needs. When you do that, you will have a successful leadership career.

WHAT IS THE MOST INTERESTING THING YOU'VE LEARNED IN YOUR CAREER?

I would say how important it is to see across differences and adversity, and focus on innovation that really is going to take clients in your own organization to another level. To see the big picture, look around the corner and work across any differences or adversity to realize that innovation on behalf of your clients.

WHAT IS YOUR DREAM JOB, OUTSIDE OF YOUR CURRENT ROLE?

My dream job is to lead a nonprofit, focused on services for either children or the elderly.

BEYOND WORK, WHAT ONE THING DO YOU WANT TO DO OR ACCOMPLISH IN LIFE?

That is very easy, and it involves our two children. I want to leave the world with two children who are happy and fulfilled and achieving their own great potential, and they are contributing to society as good parents, loving spouses and have...fulfilling professions in their own right.



Cindy Slubowski

Senior Manager of Risk Management and Insurance
Kraft Foods Inc.
Northfield, Ill.
Age: 53

In a short amount of time, Northfield, Ill.-based Kraft Foods Inc. has seen Cindy Slubowski, senior manager of risk management and insurance, implement a global risk management information system and achieve a unique brokerage compensation arrangement with her insurance brokers. But before any of that, Ms. Slubowski was the founding president of

the Quad Cities chapter of the Risk & Insurance Management Society Inc. and spent more than 20 years in the industry before joining Kraft in 2007 from Zurich Financial Services Group, where she was a senior-level product manager. At Kraft, Ms. Slubowski integrated a RMS that allows global management of the company's policy programs for more than 65 countries. She also pioneered a unique broker compensation structure at Kraft. Under the arrangement, broker services are broken down by function, activity and person performing the service. It is then reviewed to determine whether the service

is needed, and pricing is set according to the individual's salary grade. This type of review has helped Kraft contain risk management provider costs and eliminate unnecessary expenses.

WHAT IS THE MOST INTERESTING THING YOU'VE LEARNED IN YOUR CAREER?

It takes the partnerships, the relationships and the friendships—and all of that pulled together. It takes collaboration. I'm amazed every day at how much collaboration it takes nowadays to get things done. It really, truly does take a village sometimes. Most people consider risk management to be kind of a one-person position in the company. But if you think that way nowadays, then you're not being effective enough in the risk management world. You won't get as much done if you don't learn collaboration.

DO YOU USE SOCIAL MEDIA?

I do use LinkedIn. When I was at the RIMS conference last year, I did (use) Twitter. I do enjoy LinkedIn. I belong to a number of different groups on LinkedIn, mostly women's groups, which I find to be a very valuable resource and support. There are a lot functions that they have that I've gone to that have helped me meet new people.

DID YOU HAVE A MENTOR EARLY IN YOUR CAREER?

My former boss, Greg Heerde; he used to be the head of the team I now run. He taught me a lot about the industry. He ensured that I had opportunities to advance within the organization, and he helped me progress.

OUTSIDE FAMILY AND COLLEAGUES, WHOM DO YOU ADMIRE MOST?

I read up and study up on the most prominent women in the business world. I look at women who have taken up the CEO and CFO positions for large organizations throughout the world. I like to watch them and see how they developed. A lot of the women who have forged ahead in the business world—at places like Kraft, IBM and Pepsi—I look to them to try to understand the best way to forge ahead on a career path to get me there.

WHAT'S YOUR CAN'T-MISS TV SHOW?

The Jon Stewart and Stephen Colbert shows. It's a good way to combine information and entertainment; a good way to wind down at night.

BEYOND WORK, WHAT ONE THING DO YOU WANT TO DO OR ACCOMPLISH IN LIFE?

My dream was always to work overseas, and I have been able to do that. With Aon, I worked in Paris for two years. I hope again to have that opportunity.



Kelly Superczynski

Senior Managing Director and Head of Rating Agency Advisory and Market Analysis
Aon Benfield Analytics
Chicago
Age: 35

More than eight years into her work at Aon Benfield Analytics, Kelly Superczynski started as a member of the rating agency advisory team, a group responsible for delivering rating agency and accounting modeling and consultative services for Aon Benfield's clients. The group now consists of 16 people across seven countries—a

worldwide expansion she helped make happen. To help with the advancement of women at Aon, she recently was part of a small group of senior female leaders across the company who put forth a proposal to Aon President and CEO Greg Case and Aon's executive board on effective ways to advance women within Aon. More than 25% of her team members are women; and since she became the head of the rating agency advisory and market analysis teams, 50% of the individuals hired have been women.



Caroline Woolley

Property Practice Leader for Europe, the Middle East and Africa
Marsh Inc.
London
Age: 37

Caroline Woolley was appointed leader of Marsh Inc.'s property practice for Europe, the Middle East and Africa last year. She now oversees all areas of property and business interruption in the EMEA area. In this role, she has helped develop supply chain and nondamage business interruption assessment and risk transfer products, as well as best-practice wording for green building clauses, among others. She has been instrumental in devising a service in Marsh's risk consulting practice to help clients better understand their natural catastrophe exposures. She also launched Marsh's first technical discussion center for live chat on property and business interruption issues. She is U.K. ambassador for Marsh's in-house global training site, Marsh University, and serves as a mentor to new graduates. Ms. Woolley is soon to become chair of the women@marsh network.

WHAT ADVICE WOULD YOU GIVE TO WOMEN ENTERING THIS FIELD?

Hard work, dedication and focus. David Batchelor (now head of Marsh's international division) said to me: "Don't just work hard, make a difference." And that strategic view of everything you do is important. Work hard at the right things. And advertise your achievements—particularly as a female, you have to do that. No one is going to blow your trumpet for you.

WHAT IS YOUR DREAM JOB, OUTSIDE OF YOUR CURRENT ROLE?

I'd like to be a troubleshooter like (late British businessman) Sir John Harvey-Jones—helping businesses to improve and do well—and to an extent, that is what I do, especially on the claims side.

BEYOND WORK, WHAT ONE THING DO YOU WANT TO DO OR ACCOMPLISH IN LIFE?

I am doing them. (My partner) Pete and I, for many years, have learned something new every year. For example, this year it was sailing, and we've also learned how to ride motorbikes, skiing and snowboarding and many other things. Still on the list is learning to play an instrument and scuba diving.

DO YOU USE SOCIAL MEDIA?

I can see the advantages for business—for example, Marsh has a Twitter account. You have to be careful how you use social media, but it is another great way to get information out. I tend to keep my private life separate.

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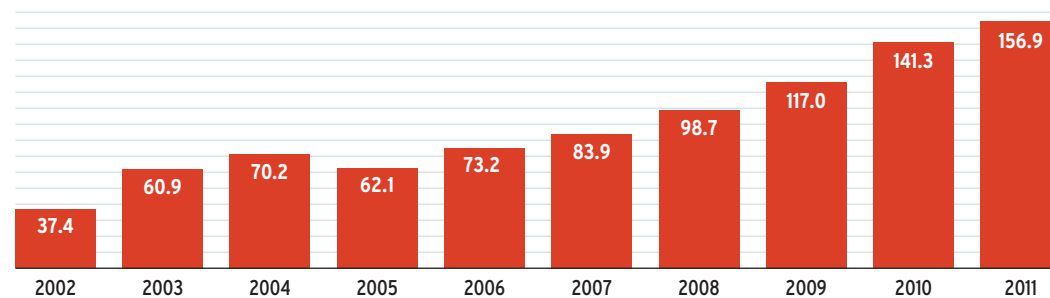
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GROWTH OF EMPLOYEE ASSISTANCE PROGRAMS

The number of total lives covered by the top 10 EAPs has grown by 318% since 2002. Figures in millions.



LARGEST EMPLOYEE ASSISTANCE PROGRAM PROVIDERS

Ranked by number of lives covered as of June 30, 2011

RANK	Company/address	Phone/website	Total lives covered	Employer clients	Total salaried employees	Total contracted professionals	Principal officer
1	ComPsych Corp. NBC Tower, 455 Cityfront Plaza Drive, Chicago, Ill. 60611	800-851-1714 www.compsych.com	39,516,000	15,230	496	46,000	Dr. Richard A. Chaifetz, chairman/CEO
2	OptumHealth Behavioral Solutions 425 Market St., 27th Floor, San Francisco, Calif. 94105-2426	866-427-6845 www.optumhealth.com	22,900,000	1,474	427	108,444	Andy Sekel, CEO
3	Aetna Inc. 151 Farmington Ave., Hartford, Conn. 06156	877-238-6200 www.aetna.com	20,856,320	3,000	284	41,015	Louise Murphy, president-Aetna Behavioral Health L.L.C.
4	Ceridian Health & Productivity Solutions 3311 E. Old Shakopee Road, Minneapolis, Minn. 55425	925-853-8100 www.ceridian.com	20,001,359	1,803	574	9,014	Myron Blackmon, senior vp
5	Magellan Health Services Inc. 55 Nod Road, Avon, Conn. 06001-3819	860-507-1900 www.magellanhealth.com	12,500,000	932	3,032	17,280	Dr. Rene Lerer, president/CEO
6	Bensinger, DuPont & Associates 134 N. LaSalle St., Suite 2200, Chicago, Ill. 60602	312-726-8620 www.bensingerdupont.com	10,260,446	2,736	76	19,250	Peter Bensinger, president/CEO
7	CIGNA Behavioral Health 11095 Viking Drive, Suite 500, Eden Prairie, Minn. 55344	952-996-2426 www.cignabehavioral.com	8,925,000	820	51	22,000	Pat Brown, vp-health management operations
8	MHN Inc. 2370 Kerner Blvd., San Rafael, Calif. 94901	800-327-2133 www.mhn.com	7,700,000	805	790	44,000	Juanell Hefner, president/CEO
9	ACI Specialty Benefits Corp. 6480 Weathers Place, Suite 300, San Diego, Calif. 92121	800-932-0034 www.acispecialtybenefits.com	7,250,112	744	98	45,528	Dr. Ann D. Clark, CEO
10	Charles Nechtem Associates Inc. 595 Bay Isles Road, Suite 115, Longboat Key, Fla. 34228	866-327-2040 www.charlesnechtem.com	6,953,982	1,365	219	268,964	Charles Nechtem, president

LARGEST EAP PROVIDERS BY REVENUE

COMPSYCH CORP.	\$204,000,000
OPTUMHEALTH BEHAVIORAL SOLUTIONS	\$129,000,000
CERIDIAN HEALTH & PRODUCTIVITY SOLUTIONS	\$101,568,969
MAGELLAN HEALTH SERVICES INC.	\$94,800,000
AETNA INC.	\$72,645,400

LARGEST EAP PROVIDERS BY EMPLOYER CLIENTS

COMPSYCH CORP.	15,230
AETNA INC.	3,000
BENSINGER, DuPONT & ASSOCIATES	2,736
CERIDIAN HEALTH & PRODUCTIVITY SOLUTIONS	1,803
OPTUMHEALTH BEHAVIORAL SOLUTIONS	1,474



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Olympics: Model of safety

CONTINUED FROM PAGE 4

will probably lead to increasing failures in the next few years," he said. "It's an inescapable fact that corners will be cut by struggling businesses, and we need to be vigilant to ensure that safety is not compromised."

The ODA, working with the HSE, used several health and safety risk management approaches to minimize accidents, according to sources.

During construction of the Olympic Park, the largest regeneration project in Europe, and the Olympic Village, the largest new housing project in Europe, the ODA used a formal scorecard approach to health and safety, according to a report authored by Phil Bust, a research associate in the Civil and Building Engineering department at Loughborough University in Loughborough, England.

In addition, the report noted, contractors, designers and construction coordinators were required to self-monitor and submit monthly reports on their health and safety performance.

Communication with workers about key issues and lessons learned from incidents also were important parts of the health and safety risk management program.

For example, Mr. Bust noted in his report, any health and safety requirements associated with or implications of workers' tasks each day were included in daily

HUGE UNDERTAKING

During construction of the Olympic Park in the Stratfield district of London, 220 buildings were demolished, 2.75 million square yards of soil were excavated, four Iron Age skeletons were discovered and 30 new bridges were built. The possibility of unexploded World War II bombs at the site was an additional risk. Some 30,000 people will have worked on the project by 2012. Major venues for the London 2012 Olympic and Paralympic Games are:

- **Olympic Stadium:** Surrounded by waterways on three sides, the stadium will have a capacity of 80,000 during the Games. Many of these seats can be removed after the event. More than 30 buildings were demolished to enable construction of the venue, and 8,500 cubic yards of crushed concrete, recycled from other areas of the Olympic Park, were used to create a solid platform on which the stadium's foundations were built. More than 11,000 tons of steel were used to build the venue. It took six weeks to lift the 496-ton roof structure into place.
- **Aquatics Center:** More than two-thirds of spectators will enter the Olympic Park via a bridge that runs over the top of the aquatic center. The roof of the center, which is shaped like a wave, weighs 3,307 tons, is 525 feet long and is 262 feet wide at its widest point.
- **Basketball arena:** It is the largest-ever temporary venue to be built for an Olympic or Paralympic Games. The arena is made of 20 10-story steel arches and is 377 feet long. The 1,102-ton steel frame is wrapped in 23,920 square yards of waterproof fabric.
- **Velodrome:** It was built on top of a 100-year-old landfill site, which meant its foundations had to be specially designed. More than 900 piles were driven up to 85 feet deep, and 62,782 cubic yards of material was excavated. The lifting of the roof, which is made of cabling, took eight weeks.

Source: Institution of Civil Engineers

activity briefings.

During 2011, the London-based Institute for Employment Studies conducted a sample survey of workers on the site in order to gauge their views on, and involvement in, health and safety risk management at the site.

A large majority—85.1%—of respondents said they received information on the health and safety risks or hazards involved in work being done, while 80.6% said they received information on incidents and near-misses on the project, and 78.1% said they

received information on changes to health and safety practices involved in work being carried out.

In a series of case studies, the HSE outlined some of the major health and safety challenges for construction workers at the site and the solutions taken to minimize risks to workers.

For example, it said, the risk of vehicles moving around the site and materials falling off those vehicles during construction of a multistory car lot at the site, was identified as a major risk. In order to minimize this risk, a traffic management plan was implemented to ensure that vehicles and pedestrians were kept apart.

The installation of modular offices, which typically is done by crane with employees working on the top of the roof of the module, also was identified as a major safety risk because workers might fall when working at height. In order to minimize this risk, the principal contractor and a subcontractor involved in this work developed a safer method whereby a framework was lifted by crane onto the modular unit at ground level avoiding the risk of workers falling, the HSE said.

The HSE said the lengthy and repeated use of drilling into concrete while securing seating to terraces in the Olympic Stadium presented three main risks to workers' health: hand-arm vibration, exposure to noise and manual handling.

To counteract these hazards, a wheeled drilling jig was developed to hold two drills that previously would have been held by hand. This, the HSE said, reduced the amount of hand-arm vibration and noise. This also reduced the time needed to complete the job, and the operator was farther away from the drill—and therefore the noise source—so risk of noise damage was reduced, it said.

UP COMINGS & GOINGS CLOSE

PAUL BALDWIN



NEW JOB TITLE: Westerville, Ohio-based president and CEO of Huntington Insurance, a subsidiary of Huntington Bancshares Inc.

PREVIOUS POSITION: Phoenix-based senior vp and regional managing director of the southwest region for Wells Fargo Insurance Services USA Inc.

LOOKING FORWARD TO: The thing that has been most refreshing to me and re-energizing is the feeling of empowerment to...be very client-centric, to be able to go out and solve problems on behalf of prospects and clients. I look forward to working with the producers and the support teams...to feel passionate about working with clients.

GOALS FOR NEW POSITION: I want to make sure that...our operations, our actions and our resources are all driven by client value instead of having ego dictate our actions. We don't strive to be the largest operation, but we want to be the best. We want to attract the most talented, passionate, driven people who can articulate that message to the client.

INDUSTRY CHALLENGES: The industry has had tremendous consolidation. Everyone has gotten addicted to acquisition. I don't know that there have been efficiencies driven by those acquisitions.

BEST THING ABOUT A BAD ECONOMY: Entrepreneurs and creative people rise to the surface and they take calculated risks. We're a driven country and that spirit always rises to the top.

ADVICE: Find something in the industry that you are passionate about. Work will then just become something you are enthusiastic about.

OUTSIDE THE INDUSTRY, A DREAM JOB: When I was a kid I wanted to (play) in the National Football League and win a Super Bowl.

HOBBIES: Coaching football. Physical fitness is a passion of mine; I like working out. I have a Harley-Davidson. I have a voracious appetite for reading, too.

ON A SATURDAY AFTERNOON: My day is fulfilled when our junior high football team has won and my son has played well.

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- Starr Indemnity & Liability Co.

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- Marsh Inc.

REINSURANCE

- Glacier Re
- U.S. RE Corp.

OTHER PROVIDERS

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Awards: What do buyers value most?

Data shows how priorities can differ

CONTINUED FROM PAGE 3

Examples of that phenomenon might be found in Chubb's selection as top insurer by mid-market buyers. Smaller buyers—those with less than \$500 million in annual revenue—ranked Chubb at the top in several service attributes, including demonstrating reliable customer service and responsiveness, providing timely claims payments and providing timely delivery of policy documents.

Chartis, meanwhile, ranked highly among buyers with more than \$500 million in numerous key expertise attributes, including timely innovation to meet emerging or evolving risks and possessing and leveraging broad product expertise.

Among brokers, Willis, the top mid-market broker honoree, was cited most frequently by small buyers in several key broker service attributes including demonstrating trust, integrity and reliability; offering in-person customer service and responsiveness; transparently disclosing all applicable fees and commissions; and facilitating timely, informed renewal discussions.

"At Willis, we're also talking about Hilb, which helped them move down into the middle market," said John W. Wicher, principal at John Wicher & Associates Inc., citing Willis' 2008 acquisition of Hilb Rogal & Hobbs Co.

"You can get into a discussion of what that mid-market means," Mr. Wicher said. But, he said, "That client is probably going to

have a different set of skills that they're looking to their broker to provide."

Smaller buyers are "going to lean heavily on their broker," he said. Meanwhile, at a large-revenue buyer, "You're looking at your broker to transact," Mr. Wicher said. "What you really need from a broker like Marsh or Aon (Corp.) is the ability to transact on a worldwide basis."

Large buyers "need big-picture, robust stuff," said Mr. Cunningham. "They're professional buyers. They're risk managers."

Offering international services

that can help a client identify an exposure and help a client find a solution to address that exposure," said John L. Ward, CEO at Cincinnati Partners L.L.C. in Loveland, Ohio. "The smaller the customer, the more help they might need to identify the exposure and determine where the exposure is."

Mr. Wicher noted that geographic footprint often is a key consideration for large insurance buyers.

"The larger the organization and the larger their footprint, they want a broker who complements

'Brokers tend to tune themselves to (the) needs' of different sizes of buyers. 'And looking at the survey, that tends to bear that out.'

John W. Wicher, John Wicher & Associates Inc.

and coordination was among the service attributes in which Marsh was cited most frequently by buyers with more than \$3 billion in annual revenue. Marsh also rose to the top as the most-mentioned broker among numerous expertise attributes among buyers with \$500 million or more in annual revenue.

"Brokers tend to tune themselves to (the) needs" of different sizes of buyers, Mr. Wicher said. "And looking at the survey, that tends to bear that out."

"On the broker segment...what makes for a great broker is one

their footprint geographically," he said. Likewise, a third-party administrator handling a company's self-insured program across numerous states also would need appropriate geographic reach, he said.

Mr. Ward said that when he was involved as a TPA investor and board member, a key area of emphasis was "information reporting and analytics, and I think that came through in (the) study."

Indeed, for the largest buyers in the Buyers Choice survey, using cutting-edge technology and reporting to achieve real-time claims information and communication emerged as the top TPA service attribute.

The inaugural Buyers Choice Awards replaces *Business Insurance's* previous Readers Choice honors. The changes in approach, which include employing an independent market research firm to survey buyers, are intended to bring maximum transparency to the process and put the program's focus on what buyers value most in their industry partners.

Buyers were asked to rank seven key service and seven key expertise attributes in evaluating insurers, brokers and TPAs. *Business Insurance* compiled the lists of key attributes by studying other industry surveys and querying risk managers for suggestions on what they consider key attributes to assess brokers, insurers and TPAs.

Once buyers ranked the key attributes, they were asked to name the companies they'd recommend for each, yielding the Buyers Choice honorees.

The top overall honorees—Chubb, Chartis, Willis, Marsh and Sedgwick—were determined by being the companies in their categories that were most often mentioned by buyers as the companies they would recommend to peers across service and expertise attributes.

NEXT IN LINE

If American Airlines folds its pension plans, it would join other major airlines whose plans were taken over by the Pension Benefit Guaranty Corp.

AIRLINE	NUMBER OF PLANS	YEAR TERMINATED	VESTED PARTICIPANTS	PBGC LOSS
United Airlines	4	2005	123,957	\$7.35 billion
US Airways Group Inc.	4	2003, 2005	49,337	\$2.75 billion
Delta Air Lines Inc.	1	2006	13,291	\$1.72 billion
Pan American World Airways Inc.	3	1991, 1992	31,199	\$841.1 million
Trans World Airlines Inc.	2	2001	32,263	\$640.5 million

Source: Pension Benefit Guaranty Corp.

PBGC: American Airlines bankruptcy raises fears

CONTINUED FROM PAGE 1

AMR Corp. in Fort Worth, Texas.

According to preliminary PBGC estimates, the four plans, which cover nearly 130,000 participants, have about \$8.3 billion in assets and about \$18.5 billion in promised benefits. The PBGC said if the plans fold, the agency would be liable for about \$17 billion in benefits, resulting in an \$8.7 billion loss to the agency. American, in its 2010 10-K report, said the plans, at year-end, had about \$7.8 billion in assets and a projected benefit obligation of about \$13.5 billion.

Depending on the final value of plan assets and liabilities, if the plans are terminated the loss could be the PBGC's largest, eclipsing the \$7.35 billion loss it sustained in its 2005 takeover of four United Airlines pension plans.

AMR officials have not said whether they will seek to terminate their plans. But Thomas Horton, AMR's president, chairman and CEO, said the airline needs to reduce its labor costs to achieve a competitive cost structure.

"We must address our cost structure, including labor costs, to enable us to capitalize on these foundational strengths and secure our future. Our very

substantial cost disadvantage compared to our larger competitors, all of which restructured their costs and debt through Chapter 11, has become increasingly untenable," Mr. Horton said in a statement after the bankruptcy filing.

On the pension side, none of American's key competitors offer ongoing defined benefit plans. Aside from United, the PBGC in 2003 and 2005 took over three US Airways Inc. pension plans, incurring a \$2.75 billion loss. Then, in 2006, the PBGC took over a Delta Air Lines Inc. plan covering the airline's pilots at a cost of \$1.72 billion. Those terminations occurred in the wake of bankruptcy filings by the two airlines.

In addition, Delta sponsors a frozen plan—participants do not accrue new benefits—for nonpilot employees and retirees, as well as three frozen plans covering Northwest Airlines Inc. employees and retirees, which Delta acquired in 2008.

Other major American competitors, including Southwest Airlines Co. and JetBlue Airways Corp., do not sponsor defined benefit pension plans.

Benefit experts attribute the bulk of the massive underfunding

Continued on next page

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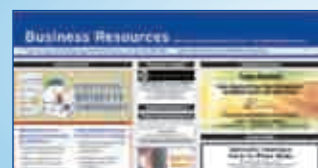
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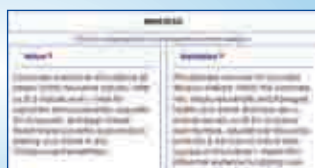
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SCIF: Catastrophe bond to cover comp exposure

CONTINUED FROM PAGE 3

exhaustion point of 1,447." The report did not define that index.

The bond has an annual attachment probability of about 0.55%.

"It is a relatively remote risk," Mr. Martucci said. "It's not working layer coverage."

S&P gave the bond a BB+ rating, which means the notes would have "quality and protective characteristics (that) may be outweighed by large uncertainties or major exposures to adverse conditions."

The rating agency said the bond's risk exposure is lowered by extensive U.S. earthquake data.

An analysis by Newark, Calif.-based RMS showed that only three major earthquakes in U.S. history—including the 1994 Northridge quake—could have generated losses that exceeded the bond's attachment point.

S&P, citing the RMS analysis, also noted that those quakes would have needed to occur during peak workday hours to trigger SCIF's bond coverage.

CONTINUED FROM PREVIOUS PAGE

of American's pension plans, to the same factors—the slump in the equities markets from earlier peaks and low interest rates—that have walloped funding levels for employers nationwide.

"There have been tremendous asset losses, while interest rates have slumped," said John Ehrhardt, a principal with Milliman Inc. in New York.

"Poor market returns and lower interest rates together have combined to produce greatly lower funded ratios," said Arthur Noonan, a senior consultant in the Pittsburgh office of Mercer L.L.C.

For example, last year, defined benefit pension plans sponsored by 100 U.S. employers with the largest pension programs were on average 83.9% funded, according to an annual Milliman survey. That was a huge drop compared with 2007—just before the economy began to slump—when the plans on average were 105.4% funded.

American's pension funding woes, experts say, also were exacerbated by an exemption from tougher funding rules that Congress passed in 2006 as part of the Pension Protection Act. Under that law, employers have to amortize plan liabilities over a seven-year period, a greatly accelerated time frame compared with the 30-year requirement set under prior law.

A catalyst that helped convince lawmakers that funding rules needed to be tightened was the recognition that prior law was so weak that companies could comply with all funding rules—as United Airlines did—and still have massively underfunded pension plans, exposing the PBGC to huge losses.

But in passing the PPA, Congress carved out an exception—written in such a way as to apply to American—to exempt the airline from some of the PPA's tough funding rules.

Under that exemption, airlines that haven't frozen their pension plans can fund them over 10 years rather than over the PPA's seven-year standard. In addition, eligible airlines can use a higher interest rate assumption in valuing plan

liabilities. That special treatment reduced what American otherwise would have had to contribute to the plans, observers say, though by exactly how much isn't known.

"This isn't the only time Congress has decided to exempt industries or companies from funding requirements...Congress made the judgment, with administration support, that was the right thing to do," said PBGC Director Joshua Gotbaum.

"But no one should pretend that does not increase the risk" to the PBGC and to plan participants; if companies receiving such exemptions later fail, their pension plans will be even more underfunded, Mr. Gotbaum said.

Mr. Gotbaum said the massive underfunding of American's pension plans is not an appropriate example in evaluating whether the PPA has been a success or failure in improving plan funding, because the law in this case was not fully applied.

If the PBGC ends up taking over American's plans, it would be the agency's first multibillion-dollar loss since 2009, when the agency assumed control of hugely underfunded pension plans sponsored by failed auto parts manufacturer Delphi Corp., which the PBGC estimates will cost more than \$6.3 billion.

In fiscal 2011, the PBGC reported a record \$26 billion deficit in its insurance programs.



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Captive Investment Management	Jan. 30	Jan. 18
Industry Deep Dive: Manufacturing	Feb. 6	Jan. 25
Benefit Management & Communications Technology	Feb. 13	Feb. 1
Theme Issue: Self-Insurance for Mid-Market Firms	Feb. 20	Feb. 8
Specialty Risks	Feb. 27	Feb. 15
Captives Trends	March 5	Feb. 22
Theme Issue: Cyber Liability Risk Management	March 19	March 7

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Innovation Awards	March 12	Feb. 29
Theme Issue: Cyber Liability Risk Management	March 19	March 7
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Feature Date	Issue	Close
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Captive Investment Management	Jan. 30	Jan. 18
Industry Deep Dive: Manufacturing	Feb. 6	Jan. 25
Benefit Management & Communications Technology	Feb. 13	Feb. 1
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Business Insurance

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Medicare: Ruling may chill settlements

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Mr. Merlino contends that it is impractical for Medicare to seek full reimbursement in cases where plaintiffs can't make a full recovery for their damages. He also said the ruling could result in fewer settlements and, ultimately, less money for Medicare to recoup.

"The parties are not interested in settling if the recovery's going to be zero," Mr. Merlino said.

While Medicare has a legal right to recover funds from primary payers, the key is finding a way for beneficiaries to retain an equitable portion of their settlements, said Mark Popolizio, Miami-based Section 111 senior legal counsel for Crowe Paradis Services Corp., a Medicare secondary payer compliance company.

"Everyone recognizes Medicare's interest to be protected," he said. "The question is, how best can we do that practically in light of some of the judicial decisions that have been made and are pending?"

Medicare does allow beneficiaries to file for a reduction of their liens, said Russell Whittle, senior staff counsel and vp of Medicare secondary payer compliance for consultant Gould & Lamb Inc. in Bradenton, Fla. However, he said the process can take months, and carriers often are left waiting to close claims or paying extended workers comp benefits in the meantime.

"They're waiting to settle their file because they want the certainty of what an outstanding lien might be, or they've accepted

some benefits and are paying for longer periods than they should be because they don't have that lien information from Medicare," he said.

Mr. Whittle said Mr. Hadden filed for a Medicare lien reduction, but Medicare Secondary Payer law doesn't seem to allow apportionment based on comparative fault.

"If Mr. Hadden would have been able to prevail, that would have opened an entirely new line of negotiation and analysis in any given lien," Mr. Whittle said.

Some Medicare watchers had hoped the apportionment decision in *Hadden* would align with a September 2010 ruling by the 11th U.S. Circuit Court of Appeals, said MARC's Mr. Franco. In *Carvondella Bradley et al. vs. Secretary, U.S. Department of Health and Human Services*, Medicare was allowed to recover only \$788 of a \$52,500 wrongful death settlement. The government sought to collect nearly \$22,500 in that case, but the 11th Circuit found that the deceased's family held a majority interest in the award.

The diverging *Hadden* and *Bradley* decisions ultimately could put the issue before the Supreme Court, said Jennifer Jordan, general counsel with MEDVAL L.L.C. in Columbia, Md.

"The significance is in the hope that perhaps we can get some Supreme Court clarification on the (Medicare Secondary Payer issue) in general," said Ms. Jordan, whose firm specializes in Medicare set-aside provisions for workers comp and liability claims. "Apportionment is going to be a huge issue."

However, Mr. Merlino disagreed that the apportionment issue would reach the Supreme Court, for now. He said *Bradley* is different, in part because a probate court ruled on the settlement's apportionment before the case was appealed.

Another case dealing with the Medicare Secondary Payer system could answer more questions about the statute of limitations for Medicare subrogation, as well as Medicare set-asides.

The government has motioned to file appellate briefs by Dec. 22 in the case of *USA vs. James J. Stricker et al.*, which is to be heard by the 11th Circuit U.S. Court of Appeals. It is seeking reimbursement from more than 900 Medicare beneficiaries, as well as insurers and plaintiff attorneys, who were part of a \$300 million pollution liability settlement reached in 2003.

The settlement was based on injuries sustained by Alabama residents from exposure to polychlorinated biphenyls manufactured in the state. Mr. Popolizio of Crowe Paradis said the case shows Medicare is casting a "wide net" in secondary payer cases.

"They have the ability like an octopus to really reach out and seek recovery from multiple parties," he said.

An Alabama federal judge dismissed *Stricker* in September 2010. U.S. District Court Judge Karon Owen Bowdre said the suit, filed by the government in December 2009, fell outside a six-year statute of limitations under contract law as well as a three-year limitation for tort cases.

The government argues, in part, that the district court miscalculated the time limit. It is seeking to have *Stricker* remanded to district court for trial.

Some experts say they expect the appeals court to reject the government's time limit argument. But if the appeals court sided with the government, Mr. Popolizio said the ruling would be significant because the statute of limitations isn't clearly defined for Medicare cases.

Mr. Franco said the government's argument could make it difficult for insurers to close claims, because it's unclear when their responsibility to Medicare would end.

"Now that the insurance carrier and the self-insured may be responsible to pay again...they have to be involved in the process to make sure that their liability is covered and done with at the time of the settlement," said Mr. Franco, who also is chief legal and compliance officer for Franco Signor L.L.C. in Kenmore, N.Y.

If *Stricker* were returned to district court, Mr. Franco also said that also could affect Medicare set-asides. That is due to the government's effort to collect reimbursement from any future payments made to the pollution settlement beneficiaries, who are to receive installments through 2013, he said.

The *Hadden* and *Stricker* cases are just the beginning of Medicare litigation that could play out in the next several years, Mr. Franco said.

"Medicare Secondary Payer is (like) Whac-A-Mole," he said. "As soon as...you feel like you've nailed down one issue, up comes another issue."

Opioids: Breaking dependence cycle

CONTINUED FROM PAGE 1

medications or transitioning an injured worker to less addictive prescriptions.

Physician peer review is one of the first steps for Liberty Mutual in helping workers comp patients who are in danger of dependence, said Dr. Constantine Gean, regional medical director for Liberty Mutual in Glendale, Calif.

"We try to work with primary care specialists when we can and give them options," he said.

Such reviews are advantageous because they provide professional guidance for doctors who may not have much experience in safely prescribing opioids, said Keith Rosenblum, senior risk consultant with Lockton in Kansas City, Mo.

"When clinicians contact them and discuss it, (doctors are) quite open," Mr. Rosenblum said.

Outside of early intervention, some workers comp experts are looking for ways to assist workers comp claimants who have developed opioid dependence.

For the last six months, TPA Broadspire Services Inc. has worked to create a chronic pain management program that targets opioid concerns in workers comp. The program, which has not yet been

named, is being created in part to address the growing opioid epidemic, said Dr. Jacob Lazarovic, Broadspire's chief medical officer in Sunrise, Fla.

"We wanted to make sure that we were getting the right treatment for the right person," he said.

Atlanta-based Broadspire has a team of medical professionals who review difficult workers comp claims twice a week and craft specialized treatment plans. The company also performs regular physician peer reviews and analyzes other patient data for signs of opioid trouble.

If a patient has risk factors for dependence, such as depression, Broadspire's team may recommend cognitive behavioral therapy or other treatments to help a claimant reduce his or her need for opioids, Dr. Lazarovic said.

"You can't always eliminate pain," he said. "You have to minimize it and help people cope with it. CBT is one way to do that."

Broadspire's medical team also connects some claimants with addiction treatment specialists who use medications to wean injured workers off dangerous drugs, Dr. Lazarovic said.

Dr. Thomas Jan of Massapequa, N.Y., is on the front lines of such assistance. He specializes in physical therapy, as well as pain management and prescription addiction treatment. About 30% of Dr. Jan's addiction patients are workers comp claimants, he said.

Much of Dr. Jan's work focuses on using the medication buprenorphine to help patients become less dependent on opioids. The drug works by blocking the ability of powerful narcotics to produce a "high" feeling in patients.

Workers comp carriers have been willing to cover patients' addiction treatment, including outpatient rehabilitation programs, Dr. Jan said. He believes insurers are amenable, in part, because their employees—namely claims adjusters—are saddened and frustrated by cases where claimants become hooked on opioids.

"Instead of hearing horror stories, they're starting to hear solutions," Dr. Jan said of how insurers view addiction treatment.

Dr. Gean of Liberty Mutual said the insurer has been willing to cover addiction treatment similar to what Dr. Jan provides if early inter-

vention methods aren't immediately effective for workers comp claimants.

"If a specialist is needed, it really behooves the insurance company and the patient to have that done as quickly as possible," he said.

The main challenge to treating addiction or dependence is that the patient has to be willing to receive the help, Ms. Decato of Marsh said.

"You can't really force someone," she said. "They have to be ready and they have to be committed to it. You need the right patient from an insurer or a TPA perspective."

Dr. Gean said screening tools, such as predictive models and patient questionnaires, can help identify claimants who are willing to receive help for dependence problems.

As workers comp experts look to stem opioid abuse, Lockton's Mr. Rosenblum said he believes many in the industry will focus on preventing addiction rather than waiting to provide treatment after patients have become dependent on narcotics. "We can't wait for that," he said.

Still, Dr. Gean believes the workers comp industry can play a key role in helping to fight the prescription abuse epidemic nationwide.

"Anything that benefits the patients benefits us as well," Dr. Gean said. "It's really a win-win."

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Overtime: Drug rep case may have broader impact

CONTINUED FROM PAGE 4

particular exemption, and also looking specifically at only the outside sales exemption and its applicability to pharmaceutical sales representatives," he said.

But Mr. Prokott added that while he is sure the Supreme Court will try to issue a limited ruling in the case, whatever it holds will affect future cases.

"If the Supreme Court says, 'We give deference to the DOL's interpretation of this particular outside sales exemption,' then it could 'bolster the DOL's efforts to try to help shape the law through amicus briefs' in other cases, Mr. Prokott said.

On the other hand, if the Supreme Court rules there should be not be deference paid to the DOL's position, then it is "likely (the DOL) may take a sec-

ond look before they decide to put in the effort to provide an amicus brief" in other cases.

Mr. Prokott said the ruling also could affect other industries that have sales-related employees who do not actually close deals, even if their jobs are not precisely analogous to pharmaceutical sales reps.

Gerald L. Maatman Jr., a partner with Seyfarth Shaw L.L.P. in Chicago, said the Supreme Court's rulings have a "ripple effect, so depending on the holding or the language used by the Supreme Court, I think it will be important" for interpretation of exemptions under the FLSA. While much will depend on the decision itself, "it does have the potential to have much broader implications" beyond the pharmaceutical industry.

"There is much more wage-

and-hour litigation than almost any other type of employment litigation, and some of the judges think it's gotten out of hand," Mr. Maatman said. The court's decision could affect plaintiff attorneys' chances of success in bringing some such cases, he said.

Robin E. Shea, a partner with Constangy, Brooks & Smith L.L.P. in Winston-Salem, N.C., said the eventual decision "could have important implications for employers who are seeking to classify employees as exempt under the administrative exemption to the FLSA."

Furthermore, while the Supreme Court's decision presumably would be limited to that issue, "it also could have implications for employees who are in positions where they travel during the work day and make use of cellphones and emails outside their standard work hours, and are into that gray or semigray area between exempt and nonexempt and don't figure squarely within the outside sales exemption," Ms. Shea said.

Airmic: Global database aims to aid compliance

CONTINUED FROM PAGE 4

Federation of Insurance Intermediaries and other bodies are being kept abreast of developments, it added.

Potential providers have until January to express their interest in establishing and/or maintaining the database, and it is hoped the service will be up and running by September 2013. No cost estimates have been released.

Helen Hayden, an Airmic board member, said the call for market players to voice their interest in the project is a huge step forward in finding a solution to the problems of ensuring that global insurance programs comply with local laws and rules.

The support of organizations such as the IUA and LIIBA is very important, she said, and has required a "mind shift" on the part of insurers to consider the issue from the buyers' point of view.

Since noncompliant global insurance programs affect the buyer, broker and underwriter, "we're all in this together," Ms.

Hayden said.

"The international insurance industry contains myriad compliance requirements, and keeping on top of these is no simple feat," said Dave Matcham, CEO of the IUA, which represents

Since noncompliant global insurance programs affect the buyer, broker and underwriter, 'we're all in this together.'

Helen Hayden,
Airmic

London-market underwriters. "A compliance database for global insurance programs will undoubtedly prove a huge asset, and the IUA fully supports its creation," he said.

"The creation of a single authoritative source of information has the potential to bring great benefits for our customers, brokers and carriers alike," David Hough, CEO of LIIBA, said in a statement.

The database is to become a sort of code of conduct that will give a consistent interpretation of insurance regulations around the globe, said Praveen Sharma, global leader of insurance regulation and tax in London and a member of Airmic's working group on the database.

While regulations are "not always black and white," the intent is to provide a consistent, industrywide interpretation of local insurance laws and rules so buyers whose programs are written on a subscription basis are not faced with discrepancies in coverage, he said.

This also would put the onus on regulators to clarify their rules if they consider the industrywide interpretation to be incorrect, he said.

Risk managers accept that "100% compliance is not possible," he said, but a database would provide greater clarity, consistency and transparency on such issues.

While some insurers have tried to use their internal databases as a competitive advantage, an industrywide database would give buyers clarity, consistency and transparency, as well as allow insurers to concentrate on the fundamental differentiators of insurance, such as policy wording, handling of claims and pricing, he said.

NewsinBrief

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Combined ratio worsens for reinsurers: RAA

U.S. property/casualty reinsurers' combined ratio worsened to 108.8% during the first nine months of this year compared with 96.6% during the same period last year, according to a survey of 19 U.S. reinsurers by the Reinsurance Assn. of America. The combined ratio in the first three quarters is attributable to a 79.8% loss ratio and an expense ratio of 29%. The 19 reinsurers wrote more than \$20.5 billion in net premiums during the first three quarters, a 12.3% increase compared with the same period of 2010.

Health care premiums rising more slowly

Group medical benefits costs continue to rise 18 months after passage of the federal health care reform law, though increases appear to be moderating, according to a survey of brokers conducted by the Council of Insurance Agents & Brokers. The survey found that small firms with 50 or fewer employees saw the largest increases, with 39% averaging rises of 11% to 20%. That compares with 62% reporting increases in that range in the council's May survey.

Insurance groups oppose Brazil reinsurance rules

The Risk & Insurance Management Society Inc. and insurance industry trade groups have jointly submitted comments expressing "strong opposition" to Brazil's implementation of new reinsurance rules this year, along with another resolution under consideration. Joining RIMS in opposing the Brazilian market measures are the American Insurance Assn., Council of Insurance Agents & Brokers and the Assn. of Bermuda Insurers & Reinsurers.

Lloyd's syndicate halts new underwriting

Lloyd's of London syndicate 1965, citing insured losses from natural catastrophes, said it no longer will write new business. The syndicate, which underwrote property, engineering, casualty, marine, and direct and facultative business in the Asia/Pacific region, said it was affected by frequent, severe natural catastrophes in that region this year, including the Thailand floods.

Auto enrollment increases 401(k) participation

Adding an automatic enrollment feature to 401(k) plans can have a significant impact on plan participation, according to a

Fidelity Investments analysis. On average, 82% of employees participate in 401(k) plans that have an automatic enrollment feature compared with an average participation rate of 55% for plans without it.

Insurer must defend certain asbestos suits

A New York federal judge ruled in a favor of a Sweden-based manufacturer that its primary insurer must provide defense for certain asbestos-related liabilities. Alfa Laval Inc. is entitled to full defense costs from primary insurer Travelers Casualty & Surety Co., a unit of Travelers Cos. Inc., for asbestos claims that fall within several liability and excess umbrella indemnity policies it purchased from Travelers' predecessor, Aetna Casualty & Surety Co.

U.S. agency accuses Cargill of bias

The U.S. Department of Labor's Office of Federal Contract Compliance Programs has charged a unit of Cargill Inc. with discrimination and is seeking cancellation of its at least \$60 million in government contracts. A spokesman for the targeted unit denied the federal agency's charges and said they are "unfounded and without merit." The administrative complaint alleges that Cargill Meat Solutions systematically discriminated against 4,069 qualified female, white, black, Hispanic and Native Americans who applied for entry-level production jobs at the facility.

Ailing economy hurts return-to-work efforts

The economic downturn has made it more difficult for injured employees to return to work, according to a study by the Workers Compensation Research Institute. Cambridge, Mass.-based WCRI studied workers comp procedures and outcomes in Pennsylvania and Wisconsin, which were deemed to have faster and higher return-to-work rates than other states. WCRI said the economy has reduced the impact of certain workers comp practices in those states. "Against a backdrop of high unemployment, some injured workers may face even greater challenges in returning to work, potentially leading to increases in the duration of disability," WCRI said in the report.

Noted

XL Group P.L.C. said David Duclos will retire as chief executive of XL's insurance operations effective Dec. 31 and be replaced by Greg Hendrick. Mr. Duclos will continue as a consultant to XL through 2012.

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Aren't they old enough to know better?

Age is no excuse for viewing pornography at work, a Philadelphia-based appeals court has ruled.

According to the decision by the 3rd U.S. Circuit Court of Appeals in Philadelphia in *Douglas Hodczak vs. Latrobe Specialty Steel Co.*, it was discovered during a 2007 investigation into a sexual harassment complaint that six employees of the company regularly exchanged emails containing sexually explicit photographs.

In accordance with company policy, LSS suspended the six employees. Then about a week later, it terminated four of them, all of whom were in their late 50s or early 60s, according to the decision.

The workers filed suit in federal court, alleging that LSS discriminated against them because of their age. The district court granted summary judgment in the company's favor, ruling that the plaintiffs failed to demonstrate that, but for their age, LSS would not have terminated their employment.

The appeals court agreed with the lower court in its Nov. 17 decision, originally reported by the Delaware Employment Law Blog.

"Given the conduct in which appellants engaged and the lack of sufficient evidence suggesting an atmosphere of age discrimination at LSS, there is no basis for a finding that LSS' proffered rationale was a pretext for age discrimination," the appeals court ruled unanimously.

CONTRIBUTING: Judy Greenwald, Mike Tsikoudakis

End Page

Suit says Tommy Lee a lousy crew manager

Mötley Crüe rocker Tommy Lee's apparent strength is in music, not employee management.

Former assistant Michael Anthony Sullivan filed suit against Mr. Lee and his company, Mayhem Touring Inc., in Los Angeles Superior Court last week, according to news reports.

He claims he worked as Mr. Lee's "procurer, Man Friday, chauffeur, guide, bookkeeper, attendant, door-keeper, agent, butler, valet, attendant, cook, shopper, nanny, bodyguard, maid, nurse and nursemaid" from January 2005 to March 2011, and was on call 24/7.

He says there were long periods during which he was required to work seven days a week, and would typically put in 80- to 100-hour work weeks while Mr. Lee was on tour.

Despite this, says Mr. Sullivan, he never received overtime compensation for his extra work. In fact, he claims, Mr. Lee habitually made improper deductions from his pay, including deducting \$1,000 a month for rent when Mr. Sullivan moved into Mr. Lee's home to better serve him and his family.

Among other charges, Mr. Sullivan said he lost two potential tour manager jobs because of a smear campaign by Mr. Lee.

He is seeking "no less than \$50,000" plus punitive damages "in an amount sufficient to punish Lee and make an example of him."



Tommy Lee's former assistant is suing the rock star, claiming he was overworked and underpaid. He is seeking 'no less than \$50,000' plus punitive damages 'in an amount sufficient to punish Lee and make an example out of him.'

T-shirt maker no chicken in legal fight

Atlanta-based fast-food chain Chick-fil-A has warned a folk artist to stop using his trademark phrase, "eat more kale," because of potential trademark violations.

In an Oct. 4 letter, an attorney for Chick-fil-A, said that Bo Mueller-Moore's use of the phrase may cause public confusion over the franchise's own trademark phrase, "eat mor chikin," which is accompanied with images of cows misspelling the words, according to an Associated Press report.

Mr. Muller-Moore, a self-proclaimed folk artist in Montpelier, Vt., said he started using "eat more kale" in 2000 and built a silkscreen business out of the phrase, which is printed on T-shirts, sweatshirts and bumper stickers, according to the report.

"Eat more kale" refers to the benefits of local agriculture, Mr. Mueller-Moore said in the news report.

In the letter—which orders Mr. Mueller-Moore to stop using the phrase



and relinquish his website, eatmorekale.com—Chick-fil-A said Mr. Mueller-Moore's message "dilutes the distinctiveness of Chick-fil-A's intellectual property and diminishes its value," according to the AP report.

Mr. Mueller-Moore first received a cease-and-desist letter from Chick-fil-A in 2005 and hired a pro bono lawyer to respond. After the letters stopped, he thought the fight was over.

But the dispute resumed after Mr. Mueller-Moore sought to protect his phrase by filing an application with the U.S. Patent and Trademark Office as his business expanded, according to the report.

"Our plan is to not back down. This feels like David vs. Goliath," Mr. Mueller-Moore told the AP.

MAN SUES PLAYBOY MANSION FOR GENDER BIAS

Is the Playboy Mansion unfair to men? That's the assertion in a class action lawsuit filed against the Playboy facility in the Holmby Hills area of Los Angeles, according to news reports.

Steve Frye is unhappy because, at the annual Leather Meets Lace function, he says women were not required to pay the \$1,000 price of admission.

He is claiming sex discrimination and has filed a lawsuit seeking class action status on behalf of the men who paid the large admittance price.

In fact, according to a news report, female guests who were not deemed up to Playboy beauty standards also were

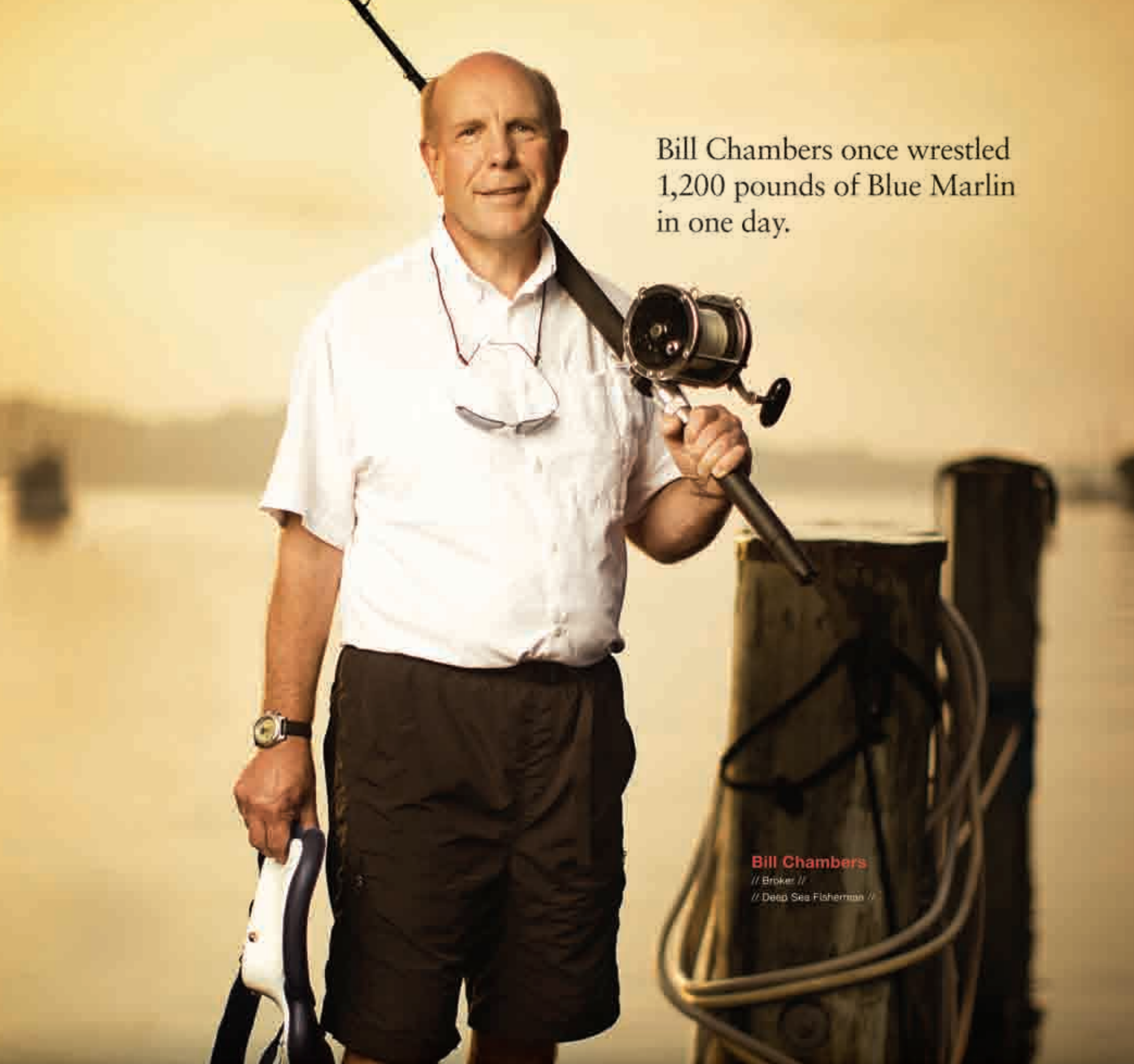
charged the \$1,000.

Playboy Enterprises International Inc., which owns the grounds, claims it did not set the admission price, and only rents out the mansion to others. The party, which took place Oct. 1, was a charity event benefiting ex-playmate Jenny McCarthy's Generation Rescue for Autism Awareness, according to another news report.

The lawsuit states that the preferential treatment "promotes harmful, negative stereotypes."

That's pretty egalitarian language from someone who shelled out \$1,000 to see half-dressed women. Of course, if Mr. Frye had shown up for the event wearing bunny ears and a tail, maybe he wouldn't have had to pay admission.

Women allegedly were not required to pay the \$1,000 admission to an event benefiting Jenny McCarthy's Generation Rescue for Autism Awareness.

A photograph of Bill Chambers, a man with a balding head, wearing a white short-sleeved button-down shirt and dark shorts. He is holding a fishing rod with a reel in his left hand and a white fishing lure in his right hand. He is standing on a boat, with a wooden post and some equipment visible in the background. The lighting is warm, suggesting sunset or sunrise.

Bill Chambers once wrestled
1,200 pounds of Blue Marlin
in one day.

Bill Chambers

// Broker //
// Deep Sea Fisherman //

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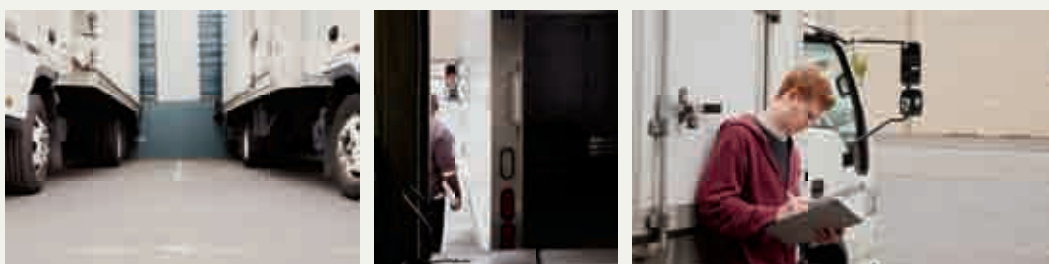


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CASE OBJECTIVE:
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CASE SPECIFICS:

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