



HEALTH CARE REFORM RULE MAY ADD TO ADMINISTRATIVE COSTS / PAGE 3

SEN. BAUCUS FAILS IN ATTEMPT TO REPEAL HEALTH RULE / PAGE 3

U.S. SUES GULF RIG OWNER FOR ACCESS TO RECORDS ON SAFETY / PAGE 4

In Brief

Krauze succeeds Bailey at Willis North America

Willis Group Holdings P.L.C. has appointed Vic Krauze chairman and CEO of Willis North America. Mr. Krauze, who had been president and chief operating officer of Willis North America, succeeds Don Bailey, who is leaving the company to join Allstate Corp. as senior vpe-emerging businesses. Mr. Bailey became chairman and CEO of Willis North America in September 2006, succeeding Mario P. Vitale when Mr. Vitale left Willis to become CEO of Zurich Financial Services Group's Global Corporate North American operations.

Zurich to cut costs by \$500 million

Zurich Financial Services Ltd. plans to cut \$500 million in total expenses, including \$350 million in its general insurance operation, by 2013, Zurich said. It also said that in its general insurance segment, which includes property/casualty insurance, it plans to improve its combined ratio by three to four percentage points relative to global competitors by 2013,

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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 9**

EMPLOYMENT PRACTICES

EEOC, lawmakers eye credit checks

Obtaining reports on job applicants may invite liability

By **JUDY GREENWALD**

Employers should brace themselves for more legislation curtailing their use of credit reports in checking out job applicants as well as lawsuits alleging civil rights violations for using the reports in hiring decisions, observers warn.

Observers say an Oct. 20 hearing by the U.S. Equal Employment Opportunity Commission signals increased agency focus on the issue and could herald more litigation by the EEOC and plaintiffs attorneys acting in response to the EEOC's interest.

Already, a proposed class action has been filed in Miami federal court by a woman who was denied a job because of her credit report and observers say plaintiffs attorneys will closely watch how the case develops.

While only four states have enacted laws in this area, legislation was pending in 20 states and the District of Columbia as of September, according to the Denver-based National Conference of

State Legislatures.

Complying with existing federal and state laws likely will be a challenge for multistate employers because of differing language, observers say.

On the federal level, the Fair Credit Reporting Act addresses issues related to credit checks. A U.S. House committee held a September hearing on H.R. 3149, the Equal Employment for All Act, which would amend the FCRA to prohibit the use of credit reports in making employment decisions. However, the bill never got out of committee and now is given little near-term chance of passage because of the midterm elections.

According to a survey earlier this year by the Alexandria, Va.-based Society for Human Resource Management, about 60% of employers use credit checks in evaluating job applicants, usually after a contingent job offer or job interview. Only 13% conduct credit checks for all candidates.

For example, rather than cashiers, retailers focus running credit checks on higher-level individuals who are "working unsupervised in a position of trust," said Laura Randazzo, vp of global services at Lake Forest, Calif.-based

See **CREDIT** page 19



INTERNATIONAL



Will Ireland's crisis diminish its allure?

By **STUART COLLINS**

DUBLIN—Ireland's debt crisis is a blow to its reputation, but its commitment to retain an attractive corporate tax rate and low business operating costs mean that Dublin should remain an attractive hub for international insurers and reinsurers, experts say. If the tax rate were to increase, though, the situation could change dramatically.

The European sovereign debt crisis claimed its latest victim at the end of November when Ireland was forced to accept emergency funding and agree to tough new fiscal measures to manage its deficit. The crisis is hitting parts of the Irish economy hard, but most of the 180 insurers and reinsurers that have made Ireland their domicile or European base should largely be unaffected, experts say.

Ireland's sovereign rating downgrade has had credit implications for some domestic-focused insurers that have "material" exposure to Irish government securities or Irish banks, said Rob Jones, London-based managing director at Standard & Poor's Corp.

S&P last month downgraded Ireland's sovereign credit rating by two notches to A and placed it on "credit watch negative." It also said it was considering the credit implications of the downgrade for five Irish insurers—Irish Life Assurance P.L.C., Allianz Insur-

See **IRELAND** page 20

LIABILITY & LITIGATION

Public-private construction partnerships complicate risks

By **MICHAEL BRADFORD**

An established trend in Europe

and elsewhere of public entities partnering with private firms to develop infrastructure projects is

gaining momentum in the United States, giving rise to unique risks and insurance issues.

Public-private partnerships, or P3s, typically are arranged so that investor groups and private contractors help fund, build and, often, maintain a project on behalf of a municipality. Toll roads, tunnels and bridges are among projects that municipalities have turned over to private-sector contractors, which build and operate them in exchange for toll revenue.

Schools, hospitals and other public facilities also are being built

under the partnerships, then leased back to the unit of government that ordered the projects. Cash-strapped governments looking for ways to avoid the capital outlays needed to fund public projects are adding momentum to the trend.

"In large part, the capital outlay is coming from the concessionaires" that are building and operating the projects, said Tom Miller, senior vp at Lockton Cos. L.L.C. in Kansas City, Mo. Typically, at the end of a designated period, often

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Expertise

Just ask the 2010 Women to Watch.

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SEE FULL PROFILES ONLINE

Full-length profiles of the 2010 Women to Watch honorees featured in this week's issue are available online at www.BusinessInsurance.com/women2010. Additionally, an awards lunch and reception will be held Dec. 7 at the Four Seasons Chicago. Register by contacting Rebecca Briggs at 212-210-0312 or rbriggs@businessinsurance.com.



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Week of November 29, 2010

1. Zurich Financial plans to cut costs by \$500 million
2. TARP assistance for AIG will cost Treasury \$14 billion: CBO
3. Obama health care law survives court challenge in Virginia
4. XL names North America property/casualty executive
5. Senate fails to repeal health care reform law 1099 rule
6. Willis names executive vp of Willis Risk Solutions
7. IRS offers amendment extension for Roth 401(k) rollover feature
8. HMO premiums to see biggest increase in 5 years: Aon Hewitt
9. U.S. launches commercial fleet driver safety program
10. Judge dismisses Chinese drywall case against Chartist unit

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Business Insurance RESEARCH CENTER

HEALTH CARE REFORM

Health rule may create admin burden

By JOANNE WOJCIK

A health care reform rule that caps how much insurers can spend on administrative costs is likely to cause headaches for employers that offer fully insured health plans to their workers.

Self-funded plans also may be peripherally affected if insurers decide to cut back on services that are not included as medical expenses under the medical loss ratio definition that the Department of Health and Human Services issued last month.

Under the Nov. 22 HHS regulations, only costs directly attributable to medical care and health care quality improvement can be included in health insurers' MLRs, which were set at 80% for individual coverage and small groups and 85% for large groups.

Under the Patient Protection and Affordable Care Act, health

KEY POINTS TO RULE

- Only costs directly attributable to medical care and health care quality improvement can be included in medical loss ratios.
- Employers that receive a rebate must allocate a sum proportionate to employees' premium contribution.
- Mini-med plans received a temporary reprieve.

insurers must rebate to policyholders any amounts in excess of the allowed respective 20% or 15% in administrative costs.

Because many employers offer at least one fully insured health plan to their employees, employers that receive a rebate must allocate to employees a sum that is proportionate to their individual premium contribution.

Because the MLRs and the rebates will be calculated state by state, rather than across an insurer's entire book of business, this could prove onerous for large, multistate employers, benefit experts say.

"Carriers that fail to meet the MLR requirement in a particular state would have to give rebates to entities paying the premium in that state," said Richard Stover, a principal with Buck Consultants L.L.C. in Secaucus, N.J.

"For employer plans, it will be paid to the employer, but then the employer has to allocate the rebate proportionate to what employees and the employer paid," he said. For example, "say the employer pays 50%, they would have to give 50% (of the rebate) to employees." But because "most employers' contribution schemes are more complicated than that, it's going to pose

a bit of an administrative complication," Mr. Stover said.

While all insured plans will be required to meet the MLRs beginning Jan. 1, 2011, HHS has given insurers that underwrite limited benefit plans, such as "mini-med" plans, a temporary reprieve.

Instead of meeting the 80% MLR threshold for individual and small-group business and the 85% MLR requirement for large-group business, mini-med plan MLRs were set at 40% and 42.5%, respectively, for 2011.

The reason was to prevent disruption of the health care market for mini-med plan members, who typically are low-income individuals who cannot afford the cost of traditional health care coverage, Mr. Stover said.

Similarly, HHS previously agreed to grant annual waivers to

See MLR page 21

CLIMATE CHANGE



Mr. Stewart and Mr. Nevius

Climate risks pose threat to business

Climate change is a risk in the truest sense, participants said during a *Business Insurance* webcast last week.

"Nobody knows exactly what's going to happen," William F. Stewart, partner in the national insurance coverage group of Nelson Levine de Luca & Horst L.L.C. in Blue Bell, Pa., said during the *BI* webcast "An Inconvenient Risk: Climate Change Liability and Coverage."

Legal experts speculate that climate change-related insurance coverage disputes may be as messy as asbestos claims. Recent lawsuits and federal regulations have resulted in individuals, corporations and governmental entities trying to recover damages for alleged global warming contributions.

While some results of climate change are agreed upon by the International Intergovernmental Panel on Climate Change, Mr. Stewart said many uncertainties remain.

"Unlike most risks, climate change is really not readily definable and it's certainly not monolithic in nature," Mr. Stewart said. "Instead, it's a menacing but still largely murky threat with the potential to impact all sorts of lines of insurance."

John G. Nevius, a partner and chair of the environmental law group in Anderson Kill & Olick P.C.'s New York office, agreed. "D&O liability (is) a major risk element, both from an insurance standpoint and similarly from an economic standpoint," he said.

Mr. Nevius also discussed property loss and business interruption exposures and existing coverage options.

Policyholders' comprehensive general liability and D&O policies may provide coverage against climate change-related claims, but as public and governmental authorities are increasingly focused on battling the causes of global warming, litigation is likely to surge, Mr. Nevius said.

BI Senior Editor Joanne Wojcik moderated the webcast. It is available at www.BusinessInsurance.com/Webcasts.

—By Mike Tsikoudakis

LIABILITY & LITIGATION

Judge rules for insurer in drywall coverage case

By JEFF CASALE

MIAMI—A federal district court judge in Florida ruled that the liability insurer of a property development group has no duty to provide coverage for property damage or defend Chinese drywall claims that manifested prior to the issuance of the insurance policy.

Judge Kenneth A. Marra of U.S. District Court Southern District of Florida ordered last week that Amerisure Mutual Insurance Co. has no duty to provide coverage for property damage or bodily injury claims stemming from Chinese drywall claims made by their insured developer because those

damages occurred before the issuance of the developer's policy with Amerisure, despite claims against the developer in an underlying lawsuit being made during the active policy period.

The case—*Amerisure Mutual Insurance Co. vs. Albanese Popkin the Oaks Development Group L.P.*—stems from the underlying case against Boca Raton, Fla.-based Albanese Popkin brought by Alan and Annette Goddard. Albanese Popkin completed construction on the Goddards' Florida home in October 2006, according to court documents.

The Goddards initially discovered damage to the air condition-



ing coils in one of their seven air handling units and a periodic sulfur odor in December 2006, court documents said, damages that have been proven to be due to the presence of Chinese drywall in a building or home.

In April 2009, the Goddards said the sulfur odor in the home was more pronounced, according

to court documents, and that sometime between April and May of that year they notified Albanese Popkin of property damage to the structure, including the failure of all seven air handling units and damage to electrical wiring and plumbing fixtures.

See DRYWALL page 20

HEALTH CARE REFORM

Effort to cancel health care reporting rule fails

By JERRY GEISEL

WASHINGTON—The Senate last week turned back the first legislative efforts to repeal a portion of the health care reform law.

Two amendments—one proposed by Finance Committee Chairman Max Baucus, D-Mont., and the other by Sen. Mike Johanns, R-Neb.—to repeal a requirement that employers furnish 1099 tax reporting statements if they do more than \$600 in business with a corporate vendor—failed to win enough votes to be attached to a food safety bill.



Sen. Baucus

The Senate approved the food safety measure, S. 510, last week.

Small employers have complained that the reporting burden of the health care reform law

requirement, which is scheduled to go into effect in 2012, is too great.

While there is broad congressional support for repealing the requirement, the amendments failed for reasons unrelated to the health care reform law, Washington observers say. Democrats, for example, were concerned about language in Sen. Johanns' amendment giving new authority to federal regulators to cut government spending.

Despite the setback, new proposals to repeal the 1099 reporting requirements are expected soon.

"Small business owners voiced

legitimate concerns that these requirements would be burdensome, and the Senate should act in response to those concerns. I am disappointed that we weren't able to repeal these requirements today, but I intend to keep working until we do," Sen. Baucus said in statement.

The reporting requirement would raise about \$2 billion a year, according to estimates by the congressional Joint Committee on Taxation.

President Barack Obama has said he would consider changes to the 1099 reporting requirement.

LIABILITY & LITIGATION

U.S. demands Gulf rig owners' safety records

By JEFF CASALE

NEW ORLEANS—The U.S. government alleges that Transocean Holdings L.L.C. is not cooperating with its investigation of the explosion of the Deepwater Horizon oil rig and has asked a judge to order the company to comply with three subpoenas seeking information.

In its complaint filed in U.S. District Court for the Eastern District of Louisiana, the government alleges that Houston-based Transocean, which owned the rig, refused to produce safety documents from 1998, 2001, 2003, 2004, 2007, 2008 and 2010.

The government issued three subpoenas—in August, September and October—demanding 12 years of records from Transocean.

The Nov. 23 complaint was

filed in New Orleans on behalf of the Joint Board of Investigation of the U.S. Coast Guard and the Bureau of Ocean Energy Management.

According to the complaint, the Joint Board of Investigation on Oct. 21 issued a subpoena to Transocean requesting “all documents relating to the internal safety management system audit report for all Transocean vessels that operated in the Gulf of Mexico” at the time the Deepwater Horizon exploded April 20.

The subpoena for records was issued as part of the joint investigation to determine the cause of the Deepwater Horizon “blowout, fire, explosion and oil spill,” according to the suit. The April oil spill was the worst in U.S. history.

Transocean did not respond to

the first two requests for information and responded in writing to the third request, according to the complaint.

In its Nov. 4 response, Transocean addressed some of the requests by the government, but refused to provide “all documents relating to the ISM audit report for all Transocean vessels that operated in the Gulf of Mexico at the time of the casualty,” as well as external safety audits since the system was adopted 12 years ago, according to the complaint.

“Transocean objected and produced no documents” to those requests, the government said in the complaint.

The Joint Board of Investigation’s next hearings on the Deepwater Horizon are scheduled for Dec. 7-9 in Houston.



THE TIMES-PICAYUNE/LANDOV

Oil is seen in a marsh in Venice, La., in August. The U.S. government has demanded records from Transocean Holdings L.L.C. related to the spill.

AGENTS & BROKERS

FERMA, BIPAR sign protocol on broker pay

By MICHAEL BRADFORD

BRUSSELS—European brokers will disclose to risk managers any remuneration they receive from insurers and potential conflicts of interest under a new transparency protocol agreed late last month.

The Federation of European Risk Management Assns. and the European Federation of Insurance Intermediaries, known as BIPAR, signed the nonbinding protocol that establishes a framework for broker disclosures to clients.

“It is very important that the industry came together on this difficult topic,” said FERMA President Peter den Dekker. “It’s not to put a high burden on the brokers; that’s to no one’s advantage,” he said.

Instead, the agreement gives risk managers clarity on what fees their brokers receive from insurers and then allows buyers to decide whether those arrangements create a conflict of interest, Mr. den Dekker said.

Under the protocol, brokers agree to provide information on any pay they receive that is directly related to placing and servicing insurance when requested by clients. Any other payments made to the broker by an insurer also should be revealed on request, according to the agreement.

The protocol was not written to take a stand on whether contingent payments are good or bad, said Mr. den Dekker. “We want to have a right to



FERMA President Peter den Dekker backs disclosure of broker remuneration.

ask for that information” and then decide whether it is proper, he said.

In a joint statement, Mr. den Dekker and Jaap Meijers, chairman of BIPAR, an organization of 46 broker associations in Europe with members that include units of the largest U.S. intermediaries, stressed that brokers “play an important role in the development, placement and servicing of business insurance contracts, and they should receive fair remuneration for their services. The amount and nature of that remuneration is a matter for the parties involved.”

Mr. den Dekker said FERMA has worked with BIPAR on the transparency issue for more than a year. Originally, FERMA wanted the disclosures to be mandatory, but agreed to voluntary disclosures to reach an agreement with brokers, he said.

“What this agreement does is give us a minimum standard of disclosure of what we would like our brokers to give us,” Mr. den Dekker said. The agreement is nonbinding, he said, because of the difficulty of crafting a protocol that would apply under the range of laws in European countries governing the brokerage business.

MERGERS & ACQUISITIONS

More M&A activity expected next year

By SONJA RYST

The next year is likely to feature an uptick in merger and acquisition activity among property/casualty insurers, though the deal-making process is expected to remain slow going.

Consolidation among property/casualty insurers has been muted again this year as stocks and company values in general have slid since 2007 and owners may feel prices don’t reflect a fair value for their business, experts say. As a result, potential buyers have battled to convince sellers to do deals.

Meanwhile, property/casualty insurers haven’t had to pay claims for any huge catastrophes lately, so companies have plentiful capacity. With many companies chasing available business, prices are down and most insurers don’t expect to improve their underwriting profits until the next large catastrophe, experts say. Another path to growth is buying a rival, assuming the seller is interested.

“We have some sellers who are losing the patience to wait the mar-

ket out, and we have buyers who are losing the patience to get organic growth,” said James Anderson, managing director at specialist banker Macquarie Capital (USA) Inc. “Those things are starting to collide and should lead to more transactions.” He said he expects more M&A activity in 2011 than in the past couple of years but doubts it would reach the levels seen before 2007.

One deal this year illustrates the pace typical of many recent transactions.

Richmond, Va.-based Markel Corp. this summer reached an agreement to acquire Omaha, Neb.-based Aspen Holdings Inc., which does business as FirstComp Insurance Co., for \$135 million plus the value relating to certain outstanding stock options at closing. But getting that deal done took some perseverance by Markel Vice Chairman Steven A. Markel and his team, Mr. Markel said.

Markel began meeting with Aspen’s executives in 2009 to discuss strategies for raising additional capital for their existing business. At that point, Aspen wasn’t large enough for an initial public

offering, but it had done some private equity deals and was thinking about doing another round. Mr. Markel’s team continued talks with Aspen’s executives, meeting with them several times over a year to discuss how they could help each other.

“We thought they’d be a great fit, and it took a long time for them to reach that same conclusion, but we came together,” Mr. Markel said. “After we developed a level of trust and respect for one another, they decided to join Markel.”

In mid-July they reached an agreement, and the deal closed in October.

Markel’s deal is among 66 property/casualty insurance mergers and acquisitions through Nov. 15 this year compared with 67 for all of 2009, according to SNL Financial L.C. However, the volume has dwindled to \$6.32 billion so far this year from \$9.21 billion in 2009.

There were 22 property/casualty insurer deals amounting to \$2.48 billion in the third quarter of this year, compared with 15 deals worth \$1.35 billion in the second quarter, according to SNL Financial. Only 11 deals worth about \$624.5 mil-

See DEALS page 6

\$2.48B

There were 22 property/casualty insurer deals amounting to \$2.48 billion in the third quarter of this year.

Catastrophe losses rise 34% in 2010

By SARAH VEYSEY

Swiss Reinsurance Co. said insured losses from natural catastrophes and man-made disasters so far in 2010 totaled \$36 billion, a 34% increase on the total for 2009.

Economic losses from natural catastrophes and man-made disasters in 2010 total an estimated

\$222 billion, compared with \$36 billion in 2009, according to Zurich-based Swiss Re’s preliminary estimates.

According to Swiss Re’s research, natural catastrophes cost the insurance industry about \$31 billion in 2010, while man-made disasters triggered claims of about \$5 billion.

In the first 11 months of 2010, there were eight events that caused insured losses of more than \$1 billion, Swiss Re said Tuesday.

The costliest event for insurers was the earthquake that hit Chile in February, causing an estimated \$8 billion in insured losses, according to Swiss Re’s research.

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Mr. Tsikoudakis

BI announces editorial staff promotion

CHICAGO—Mike Tsikoudakis, previously editorial assistant at *Business Insurance*, has been promoted to associate editor at the publication.

As associate editor, Mr. Tsikoudakis will report on a range of risk management and insurance subjects for *Business Insurance* and at www.BusinessInsurance.com.

He received his Bachelor of Arts degree in English from the University of Denver, and completed his Master of Arts degree in writing at DePaul University in Chicago.

Mr. Tsikoudakis joined *BI* in 2006 as advertising sales assistant.

He can be reached at 312-649-5283 or mtsikoudakis@businessinsurance.com.

Deals: M&As expected

CONTINUED FROM PAGE 4

lion had taken place during the fourth quarter through Nov. 15.

"We haven't seen an uptick yet in the number of deals, but we are seeing more activity," said Mike Ryan, Dallas-based partner in insurance transactions services at the audit, tax and advisory firm KPMG L.L.P.

Some recent M&As involved companies that sell niche products. In September, for example, Zurich-based ACE Ltd. said it planned to pay about \$1.1 billion for all the outstanding common stock it did not already own in Johnston, Iowa-based crop insurance underwriter Rain & Hail Insurance Service Inc.

ACE Chairman, President and CEO Evan G. Greenberg has presided over a string of recent acquisitions. In October, ACE said it had agreed to purchase New York Life Insurance Co.'s operations in Hong Kong and South Korea for \$425 million. In September, ACE said it had agreed to acquire Malaysian general insurer

Jerneh Insurance Berhad for about \$200 million.

When asked in an October analyst conference call whether he's still thinking about acquisitions, Mr. Greenberg said nothing was imminent but added: "We're constantly looking and we will (do acquisitions), but we're very, very disciplined," according to a transcript of the call (*BI*, Nov. 1).

Mr. Markel says he's "anxious" to talk to more potential acquisition targets. Since going public in 1986, Markel has generated about half its growth from acquisitions.

Paul Bauer, a vp on the U.S. property/casualty team at Moody's Investors Service, said the type of deals that are most likely in the coming months involve midsize insurers and smaller niche players.

For example, the Chicago-based property and liability, mortgage guarantee and title insurer Old Republic International Corp. and Blue Bell, Pa.-based workers compensation and property/casualty insurance service provider PMA Capital Corp. in October announced the closing of their

merger. SNL Financial valued the deal at more than \$228.3 million.

The muted values have prompted some foreign investment in U.S.-based insurers. For example, Toronto-based property/casualty, reinsurance and investment management company Fairfax Financial Holdings Ltd. and Woodland Hills, Calif.-based workers compensation insurer Zenith National Insurance Corp. announced a deal in February. Fairfax expected to buy all of the outstanding shares of Zenith common stock that it didn't own for around \$1.4 billion. The deal closed in May. Then in October, Fairfax said it had a merger agreement with First Mercury Financial Corp. in which Fairfax would buy the insurer's outstanding shares for about \$294 million.

In addition, Sydney-based property/casualty insurer QBE Insurance Group Ltd. expanded its reach, which included 45 countries and \$4 billion in gross written premium in 2009 in the Americas. In April, QBE said it had agreed to acquire NAU Country Insurance Co., a crop insurance underwriter based in Ramsey, Minn. SNL Financial valued the deal at \$565 million.

Commentary

Airport security rules on the edge of reason

Like millions of other U.S. residents, my family traveled by air during the Thanksgiving holiday. We did so with some trepidation—not because of the threat of terrorism but rather the security measures we'd have to contend with in the name of preventing a terrorist attack.

We'd been bombarded with horror stories of invasive pat-downs, exposure to radiation courtesy of new scanners, and voyeuristic scanner operators. Protesters promised to draw a line against the new requirements by refusing to comply with them.

So, we were surprised when the scanner process went without incident. Maybe the public uproar over the new security measures had been overblown. There were no large-scale protests—obviously the overwhelming majority of the flying public figured that taking such steps to manage the risk of terrorism was worth the hassle.

On the way back, at an airport without the new scanners, though, we had a somewhat different experience. My father-in-law, an 88-year-old World War II vet, has a pacemaker. He could not go through the metal detectors and had to go through a pretty thorough pat-down. He endured the procedure with good humor, but was it necessary? Where does managing the risk of terrorism cross the line from the rational to the surreal?

Most of the travelers I saw subjected to additional security were older people. I'm willing to bet that as a general proposition, the number of active terrorists among the 65-and-up crowd is minuscule.

There's been the very occasional geriatric lunatic, like the 88-year-old white supremacist who shot a guard at the U.S. Holocaust Memorial Museum in Washington last year. But these guys have tended to favor trucks or vans bristling with rifles and homemade bombs rather than attempting to board planes with explosives.

Octogenarian jihadists? They may exist, but there probably aren't many of them and I doubt their efficacy in carrying out an attack unless they're unwitting dupes.

This is where members of the traveling public ought to be shaking their heads if they're not already. In our effort to manage the very real terrorism risk, we're increasingly throwing common sense away.

One doesn't have to be paranoid to be concerned about where the security obsession may lead. Travelers have sur-



MARK A. HOFMANN

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rendered increasing amounts of personal freedom to meet the demands of an ever-more vigilant security apparatus. I used to carry a Swiss Army knife, but because of security regulations, now I don't. It's a small loss, but a loss nonetheless.

The little losses add up over time. Passing through a metal detector sufficed once upon a time. Somewhere along the line, we had to take off our shoes as well. There was the issue of the maximum size

Octogenarian jihadists? They may exist, but there probably aren't many of them.

container of liquids that could be stowed in carry-on baggage—a boon to manufacturers of travel-size toiletries but an annoyance to the rest of us.

Now with full-body scans, you have to empty your pockets and take off your belt as well—another small annoyance added on top of small losses. The question naturally arises as to what happens next in the name of security.

I don't pretend to know what that will be. But the public outrage that accompanied the announcement of the new scanners and aggressive pat-downs indicates that there is only so much travelers will put up with in the name of security, particularly if they're not given a believable explanation of why the latest intrusion upon their persons and liberty is necessary. The government's initial explanation was pretty much, "Because we say so."

There's a line beyond which the public won't go; we just don't know where it is. But risk management practices that appear disproportionate or irrelevant to the risk cannot help but invite resistance.

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Business Insurance OPINIONS

Congress should act on med mal reforms

MANY RECOMMENDATIONS of the bipartisan National Commission on Fiscal Responsibility and Reform may never become reality, but there's one proposal that the new Congress ought to take up sooner rather than later.

That proposal is the commission's call for meaningful medical malpractice liability reforms.

The commission recommends several policies, including modifying the "collateral source" rule to allow outside sources of income that are collected as a result of an injury, such as workers compensation, to be considered in determining awards. The panel's report also advocates imposing a statute of limitations on medical malpractice lawsuits.

These are not new ideas, but we believe they are good ideas.

These are not new ideas, but we believe they are good ideas. In fact, we've supported reform for years.

Unfortunately, medical malpractice liability reform did not receive the attention it deserved during the debate over health care reform. Yet, as the deficit commission's report points out, adopting some common-sense liability reforms could save billions of dollars a year.

Even though not enough commission members voted for the whole package and thus force Congress to act on it, we believe lawmakers should push forward on the medical malpractice provisions.

We realize that enacting tort reform of any kind at the federal level never has been easy. But medical malpractice liability reform is one area of tort reform that must be pursued despite the difficulties. The deficit commission has provided a true public service by recommending constructive changes to the medical malpractice liability system. Its proposal is one on which Congress should act, and soon.

Health care waiver idea deploys common sense

IT WOULD BE EASY to make too much or too little of a bill proposed by Sens. Ron Wyden, D-Ore., and Scott Brown, R-Mass., that would allow states to seek waivers from federal regulations, which would exempt them from controversial provisions in the health care reform law, such as the individual and employer mandates.

In fact, there is such a waiver provision in the law. All the Wyden-Brown proposal would do is move up when states could apply for waivers to 2014 from 2017.

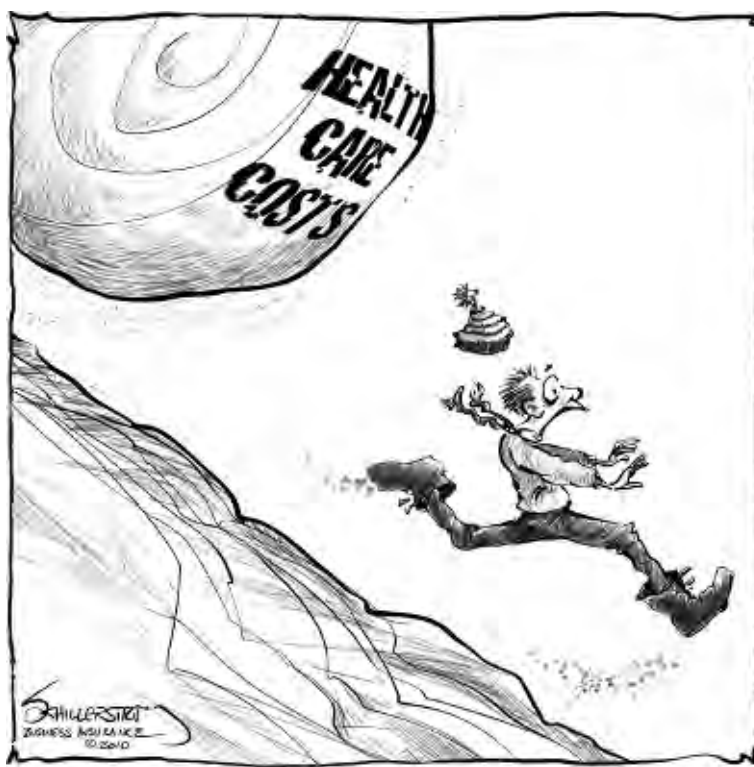
To those who think the proposal would undermine the federal law as states opposed to the employer and individual mandates would rush to get waivers from those provisions, we suggest they read the measure carefully.

To receive a waiver, a state would have to demonstrate that it would be able to provide coverage to as many citizens as the federal approach and do so in a comprehensive and affordable way.

We doubt that could be achieved in many, if any, states without an employer or individual mandate.

That said, the Wyden-Brown measure would give states needed flexibility. For instance, in Massachusetts, roughly 97% of the population has health insurance coverage. Massachusetts has reached near-universal coverage with an employer mandate that is less punitive than the mandate in the federal law.

Common sense dictates that if states can achieve near-universal coverage without precisely following the requirements set by the federal law, they should be allowed to continue to do so. That is what the Wyden-Brown measure would do and we hope Congress approves it quickly.



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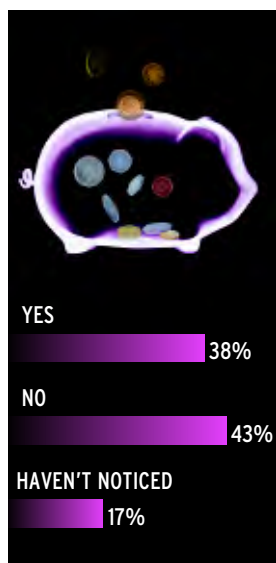
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THIS WEEK'S RESULTS

Q Are brokers disclosing more information about compensation?



NEXT WEEK'S QUESTION

Q: Do you feel that there is a glass ceiling for women executives in your organization?

PERSPECTIVES

Perspectives and expert analysis online at
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Business Insurance's
2010 WOMEN TO WATCH

Business Insurance's annual Women to Watch feature is our attempt to identify and recognize individuals doing exceptional work in risk management, benefits management, commercial insurance and related fields.

The insurance industry traditionally has been a male-dominated sector, especially at the executive levels. But as we have seen from the women we have profiled in this annual feature throughout the past five years, there is a growing number of talented and dynamic female executives holding key positions within the sector.

As a result, as the years go by, it gets tougher for the panel of *BI* editors involved in the selection process to narrow down the field of candidates and select only a few honorees from the numerous nominations we receive.

We think you'll agree, though, that the nominees selected have outstanding credentials and are exceptional leaders in their fields.

Our profiles of the nominees begin on page 10. To read the full-length interviews, visit www.businessinsurance.com/women2010.



Read the complete profiles of the 2010 Women to Watch at www.BusinessInsurance.com

Eileen Auen

Chairman and CEO
PMSI Inc.
Tampa, Fla.
Age: 47



Eileen Auen leads one of the nation's largest pharmacy, medical service and equipment providers for the workers compensation industry. PMSI Inc. employs more than 650 professionals processing more than 3 million pharmacy transactions annually for insurers, third-party administrators and self-insured companies. Before joining PMSI in 2008, Ms. Auen was head of health care management at Aetna Inc. Previous positions include a stint as CEO of APS Healthcare and senior vp at Intracorp.

WHAT'S THE BEST PROFESSIONAL ADVICE YOU RECEIVED?

The best advice I ever received when I was worried about getting ahead I got from a partner who said, "Just do good work all the time and all rest will follow."

WHAT ADVICE WOULD YOU GIVE TO YOUNG WOMEN ENTERING THIS FIELD?

It's very important to build strong professional relationships because our industry is small; you will meet everyone in multiple roles and functions and companies over your career. So make sure you are very careful to treat everyone with respect.

WHAT DID YOU WANT TO BE WHEN YOU GREW UP?

I wanted to be a journalist. I wanted to travel and write.

WHAT DO YOU PREFER AND WHY: PHONE OR E-MAIL?

They both have their uses, but I prefer the phone. It's a more direct way of getting your point across. There is an ability to hear nuance and the texture of a conversation that is often lost in e-mail.

Jean Bisio

President, Humana Cares
Humana Inc.
St. Petersburg, Fla.
Age: 50



A former emergency room nurse, Jean Bisio launched operations for Humana Cares, a division of Humana Inc. that reaches out to chronically ill Medicare Advantage and commercial members, as well as low-income, disabled and Medicare/Medicaid "dual-eligibles" experiencing multiple health conditions and everyday living challenges. Ms. Bisio, now president, remains committed to her original profession, serving as a mentor and advocate for nurses. She has been active as a thought leader in the community and in the insurance industry, writing articles and speaking at industry events. Ms. Bisio is a member of the Women Business Leaders of the U.S. Health Care Industry Foundation, has served as president of the board of the American Diabetes Assn. of Greater Tampa Bay, and was chairman of the 2007 American Diabetes Assn. Greater Tampa Bay Diabetes Walk.

WHAT ADVICE WOULD YOU GIVE TO YOUNG WOMEN ENTERING THIS FIELD?

Take the initiative and lead the way. Go after what you believe in. Don't wait for it to come to you.

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

Someone like a Nancy Brinker who started the Susan G. Komen (Breast Cancer Foundation). She has created a network that has motivated and educated thousands of people across the world to know what breast cancer is and how to treat it, how to get quality care.

WHAT DO YOU PREFER AND WHY: PHONE OR E-MAIL?

I'm definitely an e-mail person because it gives me more control over my time.

Valerie Butt

Head of Customer
Relationship Management
Zurich Global Corporate in
North America
San Francisco
Age: 43



Valerie Butt, who grew up in Atlanta, has an MBA in risk management and finance from the University of Georgia, where she was class valedictorian. After setting out to become a federal prosecutor, she changed course in college in part because she found many attorneys are unhappy with their work. After working for a broker and as a risk manager for a technology firm, Ms. Butt joined Zurich Corporate Global in North America in 1998, where she has helped launch several Zurich initiatives and heads Zurich's Customer Relationship Management Group, managing the North American market. She is a co-founder of the Zurich-based Women's Insurance Network and, with other Zurich employees, volunteered as part of Earthwatch Institute's restoration of mangroves in Sri Lanka after the 2004 tsunami.

WHAT'S THE BEST PROFESSIONAL ADVICE YOU RECEIVED?

"You miss 100% of the shots you never take," which is attributable to Wayne Gretzky. Once you're afraid to take a risk, you may as well call it a game and give up. You've got to take risks in life in order to succeed; and I've always believed that if you want to make something happen in your life, you really just have to kind of do it.

WHAT ADVICE WOULD YOU GIVE TO YOUNG WOMEN ENTERING THIS FIELD?

The advice I would give is to not take anything too personally in this business. I've always felt that if you focus on the issues at hand, and that if you listen perceptively to your audience and proactively offer solutions, and not get caught up in personal feelings, you are a more effective leader and manager and can make much better personal decisions.



Each year *Business Insurance* acknowledges the contributions and achievements of women in the (re)insurance industry.

This year, as in the past, the list of 25 honorees is extensive and impressive.

Congratulations to XL's Laurie Orchard and the other honorees of the 2010 Women to Watch List.

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Melissa Carmichael

Managing Director and New York FINPRO Practice Leader Marsh Inc. New York Age: 39



In 1995, Melissa Carmichael joined Marsh Inc.'s FINPRO practice, a team of brokers that advises clients on financial and professional liability matters. While working full time, in 1999 she began night school to obtain an MBA from New York University's Stern School of Business. After graduating in 2002, she took on more of a sales role within Marsh for several years. She became the New York Metro lead for Marsh Inc.'s FINPRO practice in 2009, focusing on generating new business as well as recruiting and training younger team members. Ms. Carmichael also has worked to advance women in the industry. She and colleagues formed Marsh's Women's Executive Business to Business group, which has expanded to more than 300 members since its first event in New York in 2006.

WHAT ADVICE WOULD YOU GIVE TO YOUNG WOMEN ENTERING THIS FIELD?

Don't be afraid to take risks and promote yourself. I think women tend to shy away from things unless they're 100% certain, but that's a problem because people who don't take risks deny themselves the chance to advance further.

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

Michelle Obama. She's a trailblazer for modern women who are highly educated and have professional careers. She's making the office of First Lady modern and professional while balancing it with her duties to her family.

WHAT'S THE MOST INTERESTING PLACE YOU'VE BEEN?

Paris. I love its architecture and history.

Jennifer R. Devery

Partner, Insurance/Reinsurance Group Practice Crowell & Moring L.L.P. Washington Age: 36



Jennifer Devery made her presence felt at Crowell & Moring L.L.P. when she started at the firm in 2003 as a junior associate, rising quickly to partner overseeing the firm's insurance/reinsurance group in 2009. In 2006, Ms. Devery introduced the idea of Crowell & Moring forming its own reinsurance practice to complement the firm's insurance practice. The idea worked. Within four years, Crowell & Moring's reinsurance practice grew to 15 attorneys in the United States and abroad. She is a member of the Assn. Internationale de Droit des Assurances, known as the Reinsurance and Insurance Arbitration Society in English, and serves on its law committee, the American Bar Assn.'s Sections of Litigation and Tort Trial & Insurance Practice and the U.S. Reinsurance Under 40s Group.

WHAT ADVICE WOULD YOU GIVE TO YOUNG WOMEN ENTERING THIS FIELD?

Be tenacious. If you want something, you have to ask. If you ask, the worst thing that they can say is, "No," or "not this time." I think women fear that if they ask for things, that it's seen as being too aggressive.

WHAT DO YOU PREFER AND WHY: PHONE OR E-MAIL?

I prefer in person; but if that can't happen, then I prefer e-mail. I think e-mail gives you flexibility, especially when I'm responding to a client. It is sometimes difficult to return calls and e-mail allows you the opportunity to think about the things you want to say before you say it. Clients rarely pay me for my initial reaction to something. E-mail allows me to give them the most accurate information.

Lisa Doherty

Co-Founder, President and CEO Business Risk Partners Inc. Windsor, Conn. Age: 45



In 2000, Lisa Doherty and her sister, Linda Boborodea, founded Business Risk Partners Inc., a Windsor, Conn.-based managing general agency that focuses on specialty commercial insurance. Ms. Doherty previously worked for larger companies, including American International Group Inc., but wanted to work in a smaller entrepreneurial environment. In the decade since its founding, BRP has grown to 25 employees and writes for three major insurers—Liberty Mutual Insurance Group, Lloyd's of London and QBE Insurance Group Ltd. BRP underwrites and administers professional and management liability policies covering more than 160 professions.

WHAT'S THE BEST PROFESSIONAL ADVICE YOU RECEIVED?

Sell, sell and sell again. In the early days of BRP, we were easily distracted by suitors, alternative initiatives and potential revenue streams. A very wise adviser continually brought us back to focus on what is the most crucial in any early stage business: attracting customers and generating revenue.

WHAT'S YOUR FAVORITE MOVIE?

"Harold and Maude." It's funny and quirky and makes you appreciate life, and the soundtrack is terrific.

WHAT'S THE MOST INTERESTING PLACE YOU'VE BEEN?

I spent three weeks traveling in New Zealand on my own. New Zealand is one of the most beautiful places in the world. I spent the entire time hiking, biking, kayaking—all sorts of outdoor activities. Spending three weeks on your own, you really get to know yourself and you better like yourself. I loved the country but loved the solo adventuring.

DEWEY & LEBOEUF

Congratulations



Cynthia Shoss

2010 Women to Watch

We are proud to congratulate all of the extraordinary professionals recognized as the 2010 Women to Watch — especially our own Cynthia Shoss, whose contributions have helped establish Dewey & LeBoeuf as an industry leader in insurance and reinsurance.



Alexis Faber

Chief Operating Officer, Specialty Practices
Willis North America
Memphis, Tenn.
Age: 33

Alexis Faber works with national practice groups to develop and implement operational efficiencies and profitability for the North American brokerage unit of Willis Group Holdings P.L.C. Ms. Faber joined Willis in 2003, most recently serving as chief operating officer and chief financial officer of its executive risks practice. In her current role, Ms. Faber rolled out the Willis Integrated Solution D&O Model, an analytical tool using quantitative analysis to help clients make decisions for directors and officers liability coverage. She developed a financial reporting system that is used to oversee budgeting, forecasting and historical performance and built operational models that examine the link between compensation and performance. Also, Ms. Faber helped move various broking processes to Mumbai, India, which now handles 20% of the policy volume for the brokerage's U.S. management liability group.

WHAT'S THE BEST PROFESSIONAL ADVICE YOU RECEIVED?

Never wait for someone else to present you with opportunity. (Be) proactive about your destiny. Think about your own opportunities and...pursue them.

WHAT ADVICE WOULD YOU GIVE TO YOUNG WOMEN ENTERING THIS FIELD?

First and foremost, be yourself. Don't think about yourself as different, just think about what you have offer.

WHAT DID YOU WANT TO BE WHEN YOU GREW UP?

A curator of a large art museum. I studied a lot of art history and spent some time on a year off in college just pursuing a course in art and art history.

WHAT'S YOUR FAVORITE MOVIE?

"Good Will Hunting." I grew up in Boston. Not only do I like Matt Damon and Minnie Driver in that movie, but I liked the setting and the story line as well.

WHAT'S THE MOST INTERESTING PLACE YOU'VE BEEN?

Shanghai. I did the executive MBA program at Columbia (University in New York)...and as part of the program, I did a weeklong course in Shanghai. I actually had a chance to do some research about the insurance business in China. (I) got to meet a lot of people in the business world in Shanghai and got to see the city.

Grace Gandarilla

Risk and Safety Manager
C.F. Jordan Construction L.L.C.
El Paso, Texas
Age: 33

As risk and safety manager at C.F. Jordan Construction L.L.C. in El Paso, Texas, Grace Gandarilla is responsible for the safety of 400 construction workers in El Paso and oversees thousands of employees of subcontractors throughout Texas. To manage it, she has built a risk management and safety program with a "leaders as teachers" approach that involves employees in identifying and managing risk. Her guidance has helped reduce Jordan Construction's rate of workplace incidents reportable to the Occupational Safety and Health Administration to a level that is 85%



lower than the national average for construction operations. The company's experience modification rate, which helps determine its workers comp costs, is 20% lower than the national average.

WHAT'S THE BEST PROFESSIONAL ADVICE YOU RECEIVED?

Have confidence in yourself and in your work. If you don't, no one else will. Be able to defend your decisions and know that you will not always be right, but at the end of the day you will know that you did your best.

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

Hillary Rodham Clinton. I admire her for her accomplishments despite the negative image and publicity that surrounded her during her husband's presidency. She always seems to be focused on the task at hand despite the chaos going on around her. She fights for what she believes to be right

and stands firm whenever criticized. She is not concerned with what people think of her, but rather concentrates on helping to make this country better for all who reside here.

WHAT'S YOUR FAVORITE MOVIE?

"Pride & Prejudice" (2005). In the beginning, Elizabeth Bennet has judged a book by its cover by disliking Mr. Darcy due to his wealth and introverted demeanor. In the end, she realizes that he, in fact, is the one she loves. She lets her guard down and allows herself to see the man he really is and not what she assumed he was. I believe everyone should take the opportunity to get to know a person before making assumptions.

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- William Zachry, VP, Corporate Workers Compensation, Safeway Inc.

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"Good Will Hunting." I grew up in Boston. Not only do I like Matt Damon and Minnie Driver in that movie, but I liked the setting and the story line as well.

WHAT'S THE MOST INTERESTING PLACE YOU'VE BEEN?

Shanghai. I did the executive MBA program at Columbia (University in New York)...and as part of the program, I did a weeklong course in Shanghai. I actually had a chance to do some research about the insurance business in China. (I) got to meet a lot of people in the business world in Shanghai and got to see the city.

Grace Gandarilla

Risk and Safety Manager
C.F. Jordan Construction L.L.C.
El Paso, Texas
Age: 33

As risk and safety manager at C.F. Jordan Construction L.L.C. in El Paso, Texas, Grace Gandarilla is responsible for the safety of 400 construction workers in El Paso and oversees thousands of employees of subcontractors throughout Texas. To manage it, she has built a risk management and safety program with a "leaders as teachers" approach that involves employees in identifying and managing risk. Her guidance has helped reduce Jordan Construction's rate of workplace incidents reportable to the Occupational Safety and Health Administration to a level that is 85%



lower than the national average for construction operations. The company's experience modification rate, which helps determine its workers comp costs, is 20% lower than the national average.

WHAT'S THE BEST PROFESSIONAL ADVICE YOU RECEIVED?

Have confidence in yourself and in your work. If you don't, no one else will. Be able to defend your decisions and know that you will not always be right, but at the end of the day you will know that you did your best.

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

Hillary Rodham Clinton. I admire her for her accomplishments despite the negative image and publicity that surrounded her during her husband's presidency. She always seems to be focused on the task at hand despite the chaos going on around her. She fights for what she believes to be right

and stands firm whenever criticized. She is not concerned with what people think of her, but rather concentrates on helping to make this country better for all who reside here.

WHAT'S YOUR FAVORITE MOVIE?

"Pride & Prejudice" (2005). In the beginning, Elizabeth Bennet has judged a book by its cover by disliking Mr. Darcy due to his wealth and introverted demeanor. In the end, she realizes that he, in fact, is the one she loves. She lets her guard down and allows herself to see the man he really is and not what she assumed he was. I believe everyone should take the opportunity to get to know a person before making assumptions.



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Elizabeth Haar

President and CEO
Accident Fund Holdings Inc.
Lansing, Mich.
Age: 45

As president and CEO of Lansing, Mich.-based Accident Fund Holdings Inc., Elizabeth Haar oversees a rapidly expanding workers compensation insurer with national breadth. The insurer has nearly doubled in size and spread its offerings into several new states since she was named president and CEO of Accident Fund Insurance Co. of America in 2009. Known for her forward-thinking vision, Ms. Haar serves on boards that benefit the local community and the workers compensation industry. She is a board member of NCCI Holdings Inc.



the company. Be grateful for your agents and that they want to do business with your organization and be grateful for your policyholders. I have always found that to be very good advice because, as we all know, you can't do anything in this world alone. Sometimes we forget to be grateful for all the things we do have and all the people working day in and day out every day to help us.

WHAT ADVICE WOULD YOU GIVE TO YOUNG WOMEN ENTERING THIS FIELD?

Be open-minded about your career path. I always think people are much more successful if they try and learn and add value. And if they are focused on learning and adding value, and not focused on, "What job do I want next and by when," they are going to be more successful.

much more successful if they try and learn and add value. And if they are focused on learning and adding value, and not focused on, "What job do I want next and by when," they are going to be more successful.

WHAT DID YOU WANT TO BE WHEN YOU GREW UP?

A teacher or professor.

WHAT DO YOU PREFER AND WHY: PHONE OR E-MAIL?

I like them both for different things. They both have their place. The challenge is when someone likes just phone or just e-mail and it's not well suited for the task at hand. I think e-mail is a great communication tool when you need to get very short simple message out to a lot of people and its easy to understand. But when it's a more nuanced message or more complicated, it needs to be in person or over the phone.

Letha E. Heaton

Vp of Marketing
Admiral Insurance Co.
Cherry Hill, N.J.
Age: 55

Letha E. Heaton began her career as a sales representative at a national pharmaceutical firm, rising to senior vp of marketing before joining Markel Corp. in 1997. Ms. Heaton now oversees marketing communication, public relations, producer development, business development, special events and direct marketing campaigns for Admiral Insurance Co., the excess and surplus lines unit of W.R. Berkley Corp., as vp of marketing. Ms. Heaton tackles the challenges of educating and facilitating wholesale brokers' market knowledge about the complex nature of the excess and surplus lines industry when they talk with clients. Ms. Heaton, who previously served on the National Assn. of Professional Surplus Lines Offices Ltd.'s board of directors and executive committees, was elected president in October at the organization's annual conference.



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

Bill and Melinda Gates. When challenged, they decided with humility to do some things that would make a difference in the world. With that kind of wealth, it's hard to imagine making those choices. Melinda Gates, in particular, is very modest and demure about what she does.

WHAT DID YOU WANT TO BE WHEN YOU GREW UP?

A lawyer. In fact, when I tell my mom what I do, I've discovered that she tells others that I am an attorney. I said, "Mom, I'm not an attorney." She goes, "Yeah, but what you do is so complicated I don't know how to explain it, so I just tell everybody you're an attorney"—because our business is complex. We're three steps away from the consumer and most people don't even know the industry exists.

WHAT'S YOUR FAVORITE MOVIE?

"A River Runs Through It." I love the book, too. It reads like one long poem.

WHAT'S THE MOST INTERESTING PLACE YOU'VE BEEN?

Sao Paulo. It's just a city of extreme dichotomy. Probably some of the best natural resources, from diamonds to oil. The contradiction of extreme poverty and extreme wealth literally next to each other on the street...is fascinating to me.

Lockton congratulates Sheri Pixley

for being named one of
Business Insurance's
Women to Watch 2010.
We thank her for being
one of thousands of
Lockton professionals
who put their clients first.



Sheri Pixley
Executive Vice President
Lockton Dunning Benefits
Lockton Companies, LLC—Dallas



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Jennifer Lunski

Vp, Compliance Officer
Woodruff-Sawyer & Co.
San Francisco
Age: 37

Jennifer Lunski's role with Woodruff-Sawyer & Co., where she leads the legislative and compliance divisions of the firm's employee benefits practice, has increased in importance as the United States undergoes major changes due to the health care reform law. In researching federal and state legislative compliance issues that would affect Woodruff-Sawyers' employee benefits plans, her background as a former senior investigator for the U.S. Department of Labor expanded her expertise interpreting how the changes will affect the plans. In 2009, she was invited to Washington to meet with Democrat and Republican members of the House of Representatives to consult on the health care reform proposals and discuss alternative options. While with the Department of Labor, Ms. Lunski managed, trained and mentored investigators in civil and criminal cases, including settlement negotiations.



WHAT'S THE BEST PROFESSIONAL ADVICE YOU RECEIVED?

Make sure you keep your eyes open and always be listening. There is something to learn from every situation.

WHAT ADVICE WOULD YOU GIVE TO YOUNG WOMEN ENTERING THIS FIELD?

When it comes to health care reform, it's important to maintain flexibility. You're going to learn something new every day and it's really important that you can adjust to changes as they happen. It's also important to maintain a good sense of humor and balance in your life. I think that is something women struggle with when they're starting their careers.

WHAT DID YOU WANT TO BE WHEN YOU GREW UP?

I either wanted to be a journalist or a ballerina. My grandfather was the one who urged me to go into law, telling me that I could do anything with a law background.

WHAT'S THE MOST INTERESTING PLACE YOU'VE BEEN?

Israel. There is so much spirituality, history and culture in one place. It really is an amazing place to visit.



Debra McClenahan

**Managing Director
Ryan Specialty Group
Chicago
Age: 57**

As managing director of Ryan Specialty Group Inc., Debra McClenahan oversees its managing general underwriter/managing general agent business and leads RSG's plan to develop a broad platform of MGUs with unique specialty offerings. From 2007 to 2009, Ms. McClenahan was chief administration officer for Aon Re Americas, and from 2004 to 2007 she was CEO of Aon Underwriting Managers. Prior to joining Aon Corp., Ms. McClenahan spent seven years as CEO of CNA Re after spending five years as chief financial officer there. This year, Ms. McClenahan co-founded Ryan Specialty Group subsidiary ThinkRisk, an MGU agency specializing in errors and omissions insurance in the areas of media, advertising, technology, privacy and network security.

WHAT ADVICE WOULD YOU GIVE TO YOUNG WOMEN ENTERING THIS FIELD?

Go for it. You can do it all. By that I mean a lot of young women my daughter's age say, "Well, do I want a family? Do I want a career?" as if they were choices that were mutually exclusive. I say they're not mutually exclusive. Go do it.

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

Maggie Thatcher—her strength, she was a pioneer in many ways to take on what she took on at the time.

WHAT DID YOU WANT TO BE WHEN YOU GREW UP?

Believe it or not, an elementary education teacher. That's what I went away to college to be. When I first went to the University of Illinois, I enrolled in the school of education and ended up graduating with a degree in actuarial science, and that's a long story.

WHAT'S YOUR FAVORITE MOVIE?

"WALL-E." My family will laugh at that answer because they know that I love that movie for the entertainment of it, probably the pure enjoyment of it, but also here's a little guy who perseveres, doesn't he?

WHAT'S THE MOST INTERESTING PLACE YOU'VE BEEN?

I really enjoyed Ephesus. We went to Istanbul many years ago and we were able to tour the ancient ruins of Ephesus. That was very interesting.

Laurie Orchard

**Vp, Operations and Strategy
XL Group P.L.C.
Hamilton, Bermuda
Age: 38**

It's not surprising that Laurie Orchard is a triathlete, given the endurance it must require to handle the broad scope of her responsibilities at XL Group P.L.C. After being named vp, operations and strategy at Hamilton, Bermuda-based XL's reinsurance unit XL Re Ltd. in October, her focus includes XL's worldwide operations. She is responsible for oversight, coordination and problem-solving related to XL's strategy. She is immediate past president of the Bermuda Insurance Institute and former president of the Bermuda Chapter of the Chartered Property Casualty Underwriters Society.



Ms. Orchard continues to spearhead projects in Bermuda that aim to raise the profile of the insurance market, including volunteer efforts to help educate students on the island about the profession.

WHAT'S THE BEST PROFESSIONAL ADVICE YOU RECEIVED?

Be above reproach, and conduct yourself with honesty, integrity and strong principles. I have always lived by this advice, but until the recent economic downturn and behavior that led to the demise of previously successful financial institutions, I didn't realize how powerful and important acting in this way really is.

WHAT'S THE MOST INTERESTING PLACE YOU'VE BEEN?

Cusco, Peru. I was lucky to take a six-month sabbatical with my husband, Myles, in 2000 and we spent a month in Peru. Despite its remote, rugged location, Cusco is a very spiritual, inspiring place.

It's a city rich in history, known as the original capital of the Incan empire, and has been reinvented multiple times. Many of the original foundations that date back to 1100 still stand, which is simply amazing when you consider that they've stood the test of earthquakes, weather and humans in conflict. We stayed with a Peruvian shaman and his wife, and experienced the power of rich tradition and strong belief in the interconnectedness that exists among all of us.

WHAT'S YOUR FAVORITE MOVIE?

"The Thomas Crown Affair." Despite the fact that you know something is amiss the entire time, it's a fun, clever adventure.

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Sophia Phillips

President of Commercial Lines Marine
Hanover Insurance Group
Worcester, Mass.
Age 52

Sophia Phillips' career has taken her from Kemper Insurance Cos., where she headed the marine profit center, an operation that lost money before she joined and helped turn it around before it was sold. When she joined Hanover in 2004, the insurer did not have a dedicated marine insurance operation. Today, marine generates about \$200 million in business for Hanover and has gone from having one employee—Ms. Phillips—to 165. Ms. Phillips also is chairman of the board of directors of the Inland Marine Underwriters Assn.

WHAT'S THE BEST PROFESSIONAL ADVICE YOU RECEIVED?

Every job in a company is important to the person doing it. Everyone works just as hard at their job to take care of their families as the CEO and deserves respect. Treat everyone regardless of title or position with the same amount of respect and empathy.

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

Queen Elizabeth I. She played by her own rules. She trusted her own instincts, right or wrong. Under her reign, England advanced from a minor player in Europe to a world power and made tremendous advances in exploration, literature, commerce and industry. She put her people and the love of her country above all else.

WHAT'S YOUR FAVORITE MOVIE?

"My Big Fat Greek Wedding." It is not a comedy or an exaggeration of growing up in a Greek-American family. Everything in that movie is true. I know someone who reminds me of every character and know what it's like eating mousaka at lunch and being the only Sophia surrounded by Susies and Janes.



Robyn Piper

Principal
Piper Jordan L.L.C.
San Diego
Age: 41

Robyn Piper co-founded the San Diego-based employee benefits brokerage Piper Jordan L.L.C. in 2006 with a focus on nonbenefit-eligible employee benefit programs for large employers. Ms. Piper oversees the limited-benefit health practice, launching and managing voluntary employee benefit programs primarily for Fortune 1000 companies. Mr. Piper has worked in the limited-benefit field since 1997, when she was a senior vp at Unified Management Corp., which later was acquired by CNA Insurance Cos. Most recently, she was vp of Willis North America in San Diego, where she led its limited-benefit practice. Ms. Piper also is president of Piper Consulting, which provides consulting services for insurers interested in the limited-benefit market or enhancing their existing platforms to comply with the recently passed health care reform law.

WHAT ADVICE WOULD YOU GIVE TO YOUNG WOMEN ENTERING THIS FIELD?

Be confident, be knowledgeable, be aggressive and be the expert. At the end of the day, it's about being as knowledgeable as you can be in any subject matter. And when I say, "Be aggressive," it's to speak with confidence about what you know.

WHAT DID YOU WANT TO BE WHEN YOU GREW UP?

I wanted to be the president of something. I don't believe I ever decided on what that was. There was a time that I thought I was going to be the president of the United States, but I was thrilled also to think that I would be president of a large company. It just had to have the title of president.

WHAT DO YOU PREFER AND WHY: PHONE OR E-MAIL?

Phone. E-mail is good for very quick responses. If you want to get something done, pick up the phone.



Sheri Pixley

Executive Vp/Practice Leader
Lockton Dunning Benefits,
a unit of Lockton Cos. L.L.C.
Dallas
Age: 50

Sheri Pixley has more than 28 years of experience in consulting with employers on employee benefit health and welfare programs. She joined Lockton Dunning Benefits, a unit of Lockton Cos. L.L.C., in 1992 as a consultant. Now, she leads 17 client service teams, servicing more than 240 clients as well as Lockton Dunning Benefits' in-house subject matter expertise practice, in which the firm's in-house experts develop solutions to meet clients' needs. She mentors associates in the Dallas office and in 2008 led a team that developed and launched a formal associate recognition program. Ms. Pixley has had "kind of a magic year," this year, turning 50 and celebrating her 25th wedding anniversary.

WHAT DID YOU WANT TO BE WHEN YOU GREW UP?

I wanted to be a social worker and somewhat of a consumer advocate, to help others. (I) actually did my internship at the Better Business Bureau in Chicago. So in many ways, what I do for a living now—in terms of consulting employers and, subsequently, their associates and employees—falls right into that, not entirely, but certainly as a consumer advocate for employees on health care and benefits.

WHAT'S YOUR FAVORITE MOVIE?

My favorite movie is "White Christmas" because I think it's genuine Christmas and entertaining for the whole family. I watch it every year after Thanksgiving and it gets me into the holiday spirit. I love the music. I love the acting. It's just light-hearted.

WHAT DO YOU PREFER AND WHY: PHONE OR E-MAIL

Phone, because e-mail is not very personal and it's hard to determine the voice inflection; and if you want to know the truth, my preference would be face-to-face over both.



Carolyn H. Rosenberg

Audit Committee Chair,
Executive Committee
Member, Talent Committee
Member and Partner,
Insurance Recovery Practice
Group
Reed Smith L.L.P.
Chicago
Age: 52

When Carolyn Rosenberg joined Chicago law firm Sachnoff & Weaver Ltd. in

1984, an early assignment involved insurance. She told the senior partner she didn't know anything about insurance. "You'll enjoy the assignment," he said. Since then, she's become an expert in directors and officers liability insurance. When Sachnoff & Weaver combined with Reed Smith L.L.P. in 2007, Ms. Rosenberg became a member of firm's Executive Committee and continued as a partner in the combined firm's Insurance Recovery Practice. In July, she became the lead attorney for a Reed Smith team approved by the U.S. Bankruptcy Court as special counsel to address debtor coverage issues due to the bankruptcy of Lehman Bros. She also contributes the firm's Social and Digital Media and Cloud Computing task forces.

WHAT DID YOU WANT TO BE WHEN YOU GREW UP?

I guess my first desire was to be a senator....I also had a strong interest in being a journalist. After I graduated in 1979, the Wall Street Journal offered me a full-time job on an agricultural beat in Milwaukee. Around the same time, I got accepted into the University of Michigan Law School, so I had to decide whether I wanted to continue my education or take what was then a wonderful job. I finally decided that I would rather be someone who makes news than reports it. I thought I could satisfy my desire to write and exercise my creativity as a lawyer.

WHAT'S THE MOST INTERESTING PLACE YOU'VE BEEN?

Israel. I've been there a number of times. Several years ago we took our kids on a trip enjoying the country from top to bottom, doing everything from going to the markets to zip-lining.



Chantel Sheaks

Principal, Government
Affairs
Buck Consultants L.L.C.
Washington
Age: 39

Chantel Sheaks is Buck Consultants L.L.C.'s leading authority and spokeswoman on employee benefits legislation. Ms. Sheaks' responsibilities include consulting with clients and keeping other Buck

consultants up to date about legislative and regulatory issues affecting employee benefits. She also serves as Buck's spokesperson on a variety of policy issues, is a sought-after public speaker and frequently is quoted in the media. Ms. Sheaks earned a law degree from Northeastern School of Law in Boston and is a member of the District of Columbia, Georgia and Virginia bars. She also has taught at Georgetown University School of Law in Washington.

WHAT'S THE BEST PROFESSIONAL ADVICE YOU RECEIVED?

The best advice I ever received was from my stepfather. I had graduated from college and was sending out resumes. I was staying at my parents' house. I felt I should be out on my own. He told me not to worry, that I would get a job. He said it didn't matter what the job was as long as it was something I truly loved. He said don't worry about the money because if you truly love the job, the money will come.

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

It is not just one person. I had some of the most amazing teachers who gave me extra time. They made that extra effort to really push me, to make me a better person.

WHAT DID YOU WANT TO BE WHEN YOU GREW UP?

In 8th grade, we had to write, "What I want to be when I grow up." I couldn't quite decide. I didn't know if I wanted to be a lawyer or a psychologist. I put down both; and now, having been a lawyer for about 15 years, I realize that being a lawyer is a lot like being a psychologist.

Cynthia R. Shoss

Senior Partner, Insurance
Regulatory Department
Dewey & LeBoeuf L.L.P.
New York
Age: 59

For more than 20 years, Cynthia Shoss has been immersed in the nuances of insurance law, whether it's drafting legislation and regulations or working with clients in sectors such as property/casualty insurance, workers compensation, health insurance, life insurance or captives. In 1987, Ms. Shoss was named managing partner of Dewey & LeBoeuf's London office, where she worked with Lloyd's of London. She also has been a consultant to state insurance commissioners and attorneys general on legislation, mergers and insurer conversions. She also has been instrumental in developing Dewey & LeBoeuf's Women's Initiatives Committee. Ms. Shoss serves on the firm's Diversity Committee, and helps other development and mentoring programs the firm offers.

WHAT'S THE BEST PROFESSIONAL ADVICE YOU RECEIVED?

Don Greene, (former partner when the firm was LeBoeuf, Lamb, Greene & MacRae L.L.P.) served as my mentor when I first started and he always taught me about client service. He told me that this is a client's business and that it's really about them and about the services we provide them. But I also took some advice from my parents, and that is that there are never any glass ceilings and that I should never give up on what I want to achieve.

WHAT DID YOU WANT TO BE WHEN YOU GREW UP?

I grew up the daughter of doctor who always used to complain about lawyers. But while I was growing up, I thought that being a lawyer sounded interesting. I loved to write and I was an English major in college. I thought that law would be a good (career) to follow because it plays right into that. I decided to go into law because I loved the issues involved in law and I love a lot of aspects of the law.



Caryn Siebert

President and CEO
Carl Warren & Co.
Placentia, Calif.
Age: 48



During the past five years at Carl Warren & Co., Caryn Siebert has increased the Placentia, Calif.-based third-party administrator's employee and client retention to more than 90%, winning new clients and adding locations along the way.

Ms. Siebert joined the company in 2004 from Safeco Insurance Co. of America, now a unit of Liberty Mutual Group Inc., where she was director of claims. As more women have become risk managers and executives, Ms. Siebert hired employees with an eye to reflect her diverse customer base, also stressing the value and importance of working with expert colleagues at Carl Warren. Ms. Siebert also works with Kids Konnected, an organization that helps children whose parents have been diagnosed with cancer, and has involved various Carl Warren offices in charitable events.

WHAT ADVICE WOULD YOU GIVE TO YOUNG WOMEN ENTERING THIS FIELD?

Always keep the customers' objectives front and center when you are providing the service or trying to come up with a creative solution to the issue at hand.

WHAT DID YOU WANT TO BE WHEN YOU GREW UP?

I'm actually an attorney by trade. When I was growing up, I wanted to be a veterinarian. I kept passing out while doing dissections in science class and finally the teachers said, "You're not going to become a veterinarian. Give it up." So I became a lawyer.

WHAT'S YOUR FAVORITE MOVIE?

"Ferris Bueller's Day Off."

WHAT'S THE MOST INTERESTING PLACE YOU'VE BEEN?

Greece. I love being able to see that part of history.

Marguerite Soeteman-Reijnen

Chief Broking Officer of Europe, the Middle East and Africa
Aon Risk Services
Rotterdam, Netherlands
Age: 43



As the first chief broking officer of the Europe, Middle East and Africa region for Aon Risk Services, Marguerite

Soeteman-Reijnen continues to be a trailblazer. Ms. Soeteman-Reijnen is Aon's representative on the Industry Insurance Panel, which is a European group that shares ideas and best practices in risk management. She also was the first female chairman of the Dutch Reinsurance Assn., an office she held from 1996 to 1999. In 2000, she was named honorary chairman. Between 2006 and 2008 she chaired the Aon Women's Network and is active in groups that include the European Professional Women's Network and Women in Financial Services Netherlands. In addition, Ms. Soeteman-Reijnen is a board member of a Netherlands-based charity that fights amyotrophic lateral sclerosis, or Lou Gehrig's disease.

WHAT ADVICE WOULD YOU GIVE TO YOUNG WOMEN ENTERING THIS FIELD?

You need to create your own style of leadership. Don't copy anyone else's style—don't do "karaoke management." Set targets for yourself, but also do what you love and love what you do. Have some fun; do something you enjoy. Treat everybody as you would like to be treated. Everybody in the company has a role; a company is like a car and a car needs a mirror as well as an engine.

WHAT'S YOUR FAVORITE MOVIE?

"Soldier of Orange" directed by Paul Verhoeven. It's a Dutch movie about the Dutch resistance in World War II. It was filmed near where I live in The Hague. The key message is to guard your freedom. It is about people who stood up for freedom.

Kathryn Sullivan

CEO, Central Region
UnitedHealthcare
Chicago
Age: 54



As CEO of the central division of UnitedHealthcare, a division of UnitedHealth Group Inc., Kathryn Sullivan oversees a business that generates \$9 billion in annual revenues and serves nearly 4.6 million members in 15 states. Ms.

Sullivan, a 25-year health insurance industry veteran, joined UnitedHealthcare in 2008. During that time, she has overseen the launch of several new products to improve affordability, including one in Texas designed to encourage members to use network providers by showcasing the high quality of care and the cost savings they provide to members. During her tenure, enrollment in UnitedHealthcare's Central region has increased by more than 170,000 members, while employee satisfaction has increased by 12 percentage points, according to an internal survey.

WHAT ADVICE WOULD YOU GIVE TO YOUNG WOMEN ENTERING THIS FIELD?

It is a great opportunity for a female to learn her business and financial skills with an industry that really provides a much-needed service to the people in our country. Women are primarily the ones that make decisions for medical care. They make (those decisions) for their sons and daughters and parents. Women (in this industry) can take their business skills and link them to those personal medical decisions. It's a great industry to be in because it really does make a difference to the people in this country.

WHAT DO YOU PREFER AND WHY: PHONE OR E-MAIL?

If I want to be personal, I pick up the phone because you can talk and get your message across better. If I'm trying to be more productive, I use e-mail because I can get a lot done. I'm a very good typist. When I took typing in high school a thousand years ago, I didn't know it would pay off in this day of computers.



Pattie Dale Tye

President of Houston and Dallas/Fort Worth Operations
Humana Inc.
Houston
Age: 52

Pattie Dale Tye is president of two of the largest commercial insurance markets, the Houston and Dallas/Fort Worth operations, of Louisville, Ky.-based Humana

Inc. She handles management and strategic planning of commercial health, dental, vision and worksite wellness products. In that role, she has been on a mission to increase Humana's visibility in Texas by engaging in activities that help address broader health and wellness issues, such as Houston's first Corporate Games and the American Heart Assn.'s Heartwalk and Go Red for Women campaigns. She also is president of Baylor College of Medicine's Baylor Research Advocates for Student Scientists, which offers funding to promising young biomedical scientists.

WHAT DID YOU WANT TO BE WHEN YOU GREW UP?

I was a businessperson, taking notes and faking typing when I was 6 years old. I did homework in my father's office, went back into the computer room, where there were these huge mainframes. That's what I majored in college at the University of Florida in Gainesville.

WHAT'S THE MOST INTERESTING PLACE YOU'VE BEEN?

South Africa. Going on safari, I wasn't prepared for seeing animals up close in their own environment, the hierarchy of nature, survival of the fittest. Everything from the river bed to the elephant has its place in the pecking order and has its purpose. There's nothing more pure than seeing that landscape and no human intervention.

WHAT DO YOU PREFER AND WHY: PHONE OR E-MAIL?

For just routine work, I prefer e-mail. When I've got issues involving a client or need a deeper response from an associate, and always for family, I prefer the phone.



Alyson Warhurst

CEO
Maplecroft
Bath, England
Age: 51

Alyson Warhurst is the founding CEO of Maplecroft, a global risk advisory, indexing and issue-mapping company based in Bath, England. Maplecroft was founded in 2001 and now analyzes more than 100 global risks to

provide companies and investors insight into the political, economic, social and environmental risks they face. In January, Ms. Warhurst was awarded the title of honorary professor at Warwick Business School, part of the University of Warwick in Coventry, England. Ms. Warhurst is a faculty member of the World Economic Forum and has been an active member of the Clinton Global Initiative, a philanthropic group. She is a board member of anti-corruption organization Transparency International U.K. and a member of the United Nations' Working Group on Human Rights. Ms. Warhurst operates a mentoring program for women working at Maplecroft—just over 50% of the company's staff are female. She is active in the "Girls Discovered" project for which Maplecroft maps more than 100 issues facing the development of adolescent girls and their inclusion in economic growth across the world.

WHAT'S THE BEST PROFESSIONAL ADVICE YOU RECEIVED?

A project is never finished until you have exceeded your client's expectations. Every time.

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

(Recently released Myanmar pro-democracy leader) Aung San Suu Kyi for her elegant commitment to her country, her beliefs, human rights and justice.

WHAT'S YOUR FAVORITE MOVIE?

"Apocalypse Now."

WHAT'S THE MOST INTERESTING PLACE YOU'VE BEEN?

Machu Picchu, the lost valley of the Incas, in Peru.



Maggie Westdale

Global Chief Operating Officer and Chief Financial Officer
Aon Benfield, a unit of Aon Corp.
Chicago
Age: 43

As global chief operating officer of Aon Benfield Maggie Westdale oversees the global operations of the reinsurance intermediary. In addition, as

Aon Benfield's chief financial officer, she is responsible for the financial results of the world's largest reinsurance broker. Ms. Westdale joined Aon Benfield in 2009 after taking four years off to raise her young children: 5-year-old Timo and 3-year-old Kane. Prior to that, she was chief financial officer of the property/casualty division and senior vp of corporate financial planning and analysis at Chicago-based CNA Financial Corp. She continues to play a key role in the integration of Aon Re Global and Benfield Group Ltd. after Chicago-based Aon Corp.'s 2008 acquisition of Benfield. She worked to ensure that the merger met Aon's financial and operational goals, and developed a consistent worldwide financial and operational view of the organization. Ms. Westdale recently was selected to participate in the Emerging Leaders Program, class of 2010-2012, a program developed by the Chicago Council on Global Affairs.

WHAT'S THE BEST PROFESSIONAL ADVICE YOU RECEIVED?

Slow down and listen.

WHAT'S YOUR FAVORITE MOVIE?

"Sense and Sensibility." It's about the relationship between mother and daughters and sisters; and I'm very, very close with my sister, so it just hits a chord for me.

WHAT'S THE MOST INTERESTING PLACE YOU'VE BEEN?

Singapore because to me it's almost this unreal place in terms of its perfection. It's perfectly clean. It's perfectly new. Everything is driven by technology. It's like going to Disneyland. The perfection is kind of unreal. It's perfectly safe in the middle of the night anywhere.

Market Moves

Towers Watson partners with benefit administrator

SAN MATEO, Calif.—Towers Watson & Co. has partnered with San Mateo, Calif.-based health care and benefit administrator WageWorks Inc. to offer integrated benefit services.

The integrated services the partnership aims to offer include flexible spending accounts, health savings accounts and commuter benefits, among others, New York-based Towers Watson said in a statement.

The effort allows employers to reduce administrative costs by consolidating their benefits in a combined contract with a single set of service agreements.

More than a dozen customers already are "jointly served by both firms," Towers Watson said.

John Doheny, vp of sales for WageWorks, said in the statement that the partnership will benefit employers with a "seamless access to our combined solutions."

Terms of the partnership were not disclosed.

Alliant acquires trucking agency

COLLEYVILLE, Texas—Alliant Insurance Services Inc. has acquired J.D. Tanner & Associates Insurance Services for an undisclosed amount.

Colleyville, Texas-based J.D. Tanner, founded in 1992 by President and CEO Jon Donovan Tanner, specializes in procuring insurance for enterprises ranging from truck owner-operators and national trucking fleets to energy transportation firms, Alliant said in a statement.

The agency, which now operates under the Alliant name, also provides personal and business insurance as well as training in trucking safety and compliance.

The acquisition is intended to expand the Newport Beach, Calif.-based brokerage's services into specialized industries, Alliant said.

Financial terms of the deal were not disclosed.

Aon Risk Solutions adds energy unit

CHICAGO—Aon Risk Solutions has formed an energy risk engineering unit.

Aon Energy Risk Engineering was formed through consolidating subsidiary Risk, Reliability & Safety Engineering L.L.C., which Aon acquired in 2008, and other global risk engineering assets, Aon

said in a statement.

"Energy and chemical process companies face unique risk challenges," Neil Harrison, group managing director of Aon Corp.'s global risk consulting practice, said in the statement.

The new division will serve oil, gas and other energy firms with services across property, business interruption and casualty risk classes, some of which include process safety, risk assessment, industrial fire protection, underwriting reports and insurance valuations, Aon said.

Aon Energy Risk Engineering is based in Chicago with locations in Dubai, United Arab Emirates; Houston; London; and Singapore.

TO SUBMIT ITEMS

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

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B's Products & Services column reports on new product offerings.

Please send Product & Services and Market Moves news to Mike Tsikoudakis, 360 N. Michigan Ave., Chicago, Ill. 60601 or e-mail mtsikoudakis@businessinsurance.com.

UP Comings & Goings CLOSE



NANETTE WESLEY

NEW JOB TITLE: Atlanta-based member of the global insurance group for law firm Cozen O'Connor P.C.

PREVIOUS POSITION: Atlanta-based partner at Fields, Howell, Athans & McLaughlin L.L.P.

GOALS FOR NEW POSITION: My goal is to continue to build the book of business for Lloyd's of London and its syndicates.

INDUSTRY CHALLENGES: The industry wants to know that they will be treated fairly no matter what the jurisdiction and they want to get the people paid who need to be paid. They want to try to successfully defend against bogus claims. With any disaster, a lot of bogus claims come out.

CAREER HIGHLIGHT: (Hurricane) Katrina was a very big deal in the London market. It took a big hit. I handled several hundred lawsuits and kept my clients from being hit with a bad faith award in a very unfriendly jurisdiction. I am very proud of that.

WHAT YOU WANTED TO BE WHEN YOU GREW UP: I wanted to be an

Olympic equestrian.

OUTSIDE THE INDUSTRY, A DREAM JOB: Owning my own barn and having trainers work for me. I would love to spread the love of horses.

HOBBIES: Horseback riding. I also read a lot. I am an avid gardener. I also cook a lot.

MOST PASSIONATE ABOUT: Animal or children abuse. They have no voice. As a lawyer, it is all about justice. They are the most vulnerable members of society. I feel very strongly that because someone cannot speak for themselves—whether it's an animal or a child—doesn't mean the powerful can take advantage of them.

A FUNNY THING THAT HAPPENED ON THE WAY TO WORK: I got into an elevator with Spike Lee. I am in New Orleans a lot because of the Katrina (work) and I see celebrities all the time in the French Quarter. I got to tell him about one of my favorite scenes in one of his movies. He got a kick out of that because your average 45-year-old woman might not have a favorite scene in a Spike Lee film.

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REQUEST FOR PROPOSALS

NYCHA

Request For Proposals for Investigation Firms to Investigate Personal Injury Claims and Investigate and Adjust Property Damage Claims and Provide other Claims Adjustment Services

The New York City Housing Authority (the "Authority") is soliciting proposals from investigative and claims adjustment firms to investigate and adjust claims for personal injury and property damage asserted against the Authority, and to adjust certain property damage claims and claims arising under the New York State No-Fault Law.

The Authority seeks to establish a panel of firms capable of delivering high quality investigation and adjustment services in a cost-efficient manner. The panel will work under the direction of the Tort Division in the Authority's Law Department and will provide investigative and adjustment services for the Tort Division and outside counsel that have been retained by the Authority to represent it in the defense of personal injury and property damage claims.

The release date of this RFP number 27594 is 12/6/2010.

Interested firms may obtain a copy on NYCHA's website: Doing Business With NYCHA. <http://www.nyc.gov/html/nycha/html/business/business.shtml>; Vendors are instructed to access the "Register Here" link for "New Vendors"; if you have supplied goods or services to NYCHA in the past and you have your log-in credentials, click the "Log into iSupplier" link under "Existing Vendor". If you do not have your log-in credentials, click the "Request a Log-in ID" using the link under "Existing Vendor". Upon access, reference RFP number 27594. Proposers electing to obtain a non-electronic paper document will be subject to a \$25 non-refundable fee; payable to NYCHA by USPS-Money Order/ Certified Check only for each set of RFP documents requested. Remit payment to NYCHA Finance Department @ 90 Church Street/6th Floor; obtain receipt and present it to 12th Floor/ General Services Procurement Group. A RFP package will be generated at time of request.

A **mandatory** proposer's conference will be held on 12/20/2010 at 10:00 a.m., in the Board Room, 12th Floor at 250 Broadway, New York, NY 10007. All proposers who plan to submit a proposal must attend the conference and confirm attendance with NYCHA's Coordinator no later than 4:00 p.m. on 12/15/2010.

Proposals must be received by NYCHA no later than 3:00 p.m. on 1/10/2011. Proposers should refer to Section V, Paragraph 2 of this RFP for details on the proposal packaging and submission requirements.



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Business Insurance would like to report on senior-level changes at commercial insurance companies and service providers. Please send news and photos of recently promoted, hired or appointed senior-level executives to:

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BROKERS:

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- Dewey & LeBoeuf L.L.P.
- EQECAT Inc.

REINSURANCE:

- BMS Group Ltd.
- Cooper Gay & Co. Ltd.

Credit: EEOC, lawmakers eye checks

CONTINUED FROM PAGE 1

Accurate Background Inc. and chair of the Morrisville, N.C.-based National Assn. of Professional Background Screeners.

A key issue for the EEOC, observers say, is whether using credit checks has a disparate impact on minorities and other protected classes because they have a higher poverty rate and are therefore more likely to have lower credit scores.

Furthermore, said Dianna Johnston, EEOC senior attorney adviser, "There's no evidence that there's any relationship between credit history and job performance. It's just that employers have an instinctive feeling that it might be a proxy" for qualities of integrity and reliability, she said of the issue that the EEOC is still studying.

Defense attorneys, though, say there is little if any credible evi-

'There's no evidence that there's any relationship between credit history and job performance. It's just that employers have an instinctive feeling that it might be a proxy' for qualities of integrity and reliability.

Dianna Johnston, EEOC

dence as to whether credit checks have a disparate impact on these groups.

Enhancing concern by the EEOC and supporters of legislation in this area is the extent to which the recession may have damaged workers' credit histories, observers say. But they also say employers' ability to screen applicants who could damage or even bankrupt their firms also is critical. The issue is "of tremendous concern to employers," said Jerrold F. Goldberg, a shareholder with law firm Greenberg Traurig L.L.P. in New York.

"Obviously, this is something they feel can really help them in determining whether an applicant is appropriate; and the more the government restricts their ability to do that kind of checking, the more they feel it's restricting their

right to get the best people," Mr. Goldberg said.

While it is only one of several factors used by employers in evaluating a candidate, it is an "extremely valuable piece of information," such as in evaluating managerial applicants, said Nate J. Kowalski, a partner with law firm Atkinson, Andelson, Loya, Ruud & Romo P.L.C. in Cerritos, Calif.

Meanwhile, on Nov. 22, a private lawsuit was filed in Miami federal court on behalf of Loudy Appolon, who is black, alleging that her job offer as a senior medical collector was withdrawn after the defendants, the University of Miami and

its Leonard M. Miller School of Medicine, learned of her credit history, even though it "did not in any way reflect poorly on her character or her ability to do the job defendants had offered her."

It alleges the defendants violated Title VII of the Civil Rights Act of 1964 and seeks class action status. A medical school spokeswoman had no comment.

"My guess is, a lot of people will be watching" this case to see its outcome, said Philip C. Gordon, a shareholder with law firm Littler Mendelson P.C. in Denver.

Meanwhile, more litigation can be expected, say observers.

"You're apt to see a fairly large number of cases being filed" in light of credit check reports' widespread use and the EEOC and plaintiff bar's interest in the issue, said Michael W. Fox, a shareholder with law firm Ogletree, Deakins, Nash, Smoak & Stewart P.C. in Austin, Texas.

State legislation also is a concern. Washington and Hawaii enacted laws limiting employers' use of credit checks in 2007 and 2009, respectively; Oregon's law took effect in July and Illinois' law will do so in January. More states approving such laws will lead to more litigation, Mr. Fox said.

State laws also could lead to compliance issues for multistate employers, say observers.

"The challenge for employers with all this state legislation is that (it) starts with the premise that employers cannot use credit history for employment decisions, and then carves out exceptions," Mr. Gordon said.

But because the statutes' language varies by state, "it's very hard for a multistate employer to establish a national policy for using credit information in employment decisions," Mr. Gordon said.

Meanwhile, Pamela Q. Devata, a partner with law firm Seyfarth Shaw L.L.P. in Chicago, said employers should be sure to apply their background-screening policies consistently and talk with applicants about any issues that arise concerning their credit reports.

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Ireland: Tax issues key

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ance P.L.C., Allianz Worldwide Care Ltd., Aviva Insurance Europe S.E. and RSA Insurance Ireland Ltd.—because of their potential exposure to sovereign debt or Ireland-based banks.

However, credit ratings on around 40 other companies in Ireland have been unaffected because they are mainly international insurers and reinsurers with little exposure to Irish debt, its banks or economy, said Mr. Jones.

“All the noise surrounding Ireland does not help its reputation as a financial center, but it has had little direct effect on international insurers and reinsurers operating there today, or their policyholders,” he said. “However, it may make other companies think harder before setting up subsidiaries there now compared with a year ago,” he added.

In the rest of Europe, the Euro Zone debt crisis would have to worsen significantly to affect the region’s insurers (see related story).

With its favorable tax regime, Dublin has been attracting foreign insurers, reinsurers and captives (see related story) since the 1980s. It also recently has seen several companies redomicile to Dublin, including XL Capital Ltd., Willis Group Holdings P.L.C. and Beazley Group P.L.C. (*BI*, Jan. 18).

Foreign insurers’ main concern about Ireland in recent weeks has been the potential loss of the low corporate tax rate as the price of providing emergency funding, a more than \$110 billion bailout package that includes various reductions in Ireland’s spending.

“If the tax rate were to be increased, the appeal of Ireland to international insurers and reinsurers would go away,” said Vasilis Katsipis, assistant general manager at A.M. Best Co. Inc. in London.

Details of the agreement reached with the International Monetary Fund and the European Union, and the assurances given by leading political parties, suggest that Ireland’s corporate tax rate looks to stay at 12.5% for the long term, said Liam Lynch, head of insurance tax for KPMG in Dublin. The government also has indicated that there is unlikely to be any additional Irish tax on the profits of foreign branches and that the top personal income tax will remain unchanged, he added.

Most Dublin captives expected to stay, but questions remain

By SARAH VEYSEY

DUBLIN—The International Monetary Fund and European Union-orchestrated bailout of Ireland, and the rating downgrade of its sovereign debt, likely would prompt only a limited number of captives to move their domicile from Dublin, experts say.

But the events may give pause to potential captive owners considering Dublin as a domicile and may result in some captives migrating in the long run, experts say.

Dublin was the world’s 16th-largest captive domicile in *Business Insurance’s* 2010 ranking, with 114 captives in 2009.

Last week, the Dublin International Insurance & Management Assn., which represents captives in Dublin’s International Financial Services Center, said it received clarification from Standard & Poor’s Corp. that its downgrade last month of Ireland’s sovereign debt, to A from AA-, likely would not affect its ratings of captive insurers and reinsurers operating in Dublin.

In a statement, S&P said it considered the financial strength of insurers that are captives of corporate parents based outside of Ireland or captive reinsurers of insurance groups that are based outside of Ireland typically independent of Ireland’s sovereign risk.

That clarification was important to underline that the risk posed by Ireland’s banking sector was not a systemic one that would affect other areas such as the international

insurance and reinsurance industry in Ireland, said Sarah Goddard, CEO of DIMA.

There is unlikely to be a mass move away from Dublin as a captive domicile in the near future, said Peter Allen, head of financial services at Grant Thornton U.K. L.L.P. in London. The captive regulatory regime in Dublin is well-respected, but recent events likely have undermined confidence in the regulatory regime, which is one of the main drivers of domicile choice, he said.

While there clearly had been problems with the regulation of domestic banks, there is still huge confidence in the regulation of insurance groups such as captives in Dublin, said DIMA’s Ms. Goddard.

The number of insurance regulatory staff in Dublin will continue to increase as the regulator prepares for Solvency II, the E.U. risk-based capital regulatory regime for insurers and reinsurers that is slated to go into effect in 2012, she said.

Ireland’s financial crisis and the government austerity measures likely will, over time, result in fewer financial services jobs in Dublin, which could weaken the domicile’s infrastructure, Mr. Allen said.

While the corporate tax rate in Ireland is not slated to change in the near future, it could be increased at some point, he said.

Despite pressure by some E.U. governments to increase Ireland’s corporate tax rate from its current 12.5%, which also applies to captives, as part of any bailout, the tax rate

is slated to remain at that level.

But while a competitive tax rate is attractive, other factors, including a wealth of financial services expertise and “firm but fair” regulatory oversight, make Dublin attractive to captives, Ms. Goddard said.

Even a modest increase in the tax rate likely would not have a huge effect on the number of captives in Dublin, said Charles Winter, head of risk finance in Aon Corp.’s global risk consulting team in London.

However, any “material” change in the corporate tax rate—several percentage points—would prompt company boards to at least examine the issue, Mr. Allen said.

But even added together, these potentially negative factors are unlikely to prompt a large-scale move away from Dublin as a captive domicile, Mr. Allen said.

“Generally, the sentiment is still positive,” Mr. Winter said.

If Ireland’s problems persist, then there may be “more questions being asked” over time about domicile choice, he said.

Sovereign debt, not typically an issue covered in domicile analyses by captive parents, may become something company boards consider when looking to set up a captive, Mr. Winter said.

The domicile is facing the same challenges that others are facing—a soft market, which is slowing captive growth, as well as corporate consolidation among other issues, he said.

Debt crisis not hitting insurer investment portfolios—yet

By STUART COLLINS

DUBLIN—The European debt crisis rumbles on, but the situation would need to get significantly worse to affect the region’s insurers, experts say.

Insurers are some of the biggest investors in government debt, but the bailout of Ireland last month and Greece earlier this year has had few implications for Europe’s large insurers and reinsurers, analysts say.

Just 3% of Munich Reinsurance Co.’s €174 billion (\$230.52 billion) fixed income portfolio is held in Irish sovereign debt, while Swiss Reinsurance Co. holds less than 1% of its \$55 billion government bonds portfolio in Irish bonds.

Some insurers have significant exposures to government debt in the countries most at risk of default, the “PIIGS” countries—Portugal, Italy, Ireland, Greece and Spain—said Vasilis Katsipis, assistant general manager at A.M. Best Co. Inc. in London. So far, the situation has not warranted a Best

ratings review, he said. “If insurers had to write down significant portions of debt, we may have to revise ratings. It is a scenario, but it is extremely unlikely,” he said.

If Greece, Ireland or Portugal—the Euro Zone countries thought most likely to default on government debt—were to do so, that would be manageable for European insurers, said Astrid Frey, an economist with Swiss Reinsurance Co. in Zurich.

But a sovereign default could spark a European banking crisis and vice versa, which Ms. Frey said “would be far greater for insurers...because insurers are highly exposed to bank debt.” A sovereign default by Spain or Italy also would “severely hit” the insurance industry, she said.

“The situation could change...very quickly,” said Ian Stewart, chief economist in London with Deloitte L.L.P. With the rescue of Greece and setting up an E.U. rescue fund, “it looked like Europe had put this crisis behind it, but it has now returned with an vengeance in the past few weeks.”

With the tax rate unchanged, the number of insurers and reinsurers domiciled in Dublin is unlikely to drop as a result of the current fiscal and banking problems, and may even increase, said Mr. Lynch.

“Companies that have recently moved to Ireland have said that they are sticking with their decisions, and we continue to deal with clients considering Ireland as a potential domicile,” he said. “There

is no reason why Dublin will not continue to attract insurers; and based on the number of inquiries from clients, we expect a rise in absolute numbers, and for the business of existing insurers in Ireland

to increase,” said Mr. Lynch.

“Only a seismic change would make international insurers reconsider their move,” said Andrew Holderness, global head of corporate insurance at Clyde & Co., a London-based law firm that advises companies on where to locate.

The crisis has changed nothing for Beazley, which redomiciled from London to Ireland in 2009, a spokeswoman said. XL Capital and Willis declined to comment.

Ireland still is very much on the list of domiciles for international insurers and reinsurers to consider, said Mr. Holderness. “Ireland’s skilled workforce, attractive corporation tax, strong regulator and established track record all remain; and companies can now expect the costs of operating in the country to come down as commercial rents and wages reduce,” he said.

Ireland’s value proposition to multinationals operating from Ireland has not changed, said Heather Putt, business manager for financial services at the Irish Industrial Development Agency, the body responsible for attracting foreign investment to Ireland.

Drywall: Court rules for insurer

CONTINUED FROM PAGE 3

It was not until later that summer that the Goddards discovered the property damage in their home was directly related to the presence of Chinese drywall installed in the home, court documents state.

At the time the Goddards filed a complaint against Albanese Popkin, the developers had a commercial general liability policy through Farmington Hills, Mich.-based Amerisure, according to court documents, as well as two umbrella liability insurance policies.

The CGL and the umbrella policies were in force when the Goddards notified Albanese Popkin of the damages.

Amerisure argued in its motion for summary judgment that the Goddards first noticed damage and a sulfuric odor stemming from the Chinese drywall in 2006,

prior to the inception of Albanese Popkin’s insurance policies.

Meanwhile, Albanese Popkin and the Goddards argued that the damage was continuous and that the first manifestation of the damages is not the crucial trigger.

In his order, Judge Marra outlined that the occurrence of the damages, as outlined by Amerisure’s policy, was the critical trigger in Albanese Popkin’s policy. Since the Goddards admitted

to first noticing damage in 2006, prior to the developer’s policy with Amerisure, Judge Marra ruled in favor of the insurer.

“Manifestation of the damage is relevant in this context because it establishes that the Goddards sustained actual damage before the policy in question became effective,” Judge Marra wrote. “Therefore, there was no ‘bodily injury’ or ‘property damage’ during the policy period.”

News In Brief

CONTINUED FROM PAGE 1

and hold its market position "without compromising profitability." A Zurich spokeswoman said in a statement: "The expense savings target is not necessarily about people, but about streamlining our processes and being more efficient in our operations. Details of the process will be made public as they are available and implemented."

Ex-IPC exec Bryce chairs new reinsurer

Aliseo Reinsurance S.C.C., a monoline retrocessionaire focused on property catastrophe cover, has been formed with initial capital of \$300 million. James Bryce, who was instrumental in founding Pembroke, Bermuda-based IPC Re Ltd. in 1993 and served as its president and CEO until 2009, is chairman of Bridgetown, Barbados-based Aliseo Re. Serving as president and CEO is Andreas Kusay, who most recently was president and CEO of Barbados-based Manufacturers P&C Ltd., Manulife Financial Corp.'s property catastrophe subsidiary.

Busy storm season draws to close

Nineteen named storms formed in the Atlantic basin during this year's hurricane season, which tied with 1887 and 1995 for third-highest on record, the National Oceanic and Atmospheric Administration said. Of those, 12 became hurricanes—tied with 1969 for second-highest on record. Five reached major hurricane status. An average Atlantic season produces 11 named storms, six hurricanes and two major hurricanes.

U.S. reinsurers see dip in premiums

Major U.S. reinsurers reported a 2.3% decline in net premiums written to \$18.3 billion for the nine months ending Sept. 30, according to the Reinsurance Assn. of America. This compares with the 4.2% decrease, to \$12.29 billion, reported by the 19 reinsurers for the first half. The group reported a 96.6% combined ratio for the nine-month period vs. a 95.1% ratio a year earlier, according to the Washington-based RAA. The 2010 ratio reflects a 66.8% loss ratio and a 29.8% expense ratio. Reinsurers also reported \$6.27 billion in net income and \$103.94 billion in policyholder surplus.

Noted

XL Insurance has promoted Bob Shine to the newly created role of chief underwriting officer of its North America property/casualty unit. Previously, he was chief casualty underwriting officer. Meanwhile, Standard & Poor's Corp. has changed its outlook on **XL Group Ltd.** to stable from negative, citing the "derisking" of its investments....Maggie Westdale has been named global chief operating officer of **Aon Benfield, Aon Corp.**'s reinsurance intermediary unit. Ms. Westdale, who remains chief financial officer, joined the company last year. Previously she was with CNA Financial Corp....The Internal Revenue Service said that the 20% withholding tax that applies to certain pension distributions will not be imposed on 401(k) account balances that employees roll over to **Roth 401(k) accounts**....S&P has lowered its financial strength and counterparty credit ratings for **Fireman's Fund Insurance Co.** and its affiliates to A+ from AA-. S&P cited a decline in Fireman's Fund's overall competitive position, weak underwriting results and deterioration in the quality of its capital base as reasons for its rating downgrade.

Partner: Complicate risks

CONTINUED FROM PAGE 1

30 years, ownership reverts to the governmental entity, he said.

The number of U.S. partnerships has increased as governments realize that their "capital expenditure dollars go a lot further" when they participate in P3s that don't require significant outlays.

"We do expect that trend to pick up," said Scott Razor, Schaumburg, Ill.-based president of Zurich North America's construction group. Private entities that finance construction of government projects will take a burden off state governments that are struggling, he said.

Public-private partnerships are being discussed more often in the U.S., said Robert Greenebaum, executive vp and national casualty practice group leader at Swett & Crawford Group Inc. in Chicago. The arrangements have been popular overseas for "quite some time," he said. U.S. municipalities have been slow to adopt the idea until some projects stalled due to lack of funding, he said.

In some cases, the partnerships can create revenue for governments while saving them money on construction and maintenance costs, said Mike Brennan, executive vp and Midwest division leader at Swett & Crawford in Chicago. Under certain arrangements, a concessionaire may pay a designated amount to the government during the period it operates a facility, he said.

"We think it's coming around," said Thomas A. Grandmaison, senior vp-construction, at Lexington Insurance Co. in Boston. "Certainly in Asia, Canada, Australia and Europe, P3s have been in use and in vogue for many, many years," he said.

The partnerships set up complex insurance and risk management issues, sources said.

"Any time you have multiple ownerships," there are bound to be difficulties, said Mr.

Greenebaum. Municipalities will look to hand off all risk to a private partner that is funding and building a project, while the builder often will say, "Wait a minute. We're doing it for you."

"It is important to spell out who is responsible for what," Mr. Greenebaum said. "That's no different from a traditional project; it's just more complex."

Project-specific insurance arrangements are fairly simple with P3s, but it gets a little more complicated when the consortiums agree to maintain the projects over many years, said James E. Conroy, vp and chief underwriting officer in Liberty Mutual Group Inc.'s construction commercial markets operation in Boston.

"Contractors are used to building it, getting paid and moving on to the next phase," Mr. Conroy said.

In a traditional project, "their risk of loss stops at that point," said Timothy R. Kania, New York-based senior vp, energy and construction, with Liberty International Underwriters, a unit of Liberty Mutual Group.

But in a public-private partnership, "Where does the construction exposure end and the operational exposure begin?" Other questions have to be answered when a project is completed, Mr. Kania said. "What is each entity's relationship in that handover? Do some get held harmless? Do others hold more of the risk? How do you structure your programs....How does all that get blended together so that you don't have gaps in cover?"

Lockton's Mr. Miller said, though, that not all contractors will remain with a project once construction is finished.

Issues of immunity also have to be worked through in public-private partnerships, Lexington's Mr. Grandmaison said.

While municipalities generally are immune from lawsuits or are protected by caps on their liability,

private companies are not automatically entitled to such protection, and transportation departments and state lawmakers generally have been unwilling to grant immunity or limit the liability of private entities, he said.

That means insurance coverage gets complicated and potentially more costly when a private concessionaire is involved in operating and maintaining an asset, he said.

"When there are no liability caps, it's very difficult for us to predict what the outcomes are going to be, especially when it's never been done that way," Mr. Grandmaison said. Unless states provide some sort of liability caps for companies working on public projects, "that will continue to be a challenge for us," he said.

Because the projects are long-term commitments, with contractors and other concessionaires sometimes involved for as long as 99 years, "they are always trying to figure out some cost certainty around their insurance," Mr. Grandmaison said.

Paul Primavera, senior vp in Washington for Lockton Construction Services Group, warned that contractors must be particularly wary of performance guarantees in P3s regarding completion and operation of projects. "That can become very complicated or potentially uninsurable," he said.

While the U.S. public-private projects are growing, some have faced resistance, experts said. For example, some toll road projects have drawn public ire because the toll revenue is going to foreign consortiums and leaving the U.S.

The resistance is not entirely based on foreign investment," said Matthew Power, Boston-based president of Risk Specialists Cos. Inc. and executive vp of Lexington Insurance Co. "This can become an issue of concern for unions."

In states where unions are strong, a public-private partnership could be seen as a threat to union workers who fear displacement under a privatized operating model, Mr. Power said.

MLR: Costs could increase

CONTINUED FROM PAGE 3

mini-med plan sponsors from a health care reform law provision that in 2011 restricts and in 2014 bars health plans from imposing annual dollar limits on coverage of essential services (*BI*, Oct. 11). As of Dec. 3, HHS had approved waivers for 222 mini-med plan sponsors.

Although the MLR requirement does not apply to self-insured health benefit plans, it could indirectly affect the scope of services that insurers offer to the self-insured market, some benefit experts say.

Tom Lerche, national lead for health care reform at Aon Hewitt Inc. in Chicago, said that because the MLRs will reduce profit margins on insured business, insurers likely would increase administrative services-only fees on self-

insured business.

"Insurance companies make a lot of their profit on the insured business as opposed to the (administrative services-only) case side. To the extent that the regulations make business more challenging on the insured side and they could decrease profitability....It could impact ASO fees," he said.

"We also have that potential because of the excise taxes," Mr. Lerche said, referring to a provision in the reform law that will impose a 40% excise tax on plan premiums exceeding \$10,200 for individual coverage and \$27,500 for family coverage starting in 2018. Insurers and third-party administrators would pay the tax in the case of employers that self-fund their health care plans.

A spokesman for America's Health Insurance Plans, the indus-

try's Washington-based trade group, agreed. The way the MLR regulations are structured, they cap "how much health plans can invest in programs and services that are considered administrative but may be vital to improving the quality, safety and cost of the health care system," the AHIP spokesman said.

Because national insurers don't account for the cost of such programs on a state-by-state basis or even by insured vs. self-insured groups, the additional administration required to calculate their costs "could make it difficult for health plans to continue to offer those services," the AHIP spokesman said.

The availability of high-performance provider networks also could diminish in response to the MLR rules, said Shawn Nowicki, director of health policy at the Northeast Business Group on Health in New York, formerly the New York Business

Group on Health.

"The activity, noted as the 'development, execution and management of a provider network' could actually be leveraged as a quality improvement activity," he said. However, it was excluded from MLR calculations, he said.

"Many employers are actually considering or have already communicated their support for narrower provider networks that include only providers that offer high-value, quality care," he said.

Similarly, HHS excluded "costs associated with calculating/administering individual enrollee or employee incentives" associated with participation in health promotion programs, Mr. Nowicki said.

"Excluding the costs of calculating and administering these incentives might, in the end, result in decreased uptake of certain activities or programs that are designed and proven to improve health outcomes and status," he said.

"What the MLR requirements are intended to do is to hold down the amount of premiums that go toward administrative expenses," said Mike Thompson, a principal with PricewaterhouseCoopers L.L.P. in New York. "For insurers, it's going to require them to rethink everything they do. It's likely that some services will change as a result of MLR requirements."

However, given that much of the innovation in health care quality improvement activities is attributable to insurer experiments in the self-insured market, Mr. Thompson said he expects insurers will continue that tradition.

"Things like wellness, disease management and utilization review all started on the self-insured side of the business," Mr. Thompson said. "The carriers that are committed to self-insured employers will continue to innovate and be the test pilots of these quality improvement programs."



€10M award for nude sleepwalker

An Irish jury has awarded nearly €10 million (\$13.2 million) in damages to a man who insisted he was sleepwalking when he appeared naked at the door of his secretary's hotel room during a 2007 trip.

Donal Kinsella had sued his former employer, Dublin-based mining company Kenmore Resources P.L.C., alleging he was slandered by a company news release that suggested he had made inappropriate sexual advances to a female colleague during a trip to Mozambique.

According to reports, the jury was unanimous in deciding that Kenmore Resource's news release, which did not detail the sleepwalking incident, wrongly implied that Mr. Kinsella had made inappropriate advances to Deirdre Corcoran and that the release was intended to embarrass him in relation to his position as director in the company.

The amount reportedly is the highest libel award ever by an Irish jury, 10 times the amount of the previous highest libel payout of nearly €1.9 million (nearly \$3 million) to Monica Leech in 2009 over published news articles falsely alleging she had an affair with an Irish politician.

According the London Daily Mail, the courtroom gasped when it heard the jury's decision and Kenmore Resource's attorneys immediately sought a stay of the decision, saying the amount "seems to be off the Richter Scale."

Judge Eamon de Valera granted Mr. Kinsella an immediate payout of €500,000 (\$662,400), but did stay payment on the rest.

"It is unusually large," Judge de Valera said, according to the Daily Mail.

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Contributing: Jeff Casale, Mark A. Hofmann, Mike Tsikoudakis



AP PHOTO

Sacramento Kings' team attorney Roger Dreyer, explains how a stability ball burst while in use by Guard Francisco Garcia.

Bubble bursts for Kings' Garcia

Something labeled "burst resistant" still ruptured, sending the National Basketball Assn.'s Sacramento Kings to court.

The Kings are suing three companies in San Francisco federal court over a stability ball that burst and injured one of their players, according to the Associated Press.

Guard Francisco Garcia broke his right wrist in October 2009 while working out when the Gymnic Plus Stability Ball, which was labeled "burst resistant," exploded as he laid on it while lifting weights.

According to the AP, the lawsuit seeks \$4 million from Italy-based manufacturer Ledraplastic S.p.A., ball distributor M-F Athletic Co. and Ball Dynamics International L.L.C.

The amount is what the Kings reportedly paid Mr. Garcia during the games he missed due to the injury.

The team's attorney, Roger Dreyer, told reporters that the Kings and other teams in the NBA have stopped using the ball for bench press exercises.

Mr. Dreyer also reportedly said the distributors of the exercise ball now have a warning that the ball is not to be used with weights.

Snow from wastewater gets OK

The phrase "as pure as driven snow" might not apply to some of the man-made variety in Arizona.

In a matter that pitted Native American nations and environmentalists against the U.S. Forest Service, a federal judge has approved Flagstaff, Ariz.-based Arizona Snowbowl Ltd. Partnership using treated wastewater to make artificial snow at a ski resort.

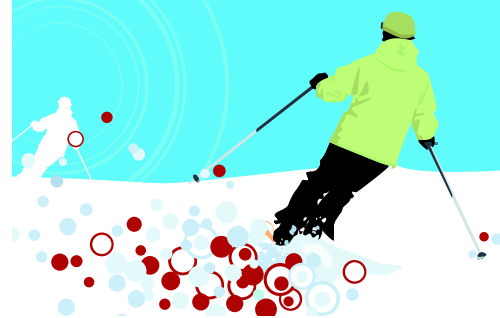
According to the Associated Press, the Native American nations sued in 2005 to prevent snowmaking on a mountain they regard as sacred, but lost that suit in 2008 (*BI*, Aug. 18, 2008).

Then last year, a group called Save the Peaks Coalition, which was not part of the original suit, sued the Forest Service to block the snowmaking. The suit sought to have the Forest Service conduct a more thorough environmental assessment on the risks of using wastewater. However, U.S. District Court Judge Mary Murguia in Phoenix ruled last week that the snowmaking can proceed.

"Although the plaintiffs have consistently conveyed to this court their desire that the agency had reached a different conclusion and determined that the potential risk to human health posed by the ingestion of snow made from reclaimed water during recreation is too great to approve the proposal, that is not the court's decision to make," Judge Murguia wrote.

In a statement posted on its website last week, Arizona Snowbowl said it "looks forward to starting construction of the snowmaking system, and plans to proceed in cooperation with the Forest Service once the weather and other conditions permit."

The release did not say whether the project would be completed in time for a white—or maybe not so white—Christmas.



REUTERS/LANDOV

LOHAN IS UNINSURABLE: DIRECTOR

Lindsay Lohan has had her share of trouble in recent years, including losing a movie role because she reportedly is uninsurable.

The actress recently was dropped from the lead role in "Inferno," a biopic of porn star Linda Lovelace being directed by Matthew Wilder, according to reports.

"We are withdrawing our offer from Lindsay Lohan," Mr. Wilder told E! News,

adding that the decision came down to "the impossibility" of insuring the actress "and some other issues."

Ms. Lohan has been in and out of jail and rehab during the past year, all of which was highly publicized. Now she reportedly is at a sober living facility in Rancho Mirage, Calif.

Actress Malin Akerman was cast in place of Ms. Lohan

about 24 hours after Mr. Wilder's announcement that he was dropping Ms. Lohan from the movie.

Ms. Lohan's representative told reporters that the decision to drop the actress from the movie was a joint decision, saying, "Together they decided to move forward without her."

The 24-year-old actress' last credited role was this year in the movie "Machete."

Actress Lindsay Lohan has been dropped from the film 'Inferno' for reasons including 'the impossibility' of insuring her.

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