



AP PHOTO

President Barack Obama is expected to veto repeal efforts.

HEALTH CARE REFORM

Vote puts 'Cadillac tax' on the bubble

BY JERRY GEISEL

The U.S. Senate's approval last week of budget legislation may set the stage for repeal of the health care reform law's fiercely opposed "Cadillac tax."

The Senate, largely along party lines, passed so-called budget reconciliation legislation that includes a slew of Affordable Care Act repeal provisions, including elimination of penalties on employers that don't offer health coverage or require lower-income employees to pick up too big a share of the premium.

H.R. 3762, approved on a 52-47 vote, also would repeal an ACA provision that has been vehemently opposed by both employers and trade unions. The "Cadillac tax" is to impose a 40% excise tax on the portion of group health care plan premiums that exceed \$10,200 for single coverage and \$27,500 for family coverage starting in 2018.

The broader bill, built on a

See **REPEAL** page 48

AVIATION

DRONE RISKS TAKE OFF AMID HOLIDAY BUYING BLITZ

Manufacturers could be targets in liability claims



AMAZON/KEX/SHUTTERSTOCK.COM

More than 1 million drones could soon clog the skies as commercial and recreational users take wing.

BY DONNA MAHONEY

Drone sales that could top 1 million this holiday season have lawyers warming up for a wave of claims, with differing views on the insurance industry's readiness for the risks that commercial and consumer drone operators will bring.

With hundreds of drone incursions already reported in commercial air space, the Federal Aviation Administration and a task force of stake-

holders released guidance in late November calling for registration of drones to hold operators accountable for any wrongdoing.

Those stakeholders include Amazon.com Inc., Google Inc. and Wal-Mart Stores Inc., which want to use drones for deliveries in the next year.

"The commercial use of drones isn't going to be incremental," said William Walsh, Seattle-based

See **DRONES** page 49

P/C INSURERS

Zurich hunts for new chief amid troubles

More job losses announced by insurer

BY SARAH VEYSEY

Zurich Insurance Group Ltd. is looking outside the company for someone with extensive industry knowledge to succeed CEO Martin Senn, who resigned last week amid intensifying financial pressures at the insurer.

Sources said Mr. Senn's position became untenable after Zurich's eleventh-hour withdrawal from buying London-based rival RSA Insurance Group P.L.C. and the insurer's double-digit drop in third-quarter profit.



Mr. Senn

"After 10 very intense years with Zurich, I have decided to step down as CEO and to make way for new leadership. Zurich is a profitable, well-capitalized company with outstanding employees," Mr. Senn said in a statement. "There have been some setbacks in recent months, but I am convinced we have put in place the right measures for Zurich to reach its targets."

Those recent setbacks include problems with its U.S. auto book of business as well as its \$275 million loss in the August explosions at the port of Tianjin in China.

Zurich also has been conducting

See **ZURICH** page 48



Q&A: DOUG CAUTI

Senior vice president at Liberty Mutual Insurance Co. discusses issues for construction industry

PAGE 12

COMMENTARY

The maximum loss for insurers from cyber security risks dwarfs nuclear risks of a bygone era

PAGE 14

IN BRIEF

One industry analyst makes the case that AIG is worth more in pieces than as a whole

PAGE 8

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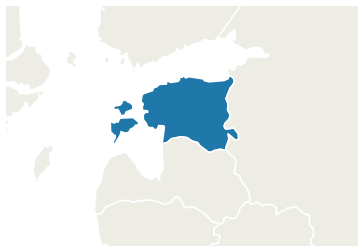
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CONTENTS

FEATURES

INTERNATIONAL



Profile: Estonia

Estonia has little exposure to natural threats, though Hurricane Erwin in 2005 caused economic flooding and wind damage. **10**

PERSPECTIVES

Look for whistleblower cover

An increasing number of whistleblower lawsuits raises questions of suitable insurance coverage, particularly when fraud is alleged. Reed Smith L.L.P. partners Luke E. Debevec and Amber S. Finch and associate Miranda A. Jannuzzi discuss how standard business coverages can come into play in these cases. **15**

OFF BEAT



Hacker gets cyber sentence

The Czech Republic's first convicted software pirate received a punishment to fit the crime: taking part in an anti-piracy video. **50**

SECTIONS

INTERNATIONAL **10**

PEOPLE **12**

OPINIONS **14**

PERSPECTIVES **15**

MARKET PULSE **40**

OFF BEAT **50**

NEWS

AUTO LIABILITY

BALLOONING CLAIMS ROIL COMMERCIAL AUTO SECTOR

Some insurers pull back, others look to write more

BY MATTHEW LERNER

Changing players and increasing claim severity have shaken the commercial auto insurance sector as some insurers retrench amid soaring settlements and awards.

Both American International Group Inc. and Zurich Insurance Group Ltd. addressed commercial auto coverage in their latest results.

AIG noted "higher current accident year losses in health care and in U.S. commercial automobile liability." The company also said in a filing with the Securities and Exchange Commission that it was increasing commercial automobile liability reserves by \$402 million for the nine-month period that ended Sept. 30.

The company did not respond to requests for comment.

Zurich went a step further in its third-quarter release, saying it would "exit two portfolios in global corporate, including part of the U.S. transportation business."

In response to questions, Zurich said last week it will no longer offer casualty cover for U.S. companies in three categories.

"The majority of the business is long-haul trucking and some passenger transport services," Zurich said in a statement. "Zurich is not exiting the U.S. auto liability, auto



CYNTHIA FARMER/SHUTTERSTOCK.COM

Zurich said last week it will no longer offer casualty cover for U.S. companies, primarily in long-haul trucking and some passenger transport.

physical damage, workers compensation or general liability markets."

"There are carriers that had pretty adverse results and are taking, from what we see, pretty drastic action in the marketplace," said Bill Smyth, vice president of casualty at Berkshire Hathaway Specialty in Boston, which runs the company's excess trucking and transportation book of business.

"Obviously, some of the legacy carriers are feeling the pinch," said Tony DeFelice, managing director of Aon Risk Solutions' national casualty practice in New York.

One factor roiling the commercial auto market is an increase in severe claims, sources said.

"I do believe that we have seen massive increases in terms of severity on auto," Mr. DeFelice said. "Over the past year, I myself have witnessed about five large auto liability claims ranging from \$7 to \$8 million all the way up to \$50 million."

Dan Aronson, U.S. primary casualty placement leader at Marsh L.L.C. in New York, cited an example of rising costs in auto claims.

See **AUTO** page 46

WORKERS COMPENSATION

Comp rates fall as insurers see better results

Employers increasingly rewarded for safety

BY STEPHANIE GOLDBERG

Workers compensation insurers are poised for a second consecutive year of underwriting profitability as a result of improved economic conditions, partnering with safety-conscious employers and focusing on data analytics to mitigate potential losses.

In a preliminary report, the National Council on Compensation Insurance Inc. estimated the comp industry's 2015 combined ratio would be 96%, an improvement over 2014's combined ratio of 98%.

Primarily because of a projected increase in written premiums, 2014 was the first workers comp underwriting gain since 2006, according to the Boca Raton, Florida-based rating agency. And NCCI said last month that it expects net written premiums to reach \$40.7 billion for private comp insurers this year, a 5.7% increase over last year.

Higher premiums are "a sign of a healthy market", and payroll growth is a major reason for the increase, said Sean Cooper, director and actuary for NCCI.

Employers might be paying more in premiums to cover a larger number of workers, but "if (they're) going to be hiring twice as many employees, it's probably because (they've) got that much more business," Mr. Cooper said.

In what Kurt Narron, Houston-based vice president and account executive at Lockton Cos. L.L.C., calls a "soft-plus market," insurers are taking a "very disciplined approach to their underwriting ... but they're eager to go after new business because they need that revenue."

It's definitely a buyer's market, sources said.

Most states have filed for advisory rate cuts this year, according to NCCI. Advisory rates have ranged from a 14.8% decrease in Oklahoma to a 3.4% increase in Virginia, NCCI said.

However, whether employers benefit from rate cuts depends on their specific risk characteristics, as well as what they're doing to mitigate losses "through a safety program, a loss-control procedure or providing better data to insurance carriers or the market to

See **COMP** page 46

PRESCRIPTION DRUG MANAGEMENT

Employers in a bind over specialty drugs

BY SHELBY LIVINGSTON

As specialty drug costs help push U.S. health care spending and health plan costs to new heights, employers have to balance managing those costs while ensuring sick workers get drugs that may save their lives.

Managing spending on specialty drugs, which are used to treat complex diseases such as cancer, multiple sclerosis and hemophilia, has become a top priority for employers as specialty costs have soared.

Spending for specialty drugs increased 30.9% to \$311.11 per plan member in 2014, the highest

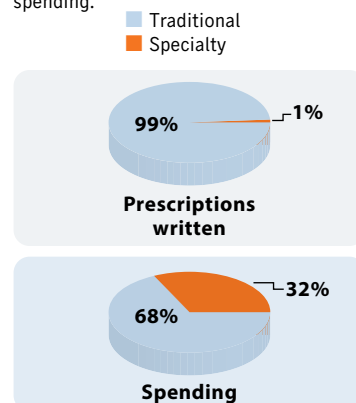
increase ever recorded, according to pharmacy benefit manager Express Scripts Holding Co., accounting for just 1% of U.S. prescriptions but 31.8% of spending.

Specialty drugs, and particularly hepatitis C medications, also were a factor in the double-digit jump in total U.S. prescription drug spending in 2014, the Centers for Medicare and Medicaid Services said last week. The 12.2% surge to \$297.7 billion compares with 2.4% growth in 2013.

While the costs may be high, the flipside is that specialty drugs can significantly improve a sick

SPECIALTY SHARE

Specialty drugs are a tiny percentage of total prescriptions written but a major portion of total prescription drug spending.



Source: Express Scripts Holding Co.

See **DRUGS** page 46

ONLINE
FEATURES

AWARDS

2016 Risk Manager of the Year deadline approaching

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NEWS

CATASTROPHES

A TALE OF TWO OCEANS
AS 2015 HURRICANE SEASON ENDS

El Niño limits Atlantic storms, boosts Pacific activity

BY JOYCE FAMAKINWA

The U.S. mainland escaped the 2015 hurricane season without any major storms making landfall, stretching to 10 years the period in which no major hurricanes have hit it.

A strong El Niño weather pattern limited storm activity in the Atlantic and led to a record number of major hurricanes, but little property damage, in the Northeast Pacific during the 2015 hurricane season, which ended Nov. 30.

The lack of hurricane losses was reflected in low third-quarter catastrophe losses reported by insurers.

El Niño, which is characterized by warmer ocean water in the central and eastern Pacific, typically produces a seesaw effect with weaker hurricane activity in one ocean contrasting with stronger activity in another, Gerry Bell, College Park Maryland-based lead seasonal hurricane forecaster at the National Oceanic and Atmospheric Administration's Climate Prediction Center, said in NOAA's year-end report.

"El Niño intensified into a strong event during the summer," he said.

This year, the Atlantic season, which usually poses the biggest



AP PHOTO

Hurricane Patricia hit part of Mexico's Pacific coast in October, but quickly dissipated and caused limited insured losses.

threat to the U.S. coastline, was below average with four hurricanes — Danny, Fred, Joaquin and Kate — according to NOAA.

"There were 11 named storms. Four of those became hurricanes. Two of those four storms reached major hurricane status, which means they achieved a Category 3 or greater in the Saffir-Simpson scale," said Peter Sousounis, Boston-based assistant vice president and director of meteorology at AIR Worldwide.

That level of activity was below a typical year, which would see

about 11 named storms, with six reaching hurricane status and three becoming major hurricanes, he said.

On the other side of North America, where storms typically pose less of a threat to the U.S. coastline, activity increased.

With 11 major hurricanes, the Northeast Pacific broke its 1992 record of 10 major hurricanes in one year. Hurricane Patricia, which reached Category 5 status, hit part of Mexico's Pacific coast in

See **HURRICANES** page 45

SAFETY

Companies at top of supply chains urged to set right tone on worker safety

BY GLORIA GONZALEZ



AP PHOTO

One of Kentucky Fried Chicken's poultry suppliers was fined by OSHA for two separate workplace accidents this year.

WASHINGTON — Federal safety and health regulators are encouraging entities at the top of supply chains to adopt standards for their suppliers to reduce workplace injuries, particularly in industries such as the poultry sector where employees often suffer significant, permanent injuries.

Companies at the top of supply chains can do so because they have some control over setting standards, said James Johnson, vice president of partnerships at Oxnard, California-based safety consultant DEKRA Insight.

See **SAFETY** page 45

LIABILITY & LITIGATION

SEC ups efforts to fight bribery by U.S. firms

Costs to defend against regulatory probes often expensive, uninsured

BY JUDY GREENWALD

The U.S. Securities and Exchange Commission's aggressive pursuit of even modest infractions of the Foreign Corrupt Practices Act can result in uninsurable legal costs in the millions of dollars.

Experts say the activity stems from the so-called "broken windows" enforcement policy that SEC Chairwoman Mary Jo White articulated in October 2013, in which she said the agency would pursue even the "smallest infractions" of U.S. securities laws, including the FCPA.

Ms. White said minor violations a company fails to address "feed bigger ones and, perhaps more importantly, can foster a culture where laws are increasingly treated as toothless guidance."

Observers warn, however, that even minor cases can be onerous in costs.

Both the U.S. Department of Justice and the SEC enforce the law, but Justice's jurisdiction is limited to the FCPA's bribery provision, while the SEC's portfolio includes inadequate internal controls and compliance requirements, although its authority includes only publicly held companies.

Experts say, unlike the SEC, the Justice Department can put miscreants in prison, but no publicly held company welcomes being in the SEC's bad graces.

According to a calculation by Alex J. Brackett, a partner at McGuireWoods L.L.P. in Richmond, Virginia, the eight FCPA cases settled in 2014 had an average resolution cost of \$156 million, but the nine cases settled so far this year had an average cost of just under \$9.7 million per settlement. Three of the eight cases settled in 2014 involved total settlement payments of more than \$100 million, according to Mr. Brackett.

Observers point in particular to Houston-based Hyperdynamics Corp., an oil and gas exploration firm that agreed in September to pay \$75,000 to settle SEC charges that it had failed to accurately record \$130,000 in payments by its Republic of Guinea subsidiary for

See **FCPA** page 45



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SAFETY

Former exec's conviction puts spotlight on safety for high-risk industries

Deadly mine explosion resulted in underwriting rethink by insurers

BY GLORIA GONZALEZ

Workplace safety experts had mixed reactions to the split verdict in the trial of a former top official accused in a 2010 explosion that killed 29 coal miners in West Virginia.

Don Blankenship, the former CEO of Massey Energy Co., last week was acquitted of all felony charges, but convicted of a misdemeanor conspiracy charge — a conviction his attorney vowed to appeal — for willfully violating U.S. mine health and safety standards.

Mr. Blankenship faces up to one year in federal prison when he is sentenced in March 2016, prosecutors said in a statement.

“It’s really a cautionary tale,” said Patrick McCarthy, a partner at Day Pitney L.L.P. in Parsippany, New Jersey. “When you’re dealing with people’s well-being, it’s very important to be mindful of your obligations.”

The U.S. Mine Safety and Health Administration concluded that preventable methane accumula-

tion and a massive coal dust explosion caused the miners’ deaths and injured two other workers.

Abingdon, Virginia-based Alpha Natural Resources Inc., which acquired Massey Energy in 2011, eventually paid \$209 million to settle its corporate criminal liability in the Upper Big Branch mine explosion, but the settlement did not bar criminal charges against individuals such as Mr. Blankenship.

“On the one hand, there is a desire to see that somebody is held accountable for it,” said Daniel Murdock, a Charleston, West Virginia-based attorney at law at Fogle Keller Purdy P.L.L.C. “On the other hand, there’s a question whether there’s a little bit of scapegoating going on in terms of finding somebody to blame even though there may not have been any responsibility on his part.”

While some experts believe the outcome will improve workplace safety, others say some employers see workplace accidents as a cost of doing business.

“I think I would call it a mixed



AP PHOTO

Don Blankenship, the former CEO of Massey Energy Co., last week was acquitted of all felony charges in connection with a deadly 2010 mine explosion, but was convicted of a misdemeanor conspiracy charge. He faces up to one year in federal prison when he is sentenced in March 2016, prosecutors said in a statement.

reaction,” said John Leonard, president and CEO of Portland, Maine-based insurer Maine Employers’ Mutual Insurance Co. “I think it’s a wake-up call for some people, but others see it as burden. That’s the type of employer we don’t want to do business with.”

While local prosecutions in fatal workplace accidents have been a fairly common exposure, accusing Mr. Blankenship of criminal conspiracy allowed federal prosecutors to elevate the case beyond the typical fines and citations, Mr. McCarthy said.

Increased enforcement by the federal mine safety agency and criminal charges brought against the mine manager and supervisor

of Upper Big Branch have rightfully increased attention on mine employers, said Meagan Noel Newman, a Chicago-based partner and co-chair of the environmental, safety and toxic torts practice group at Seyfarth Shaw L.L.P.

“If anything good can come from this, it is personal accountability and attention paid at these work sites,” she said. “I’m sure the outcome will have an impact, but the enforcement action itself has the greater impact.”

There were 48 coal mining fatalities in 2010, according to the federal mine safety agency; 20 each in 2011-2013; 16 in 2014; and 10 as of Dec. 2 for 2015, according to the Mine Safety and Health Adminis-

tration.

The Upper Big Branch explosion triggered a major internal review at the federal mine safety agency, leading to 100 reform recommendations that included enforcement rule changes when inspectors identify a pattern of violations. Previously, inspectors were limited to citations, but they now can shut mines down, Fred W. Smith IV, director of natural resources and head of mining and metals of the U.S. at Willis Group Holding’s P.L.C. in Knoxville, Tennessee.

“By and large, these mines do care about their people,” Mr. Smith said. “It’s the outliers that get

See **MASSEY** page 48

EMPLOYMENT PRACTICES

Joint employer ruling on contract workers expands potential liabilities

BY JUDY GREENWALD

A National Labor Relations Board ruling redefining what constitutes a “joint employer” creates considerable uncertainty for companies that could take years to resolve.

It remains to be seen the extent to which courts will defer to the NLRB’s August ruling in *Browning-Ferris Industries of California Inc.*, but several experts believe the issue will ultimately be decided by the U.S. Supreme Court.

Legal experts are also concerned that other federal agencies, including the Equal Employment Opportunity Commission and the Department of Labor, are in the process of developing similar standards for who are considered joint employers, in response to the “fissuring” of the traditional employer-employee relationship.

Rochelle Spandorf, a partner at Davis



Wright Tremaine L.L.P. in Los Angeles, said federal agencies’ interest in this issue reflects the general perception that how the workplace is organized has changed.

She said this was articulated in “The Fissured Workplace,” a 2014 book by David Weil, the Labor Department’s wage-and-hour division administrator, in which he dis-

cussed how small businesses that sprang up to provide outsourced workers splintered traditional employer functions across multiple firms.

Meanwhile, legislation already pending in Congress — the Protecting Local Business Opportunity Act — could provide some relief. The administration change following next year’s presidential election also could also have an effect.

Experts urge employers to examine their contracts with franchisees, subcontractors, staffing agencies and other independent contractors to be sure they do not run afoul of the NLRB.

In its 3-2 decision in *Browning-Ferris*, the NLRB overturned the standard in place since 1984 that firms must have “immediate and direct” control over a worker to be considered a joint employer. Instead, it held that a company need have only indirect control

of a worker and not even exercise that control to be considered a joint employer.

“The potential clearly is to disrupt a lot of traditional business relationships,” said Marshall B. Babson, a former NLRB member and now counsel at Seyfarth Shaw L.L.P. in New York.

“Even though the NLRB did articulate a new standard in *Browning-Ferris*, they did not set forth a kind of bright line for employers to follow,” said Kelly Thoerig, Washington-based employment practices liability coverage leader at Marsh L.L.C.

Contracts between companies and contract workers “should be very clear on who has responsibility” for discipline, management, hiring and firing, said Adeola Adele, New York-based executive vice president and employment practices liability

See **NLRB** page 48



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Is AIG worth more 'dead than alive'?

■ American International Group Inc. may be “worth more dead than alive,” a Bernstein & Co. L.L.C. analyst said. “We’ve long been bullish on AIG’s potential,” Josh Stirling said in a research note last week, but there is a “lack of evidence the firm’s current turnaround is making even tactical progress.” Breaking up the firm may be the key to unlocking its value, he said. “We believe the time has come for management to embrace the mantle of creative destruction, and seek to liquidate itself — in whole or in part — in order to simplify its operations, reduce its structural challenges and unlock its substantial conglomerate discount,” Mr. Stirling said in the research note. “We think it is evidently clear that today AIG is worth more dead than alive.” AIG has faced mounting pressure from activist shareholder Carl Icahn to engage in a strategic review of the insurer that could lead to a breakup or other action. “The optimum strategy we believe is selling the company off piece by piece to its competitors,” Mr. Stirling said in an interview. AIG likely could benefit from a strong acquisition environment, he said.

Aon Hewitt innovator Ken Sperling dies at 57

■ Ken Sperling, a long-time consultant at Aon Hewitt and a key force behind the benefit consultant’s health insurance exchange, died last week at age 57 after battling cancer for two years. Based in Norwalk, Connecticut, he joined Aon Hewitt, then known as Hewitt Associates, in 1988. Besides helping develop the Aon Active Health Exchange, he also advised lawmakers and the Obama administration on the development of the 2010 health care reform law. “Ken was widely recognized as a visionary, innovator, collaborator and leader in health care, not only at Aon but across the industry,” Aon Hewitt CEO Kristi Savacool said in an email. He is survived by his wife, Ros, and two sons.

Pension plan funding near stable in November

■ The funded status of pension plans sponsored by large employers stayed nearly even in November, according to Mercer L.L.C. On average, pension plans sponsored by companies in the S&P 1500 were 82% funded as of Nov. 30, down from 83% as of Oct. 30, but up from 79% as of Sept. 30. Mercer’s analysis found that the plans’ aggregated funding deficit increased by \$11 billion in November to \$397 billion, sharply lower than the \$504 billion deficit at the end of 2014. In all, the plans had \$1.822 trillion in assets and \$2.218 trillion in liabilities at the end of November.

Insurance brokers may see improved financials in 2016

■ U.S. insurance brokers’ revenues and earnings are likely to improve modestly in 2016 compared with levels reported during the first nine months of this year, Fitch Ratings Inc. said. However, while revenue growth is expected to remain positive over the next 12 to 18 months, it is “more likely to decelerate in part due to negative insurance pricing trends going into 2016,” the New York-based credit rating agency said in its “2016 Outlook: U.S. Insurance Bro-

ker Industry” report. Reinsurance “remains the greatest source of headwinds” for brokers with a large market presence, including Aon P.L.C., Marsh & McLennan Cos. Inc. and Willis Group Holdings P.L.C., the report says.

Positive 2016 results predicted for commercial insurers

■ U.S. commercial insurers will continue to see positive gains in 2016, according to Wells Fargo Insurance Services USA Inc. The broker’s 2016 Market Outlook report predicts that favorable losses across most insurance lines and a lack of catastrophe property claims will provide positive underwriting gains in 2016. The report noted that gross domestic product was expected to continue to grow in 2016, though not as much as the previous two years, resulting in continued higher revenues, payrolls, and property values, which would be reflected in insurance premiums. Higher investment returns from rising interest rates should give insurers higher investment returns as well, the report said.

Target in \$39.4 million settlement with banks over data breach

■ Target Corp. has agreed to pay \$39.4 million to resolve claims by banks that said they lost money because of the retailer’s late 2013 data breach. The preliminary settlement was filed last week with the federal court in St. Paul, Minnesota, and requires court approval. It resolves claims by banks seeking to hold Target responsible for their costs to reimburse fraudulent charges and issuing new credit and debit cards because of the breach. The Minneapolis-based company has said at least 40 million credit cards were compromised, and that as many as 110 million people may have had personal information, such as email addresses and phone numbers, stolen.

Reuters

Insurance legislators vow review of comp opt-out programs

■ The National Conference of Insurance Legislators plans to investigate workers compensation opt-out programs in the wake of media reports examining such alternative plans in Texas and Oklahoma. NCOIL’s Workers’ Compensation Insurance Committee voted at its annual meeting last month to investigate opt-out programs, the organization said in a statement. The decision was based on reports by National Public Radio and investigative journalism website ProPublica Inc. that detailed programs allowing employers to opt-out of state workers comp systems, as well as injured workers who were unable to receive benefits under opt-out programs.

Travelers can’t recoup damages after huge peanut fire

■ A Travelers Co. Inc. unit lost a breach of contract case in connection with a fire that destroyed almost 20 million pounds of peanuts that was allegedly caused by improper fumigation. The ruling by the 4th U.S. Circuit Court of Appeals in Richmond, Virginia, in *Severn Peanut Co. Inc. v. Meherrin Agriculture & Chemical Co.; Travelers Property Casualty Co. of America v. Industrial Fumigant Co.; Rollins*

Inc. upheld a lower court ruling granting IFC summary judgment in a suit saying IFC improperly applied phosphine tablets to Severn’s peanut dome. An explosion after the application led to extensive damage, and Travelers paid Severn more than \$19 million to cover the loss of peanuts, lost business income, property damage, and other costs. However, Severn’s contract with IFC, besides providing that Severn pay IFC \$8,604 for its services, included an exclusion for “incidental or consequential damages,” according to the ruling. A U.S. District Court had granted IFC summary judgment, in part because it said the contract’s consequential damage exclusion barred the breach of contract claim. The ruling by the three-judge panel of the 4th Circuit upheld that ruling, stating, “Severn and IFC are sophisticated commercial entities who entered into an arm’s length transaction.”

Towers Watson/Willis merger takes another proxy hit

■ The proposed merger of Towers Watson & Co. and Willis Group Holdings P.L.C. took another salvo as proxy advisory firm Glass Lewis & Co. L.L.C. recommended that Towers shareholders vote against the deal. In a Dec. 1 report, Glass Lewis maintains the deal is “not structured in a manner which is fair or appropriately attractive for Towers Watson shareholders” and that Towers shareholders should reject the proposed \$18 billion deal announced in June, which has drawn criticism from investors and analysts alike. In the report, Glass Lewis cited a poor transaction structure, poor transaction timing, inadequate valuation and unfair transfer of shareholder value as its concerns. A Towers Watson spokesman said the firm had no comment on the report. After substantial investor pushback on the deal, Towers said on Nov. 19 that it would double the one-time cash dividend for the deal to \$10 per share from \$4.87. However, “We believe that the relatively small increase in the special cash dividend represents an insufficient improvement,” Glass Lewis said in its report.

Judge certifies class action against ridesharing firm Uber

■ A lawsuit against Uber can proceed as a class action over allegations that the ride service misled customers about how it shares gratuities with drivers. An Uber customer sued the company last year, saying an advertised 20% gratuity was “false, misleading, and likely to deceive members of the public” because Uber keeps a substantial portion of the money. U.S. District Judge Edward Chen in San Francisco certified a class of plaintiff customers who had received an email from Uber saying a 20% charge would be gratuity only, and then used the service in 2012 and 2013.

Reuters

Workers comp rate inches up for Washington employers

■ The average rate employers in Washington state pay for workers compensation insurance will increase by 2% on Jan. 1, the state Department of Labor & Industries said. The average 2% rate increase is less than half the state’s most recent wage inflation rate of 4.2%, partly because of cost savings by Labor & Industries, Washington’s monopoly workers comp insurer, the department said in a statement.

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Unprecedented hack puts kids' data at risk

■ Digital toymaker VTech Holdings Ltd. said data on about 6.4 million children was exposed in a hack of information on customers in more than a dozen countries. The Hong Kong-based firm disclosed that the number of children affected exceeded the number of adults, with data on some 6.4 million children accessed along with data on 4.9 million parents. "I've never seen a hack that affected children as much as this one," said Chris Wysopal, co-founder of cyber security firm Veracode. "This is sort of the Ashley Madison for children — people unwittingly trusting their personal information in a company that wasn't equipped to handle it." The company's statement said the children's profiles included only name, gender and birth date. Stolen data on their parents included name, mailing address, email address, secret question and answer for password retrieval, IP address, mailing address, download history and encrypted password. Countries with affected customers include the United States, France, the United Kingdom, Germany, Canada, Spain, Belgium and the Netherlands.

Reuters

Lloyd's director Tom Bolt to exit next year

■ The director of performance management at Lloyd's of London, Tom Bolt, has decided to leave his post in mid-2016, Lloyd's said. The search for a successor to Mr. Bolt, who was appointed in 2009, will begin immediately, Lloyd's said in a statement. The director of performance management is responsible for the commercial oversight of the Lloyd's market and works with individual syndicates to improve the market's overall performance. "Tom has made an outstanding contribution to the strength and success of the Lloyd's market as it is today," Lloyd's CEO Inga Beale said in a statement.

Australian cyber attack blamed on China

■ A major cyber attack against Australia's Bureau of Meteorology that may have compromised potentially sensitive national security information is being blamed on China, the Australian Broadcasting Corp. reported. The bureau owns one of Australia's largest supercomputers, and the attack, which the ABC said occurred in recent days, may have

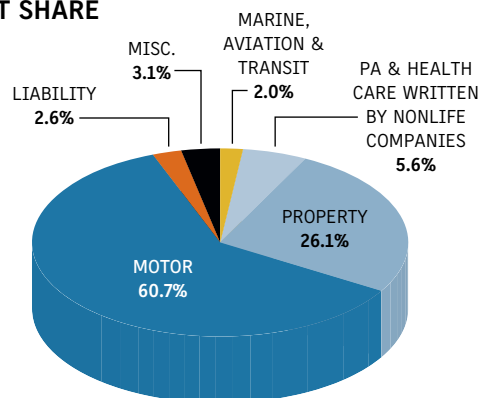
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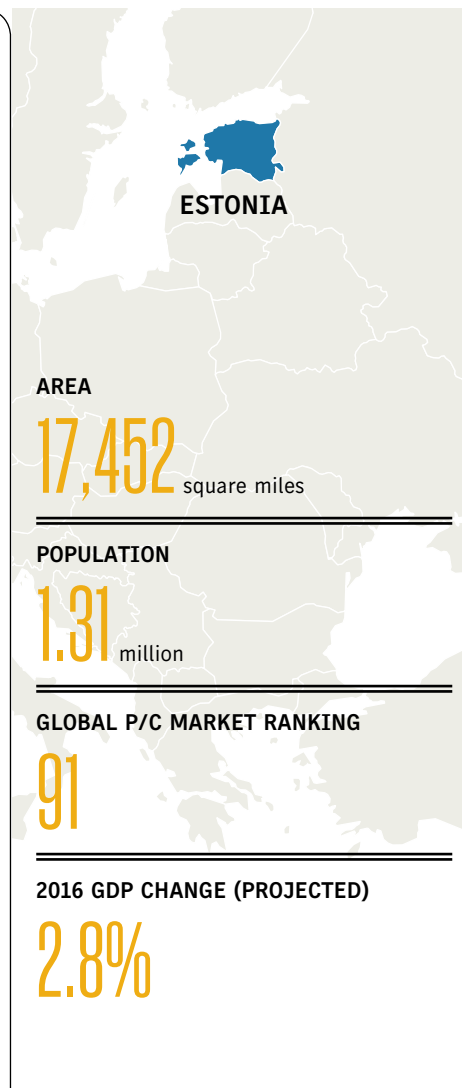
The northernmost of the Baltic countries, Estonia has little exposure to natural threats, though Hurricane Erwin in 2005 caused economic flooding and wind damage that totaled \$15.89 million. The economy of the former satellite of the Soviet Union and Scandinavian countries is growing steadily, but the insurance market remains immature. Ongoing competition will keep rates soft.

◀ 2014 P/C gross premiums

MARKET SHARE



Source: Axco Global Statistics/Industry Associations and Regulatory Bodies



MARKET DEVELOPMENTS

UPDATED MAY 2015

- Regulations to implement the European Union's Solvency II requirements Jan. 1 have been in force since the Insurance Activities Act revisions took effect Jan. 1, 2014.
- A full revision of Estonia's insurance law will take effect Jan. 1, 2016 and require insurers to establish coverage needs of the client rather than simply filling a client's order for insurance.
- The law mandating motor third-party liability, in effect since October 2014, raises the limits to \$1.3 million for property damage, \$6.1 million for bodily injury and \$3.5 million for pain and suffering. Direct settlement of claims began Jan. 1, 2015.
- Polish insurer Powszechny Zakład Ubezpieczeń S.A., which entered the market in 2012, has acquired and folded into its operation the local arms of Codan Insurance Co., Denmark, part of the U.K.'s RSA Insurance Group P.L.C.; Lietuvos Draudimas A.B., Lithuania; and Balta Insurance Co. Ltd., Latvia. Austrian insurer Compensa TU S.A., which announced its intention to enter Estonia in 2012, is ready to start underwriting in 2016.

COMPULSORY INSURANCE

- Motor third-party liability for bodily injury and property damage
- Professional indemnity for notaries, auditors, lawyers, bankruptcy trustees, bailiffs, patent attorneys, product analysts and insurance intermediaries
- Waste management liability
- Travel, tour and railway operators
- Liquid fuel handlers
- Clinical trials liability

NONADMITTED

Though unauthorized insurers cannot carry on insurance activity in Estonia, the law doesn't require that insurance be bought from locally authorized insurers. This is generally interpreted to mean that insurers can issue any type of policy from abroad if approached by a buyer or intermediary.

INTERMEDIARIES

Agents and brokers have to be authorized by the Financial Supervision Authority. They then can offer cover from insurers within the European Union and the European Economic Area (E.U. countries plus Iceland, Liechtenstein and Norway). Brokers involved in nonadmitted placements do not have to warn buyers that their insurer is not subject to local supervision.

MARKET PRACTICE

Though most business is placed locally, large and complex risks involving big sums of money generally are placed with E.U./E.A.A. companies, often directly in those markets. Fronting continues despite the easier access to foreign markets that came with E.U. membership.

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

allowed those responsible access to Australia's Department of Defense through a linked network. The ABC, citing several unidentified sources with knowledge of the "massive" breach, placed the blame on China, which has in the past been accused of hacking sensitive Australian government computer systems. China's Foreign Ministry dismissed the accusation, saying the government opposed cyber attacks and all parties concerned should strengthen dialogue to solve the problem "in the spirit of mutual respect."

Reuters

U.K. pension de-risking expected to accelerate

■ Insurance capacity for U.K. pension plans wishing to transfer pension risk is set to increase to more

than £15 billion (\$22.55 billion) in 2016 as new entrants come into the marketplace and the start of Solvency II gives greater certainty, says a report by London-based consultancy Lane Clark & Peacock L.L.P. The volume of U.K. pension plan buy-ins and buyouts exceeded £10 billion (\$15.03 billion) in 2015, according to "LCP Pensions De-risking 2015: Buy-ins, Buy-outs and Longevity Swaps."

Munich Re selling Italian subsidiary

■ Ergo Insurance Group, the primary insurance arm of Munich Reinsurance Co., is selling its Italian subsidiary to private equity firm Cinven Ltd. Terms of the deal were not disclosed. Ergo said it is selling its Milan-based unit, Ergo Italia, and its property/casualty

and life and health subsidiaries, Ergo Assicurazioni and Ergo Previdenza, as well as insurance mediator Ergo Italia Direct Network and group service company Ergo Italia Business Solutions. Ergo Italia posted premium volume of €359 million (\$434.4 million) for 2014.

Qatar Reinsurance moves to Bermuda

■ Qatar Reinsurance Co. L.L.C. has redomiciled to Bermuda to take advantage of the island's geography and regulatory framework. "Bermuda was a natural choice for us due to its international reputation and proximity to the U.S. market, along with its anticipated Solvency II equivalence," Gunther Saacke, CEO of Qatar Re, said in a statement. Qatar Re said

it has been granted a class four insurance license in Bermuda. The reinsurer also will double its capitalization to \$500 million as part of the re-domiciling, a spokesman said in an email.

Pool Re to boost terrorism retentions

■ Pool Reinsurance Co. Ltd. will increase its retention loss for a terrorism event, effective Jan. 1. The retention will increase to £135 million (\$205.7 million) from £100 million (\$152.4 million) for any one event and will be capped at an annual aggregate of £270 million (\$411.4 million) any year, the pool said in a statement. The change is to assist in the return of a normalized U.K. terrorism insurance market after recent events, Pool Re said in the statement.

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LABOR MANAGEMENT, INSURANCE TOP CONSTRUCTION SECTOR ISSUES

Q What do you see as the key issues from a risk management perspective for the construction sector?

A I would suggest that finding skilled labor is going to be a tough issue going forward for a lot of contractors. Attracting talent to that industry is not easy, and the less skilled labor they have, the more money they have to spend on training and onboarding and lack of productivity. From a loss standpoint, unskilled labor means frequency in workers comp coming up and perhaps less-than-better quality of the buildings.

The whole issue around additional insured status is becoming more tenuous as more states pass anti-indemnification laws. And the lack of credit worthiness of subcontractors, even though the general contractor may be able to transfer that risk to a (sub) contractor, that contractor may not be there so it falls back to the general contractor.

Q What would you say is the biggest challenge to a major

Q&A

infrastructure project such as the renovation of LaGuardia Airport or the replacement of the Tappan Zee Bridge in New York?

A Certainly, finding enough qualified subcontractors to be on those projects. Capacity of insurance perhaps if it's one big project. Managing the safety and managing the inspection — is that going to increase the use of drones? We haven't even figured out that piece yet. We're waiting for the (Federal Aviation Administration) to figure out how all the rules are going

to work around that unmanned aircraft.

Our contractors are using them more, and those types of projects would be really conducive to the use of drones.

Q How would you describe the insurance marketplace as it exists today versus five years ago?

A On the casualty side, I would say in '11, '12, '13, it was probably a little bit of a harder market, at least in some of the markets that I competed in. I would say over the last 12 months and, if someone has a crystal ball, you're probably looking at a year or two of flattening or slight decrease in certain lines of business, certain sizes of accounts and some of that will depend on loss experience certainly, but there's plenty of capacity.

Q Are there any new products that have come out to deal with a particular risk that has emerged in the last five years?

A Cyber is certainly one. I don't know how new it is ... but cyber



DOUG CAUTI

LIBERTY MUTUAL INSURANCE CO.

Doug Cauti, senior vice president and chief underwriting officer for construction and national insurance at Liberty Mutual Insurance Co. in Boston, says the construction industry faces challenges that include finding skilled labor as well as qualified subcontractors. He discussed those and other issues with *Business Insurance* Senior Editor Gloria Gonzalez at the recent International Risk Management Institute Inc.

annual construction risk conference. Edited excerpts follow.

is definitely an area that seems to be on the top of minds considering all the hacking and all the issues some of these major retail stores have gone through.

Q What do you see as the essential elements of contractors' insurance and risk management plans.

A From a risk manager's standpoint, do I have enough insur-

ance that the company will be able to run the next day after a major catastrophic event? The risk management function should also be looking to the point of value and the strength of the insurance carrier's paper. Certainly they can get a cheap price or a cheaper price with limited service, but it's also important for them to be doing business with an A-rated company, and most contracts require that anyway.

COMINGS & GOINGS

UP CLOSE: WILLIAM McELROY

NEW YORK-BASED GLOBAL HEAD OF ENVIRONMENTAL
Aspen Insurance Holdings Ltd.

PREVIOUS POSITION: New York-based senior vice president at Liberty International Underwriters U.S.A.

LOOKING FORWARD TO: Expanding Aspen's global environmental business.

GOALS FOR NEW POSITION: Building on Aspen's approach to custom, tailored solutions for the evolving environmental needs of our global customers.

CHALLENGES FACING INDUSTRY: The diverse and ever-changing regulatory standards applicable to environmental matters wherever we do business.

FIRST INDUSTRY JOB: I worked as an environmental underwriter for (American International Group Inc.).

WHAT SURPRISED ME: I was surprised that I could be interested in insurance at all.

ADVICE: If you're going to do it, do it right.

OUTSIDE THE INDUSTRY, A DREAM JOB: Wildlife biologist.



HOBBIES: Golf and bird-watching. I don't discuss my handicap, but I can identify a fair number of warbler species.

THING MOST PEOPLE DON'T KNOW ABOUT ME: My daughters are dancers at a local studio, and I've frequently appeared as Clara's Uncle Drosselmeyer in the holiday productions of "The Nutcracker."

WHEN I RETIRE: I will do whatever my wife tells me to do.

FAVORITE MEAL: Spicy grilled shrimp.

FAVORITE BOOK: "Moneyball: The Art of Winning an Unfair Game" (by Michael Lewis.) It's a brilliant read for anyone that manages a team professionally or otherwise.

CAN'T-MISS TELEVISION SHOW: I'm a fan of the classic films (such as) "Casablanca" ... Turner Classic Movies would be the closest I get to a favorite television show.

FAVORITE CITY: Other than New York? San Francisco. Sydney (Australia) is my favorite international city.

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Susan Bencher Daigle
VP, Large Property & Public Entity
2015 WOMAN TO WATCH



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EDITORIAL

HARSH MEDICINE FOR PENSION ILLS

It would be difficult not to be sympathetic to the plight of tens of thousands of participants in a huge and massively underfunded multiemployer pension plan whose benefits will be slashed if federal regulators approve the plan's proposal to cut benefits. We were especially moved by a letter written by a retired couple living in Lebanon, Missouri, to the U.S. Treasury Department, which is reviewing the Central States, Southeast and Southwest Areas Pension Plan's application to cut benefits for well over half of the plan's more than 400,000 participants.

"How can this happen to dedicated 30+ year employees who believed in the American dream and trusted Central States and the Teamsters. We are forced to live in an RV because of a 60% cut in pension benefits," the couple wrote.

It would be hard not to be sympathetic to the hardship that the Missouri couple, and so many other plan participants, will face if regulators approve the proposed benefit cuts.

But the cuts, unquestionably, will cause less pain than doing nothing. Keeping the status quo would almost certainly assure that the plan, which at the end of 2014, had more than twice as much — \$35 billion — in liabilities as its \$17.8 billion in assets, will one day run out of money.

That would result in the Pension Benefit Guaranty Corp. stepping in and providing benefits to plan participants. That, though, would hardly be a panacea: Participants could see their benefits cut even more because of federal limits.

In addition, because of the precarious financial condition of the PBGC's multiemployer insurance fund, taking over the Central States plan could bankrupt that fund, and ultimately participants would get nothing.

Who is to blame for the benefit cuts those in the Central States and other massively underfunded plans will suffer?

Certainly, lawmakers deserve some of the blame. They erred when passing legislation in 1980 requiring employers leaving underfunded plans to pay a share of the plans' promised but unfunded benefits. The fear of being hit with a huge withdrawal liability bill has unquestionably discouraged new employers from joining underfunded plans.

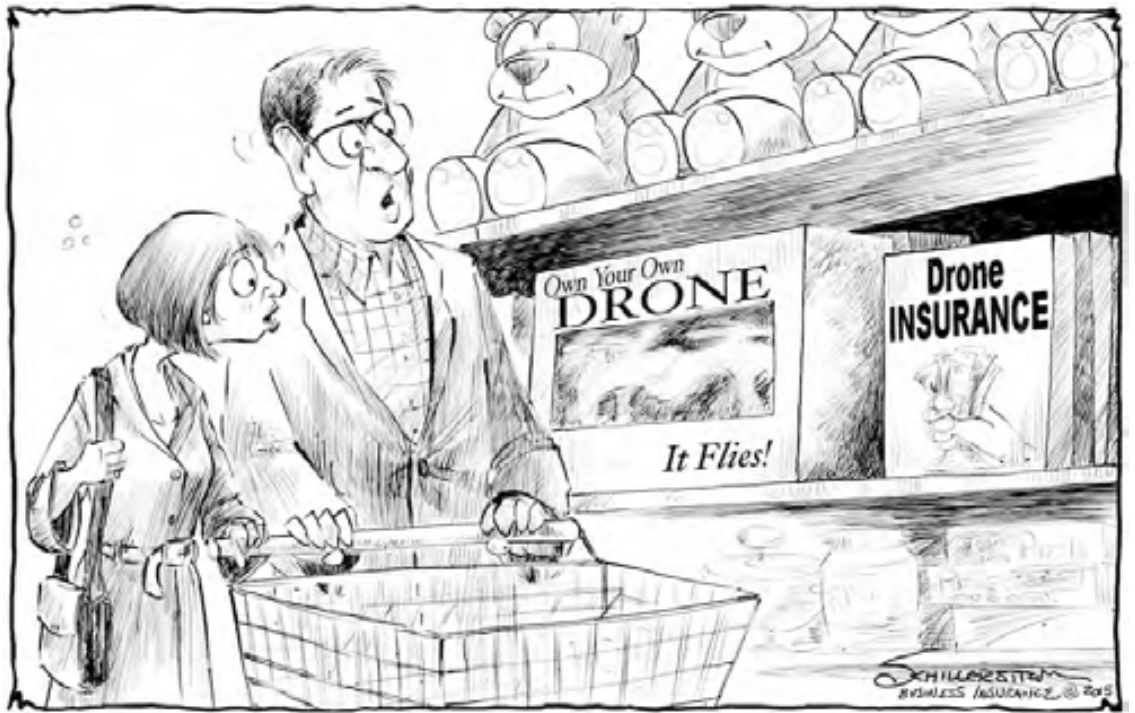
And employers and unions certainly are to blame by not keeping the lid on benefit increases.

Still, it is not too late for action. We would hope, as a good first step, that lawmakers pass legislation that would allow the design of new multiemployer plans that would, among other things, always be adequately funded.

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

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SCHILLERSTROM



COMMENTARY

TIME TO DUCK AND COVER AS CYBER THREATS LOOM

When I lived in New York in the 1990s, my apartment building had a fallout shelter in the basement. Relics of another era, the shelters were found in many buildings in the neighborhood, which was developed during the height of the Cold War. Our landlord had long since converted the shelter into a storage room, and the containers full of water, dehydrated provisions and other paraphernalia intended to keep survivors alive after the bomb dropped had been dispensed with.

I always found it ironic that the shelter was there because, given the ever-changing population in that area of Queens, if there had been any need to use it when I lived in the building, half the people inside it would have been Russian.

Thankfully, the risk of global nuclear war has diminished significantly over the past 50 years. And while we all fear the possibility of a terrorist attack involving a nuclear device, now it's more likely to be some kind of nuclear leak rather than war that would yield a fallout risk.

The old shelter sprang to mind last week when rating agency A.M. Best Co. Inc. released a study that estimated the probable maximum loss for insurers from cyber security risk globally is about \$31 billion, which is nearly seven times the PML for a nuclear loss, according to the report.

That's staggering and troubling given how commonplace cyber breaches now are. And that's just the threat today — as the so-called Internet of Things grows exponentially, billions more everyday devices will be connected to the Internet and will suddenly become vulnerable to cyber risks. Moreover, as companies increasingly seek competitive advantages by



GAVIN SOUTER
EDITOR

harnessing data, the risks are going to get bigger and bigger.

Other cyber security news last week also provided new reasons to worry. Toymaker VTech Holdings Ltd., which makes tablets, games and other digital products aimed at kids, announced that data related to about 6.4 million children had been exposed via a hack on the company.

VTech said the children's profiles exposed by the hack consisted of name, gender and birth date, which may be of less intrinsic value to hackers than credit card information or Social Security numbers — but for many parents, the notion that hackers are getting hold of personal information on their children is even more disturbing than having their own information accessed.

Of course, no flood of cyber news would be complete without allegations of state-sponsored hacking, which last week came out of Australia, where news reports said the country's bureau of meteorology, which houses one of Australia's largest supercomputers, may have been hacked by China. Chinese officials dismissed the allegations.

And that's just the headlines from one week of cyber security news. Given the huge figures involved and the evident potentially catastrophic vulnerability of many organizations, maybe it's time to refill the water containers, buy some more food packs and head down to the basement — off the grid.

Double-check existing policies for whistleblower coverage

The increasing number of whistleblower lawsuits raises questions of suitable insurance coverage, particularly when the suits allege fraud.

Reed Smith L.L.P. partners Luke E. Debevec and Amber S. Finch and associate Miranda A. Jannuzzi discuss how standard commercial insurance coverages can come into play in these cases.

Whistleblower lawsuits under the False Claims Act, also known as qui tam actions, have become more common in recent years. This is particularly so in heavily regulated industries and those in which the government routinely pays or reimburses costs, such as health care, pharmaceuticals, finance, construction and defense. Companies defending themselves against government investigations and FCA actions often have the insurance coverage they need — but frequently overlook it.

Many companies may assume that FCA and similar claims are not covered because they are often based on allegations of fraud, which is excluded under many standard form insurance policies. Further, state statutory exclusions may preclude coverage for such claims. Nevertheless, coverage may be available at least for the significant costs of defending against these claims or, in some cases, their settlement or judgment. This coverage can be found in a variety of common policies purchased by businesses.

Employment practices liability coverage

FCA suits frequently include a claim of retaliation by a whistleblowing employee seeking to recover a portion of the government's damages. A whistleblower may allege she was terminated or subject to other adverse action after reporting her employer's violation. Or an employee might bring a separate lawsuit related to the government's FCA complaint. These claims can be covered by an employment practices liability policy, which covers losses from claims stemming from wrongful employment practices.

Last year, pharmaceutical company Eisai Inc. won defense costs under its EPL policy in a case in New Jersey federal court, *Eisai Inc. v. Zurich American Insurance Co.*

The government targeted Eisai's sales practices for certain pharmaceuticals and reimbursements for alleged off-label uses, while a related termination suit was brought by an Eisai employee in state court.

In subsequent litigation, the court ruled that the insurer had a duty to defend Eisai in both lawsuits, noting they were intertwined, and required the insurer to pay Eisai's costs in both.

Other jurisdictions also recognize that an insurer that covers only a portion of an interrelated claim fails to provide its policyholder with a com-

plete defense.

Errors and omissions coverage

Errors and omissions coverage may also respond to FCA claims and government investigations. It covers the wrongful acts of a policyholder in its performance of specified business services.

While E&O policies usually exclude losses resulting from fraudulent conduct or intentional wrongdoing, coverage for defense costs and resolution of FCA claims may exist if the alleged conduct falls short of that; if the fraud or intentional conduct is proven at trial, by legal admission or by some other specified means; or if some other negligence of the insured is alleged.

There may also be coverage if the policyholder can show the claim arises out of the adequacy of the services provided — for example, a billing dispute rather than fraudulent billing.

In a recent case, *U.S. Bank National Association v. Indian Harbor Insurance Co.*, a Minnesota federal court denied the insurers' motion concerning coverage for a bank's settlement of actions arising from allegedly excessive overdraft fees.

The insurers insisted the settlement was in the nature of restitution, which they claimed was legally uninsurable, similar to payments to the government in FCA cases.

The court disagreed, ruling that coverage for restitution is not prohibited.

It added that restitution resulting from a settlement doesn't preclude coverage, a ruling that has the potential for broad-based application in insurance recovery.

Directors and officers coverage

Directors and officers liability insurance can also provide broad coverage for FCA claims or government investigations.

D&O insurance protects directors and officers from personal liability and frequently covers claims against the company.

Under D&O policies, a covered "claim" may include civil, criminal, regulatory and administrative investigations. This can be beneficial in the FCA context, where a company can incur substantial costs merely responding to inquiries during an investigation.

In *Community Health Center of Buffalo Inc. v.*

RSUI Indemnity Co., the New York federal court recently ruled that a D&O insurer must defend a community health center and its directors and officers against an FCA complaint.

Commercial general liability coverage

Companies should not overlook their commercial general liability insurance as a potential source for recovery. These policies cover a variety of claims and circumstances, including suits seeking damages for bodily injury, property damage or personal and advertising injury — for example, those caused by offenses such as false arrest, detention or imprisonment, malicious prosecution, wrongful eviction, wrongful entry, libel, slander, invasion of privacy, misappropriation of advertising ideas, or copyright infringement — resulting from an accident. These grants can be far broader in effect than they initially appear.

This year, the 4th U.S. Circuit Court of Appeals upheld a ruling requiring a CGL insurer to defend a pharmaceutical company facing an FCA complaint for its alleged role in a "pill mill" operation. The court ruled in *Liberty Mutual Fire Insurance Co. v. JMR Smith Corp.* that allegations of the company's "accidental" or "negligent" statutory violations were enough to demonstrate the potential for coverage.

Other policies, insured status

Aside from coverage written specifically for reimbursement of costs and settlements arising from government investigations, other policies and even contracts with third parties can be effective against claims. It is not difficult to imagine claims arising from government investigations triggering coverage under commercial crime policies, employee fidelity policies or cyber liability policies. Where third parties are involved — if the FCA action or governmental investigation names a vendor — companies should also consider whether they have agreements with those third parties requiring "additional insured" status. If additional insured status is provided to the company, there may be significant rights to claim coverage from the third-party's insurer.

Once a government investigation is underway or an FCA suit is initiated, the company should consider potential coverage under every policy that may be triggered, including any notice obligations such as notifying the insurer of a claim or potential loss and providing copies of legal papers.

Companies might also consider assessing and confirming the availability of coverage for FCA claims before facing one. Many policies can be written to add coverage for government investigations and claims for return of funds or billing errors and to soften any exclusions for fraud, restitution or illegal profits. Alternatively, a specialty policy covering government investigations or related defense costs could be considered.



Mr. Debevec



Ms. Finch



Ms. Jannuzzi

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2015

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It's been 10 years since *Business Insurance* started the Women to Watch awards program. Launched in 2006 to recognize women leaders doing outstanding work in the insurance sector as well as risk and benefits management, the program has raised the profile of the hundreds of honorees and helped raise the issue of gender diversity in a largely male-dominated industry. While there is still a long

way to go, we hope the program has encouraged more women to break through the glass ceiling in the sector.

The 25 honorees have been selected by a panel of *Business Insurance* editors who reviewed nominations submitted by *Business Insurance* readers. The selection criteria include recent professional achievements, influence on the marketplace and contributions to the advancement of women in business. This year, we added the requirement that nominations include three references from co-workers, clients or other business associates.

As always, it was difficult to narrow the field from the numerous outstanding nominations we received, but we feel we have selected an extraordinary group of honorees and hope you enjoy reading the profiles on the following pages.

—Gavin Souter, editor



PROFILES

Carrie Barr P20
ISO Claims Partners

Susan Bencher Daigle P22
The Hartford Financial Services Group Inc.

Kristen Bessette P22
Liberty Mutual Insurance Co.

Teresa Black P22
Ace Ltd.

Victoria Davison P24
Marsh Ltd., a unit of Marsh L.L.C.

Valerie DeMell P24
Marsh, Berry & Co. Inc.

Artemis Emslie P24
Matrix Healthcare Services Inc., dba myMatrixx

Mary Forrest P26
Munich Reinsurance Co.

Lindsey Frase P26
Willis Re, a unit of Willis Group Holdings P.L.C.

Rachael Ingle P26
Aon Hewitt

Pam Kehaly P28
Anthem Inc.

Linda Lane P28
Harbor Health Systems, a unit of One Call Care Management

Julie Layton P28
Aon Risk Solutions

Florence Levy P30
JLT Specialty Insurance Services Inc.

Kristine Meuse P32
Wells Fargo Insurance Services USA Inc.

Donna Nadeau P32
XL Catlin

Judi Newsam P32
Guy Carpenter & Co. Corretora de Resseguros Ltda., a unit of Guy Carpenter & Co. L.L.C.

Amanda Nguyen P34
Aon Benfield Group Ltd.

Monica Ningen P34
Swiss Re Americas, a unit of Swiss Re Ltd.

Lynn Oldfield P34
AIG Canada, a unit of American International Group Inc.

Mary Beth Sanford P36
Sedgwick Claims Management Services Inc.

Kathleen Savio P36
Zurich North America, a unit of Zurich Insurance Group Ltd.

Lori Seidenberg P38
Alden Torch Financial L.L.C.

Cara Tseng Duffield P38
Wiley Rein L.L.P.

Soraya Wright P38
The Clorox Co.



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2015

WOMEN TO WATCH

CREATING LASTING CHANGE WITH DIVERSITY EFFORTS

Sustaining diversity long-term requires cultural shifts

BY MARK A. HOFMANN

Cultivating an increasingly diverse workforce could help determine whether the property/casualty insurance industry thrives or stagnates in the near future, according to industry experts.

But cultural changes also need to be taken into account for diversity to be sustained over the long term.

The industry has a relatively old workforce, they say. Replacing retiring baby boomers with younger workers will be a difficult task because insurance has to compete with industries perceived as being more attractive for the best and brightest.

But simply attempting to create a more diverse workforce in terms of gender, ethnicity and other qualities will not win the battle for talent. There have to be organizational changes as well.

“We absolutely have a lag in cultivating a diverse workforce,” said Elizabeth McDaid, senior vice president of leadership and management resources at the Council of Insurance Agents & Brokers in Washington. “You have to be blind not to see it.”

“I don’t think there’s a choice,” said Cheryl Vollweiler, president of the Association of Professional Insurance Women and a partner at Traub Lieberman Straus & Shrewsberry L.L.P. in Hawthorne, New York.

“The people coming in are different,” she said. “If you want to have

succession, you’ve got to use those people. If they leave, where are you?”

The industry lags behind some industries, said Brian Little, senior vice president and head of human resources at Zurich North America in Schaumburg, Illinois. He said that “you have to get really talented people to come to work for you” — not just those straight out of college, but potential employees with experience as well.

“You’re competing with the best companies in the world for talent,” he said. “We have to make insurance cool enough where the best people want to come work for us.”

Insurance Information Institute Inc. President Robert Hartwig said in an email that to the extent that some segments of the property/casualty industry or specific employers may lag behind other industries in terms of employing a diverse workforce, it’s “primarily because the industry’s workforce is a relatively old one.”

Mr. Hartwig added, however, “with up to 400,000 retirements expected through 2020, aggressive hiring into the industry in the years ahead should narrow any imbalances that exist.”

But merely trying to recruit a more diverse workforce will do little good if it is not followed up with cultural changes, say observers.

“A lot of organizations make the mistake by not making any changes in their culture,” said Bo Young Lee, global diversity and inclusion leader at Marsh L.L.C. in New York. Sim-

ply targeting a more diverse workforce without changes is a “nonwinning strategy,” she said. “It’s not a sustainable strategy.”

The successful company has to look within, and “that’s what we’re trying to do at Marsh — what do we have to change that resonates?” she said.

“We have to have a strategy for hiring inclusively, and then create the culture that allows them to thrive, said the Council of Insurance Agents & Brokers’ Ms. McDaid. Doing so includes instituting what she called “micropractices,” small changes that can change the workplace. This would include such things as celebrating and encouraging women, she said.

Embracing differences

Managers also need to mentor more diverse employees, said Ms. McDaid.

“We tend to mentor people who are like us,” she said. “You have to step outside your comfort zone and mentor people who are not like you.”

Chubb Corp. has employee resource groups, said Trevor Gandy, chief diversity officer for the Warren, New Jersey-based insurer. The company has an internal women’s leadership conference and mentoring program, he said. Senior leaders are all directly involved, with each of Chubb’s senior leaders serving as a direct sponsor of our employee resource groups, he said.

Zurich wants to “be as broad as

the customer base that we have,” said Mr. Little. In the United States, the company focuses on groups like veterans, which is “is a very large and diverse group, they bring a lot to the table,” he said.

The company also has a large Women’s Innovation Network, of which Mr. Little is executive sponsor. That “helps us understand how we can meet the needs of women and also how to create a more inclusive culture,” he said.

Ms. Vollweiler said the industry hires lots of women at low to middle levels. “I think the gap occurs in getting them to upper management and more senior positions,” she said. “I think that the way to correct the situation is to invest in old-fashioned ways of training, mentoring and sponsorship.”

There’s a need for women and members of other groups not traditionally well-represented in insurance management “to make sure they have the tools and opportunity to get to the next level,” she said.

Marsh’s Ms. Lee said that U.S. census data shows that a little under 40% of the workforce are members of the so-called millennial generation.

“We are already behind the eight ball in attracting that emerging workforce,” she said. “We don’t want to get to the place where we are completely noncompetitive in the work environment. I do think the insurance industry is aware that we have to change. The level of dialogue that is happening between now and three years ago is very different. The challenge is changing that from an intellectual conversation to real actionable change.”

Ms. Lee noted that the London insurance market recently hosted a diversity and inclusion festival called Dive-In to encourage companies to understand the business case for increasing the diversity of the industry.

“I’d love to see the same sort of concerted cross-organizational conversation in the U.S.,” she said.

“We tend to mentor people who are like us. You have to step outside your comfort zone and mentor people who are not like you.”

Elizabeth McDaid,
Council of Insurance
Agents & Brokers

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Carrie Barr
ISO Claims Partners



Carrie Barr

SENIOR VICE PRESIDENT AND CHIEF OPERATING OFFICER

ISO Claims Partners
Philadelphia
Age: 35

For Carrie Barr, there was a clear choice: Get a job or go home.

After graduating from Duquesne University in Pittsburgh with a Bachelor of Science degree in busi-

ness administration and marketing in 2002, her parents gave her 45 days to find a job and pay her own way. She attended a pharmaceutical fair and met representatives from a unit of Concentra Inc.,

which would later be acquired by Coventry Health Care Inc., and decided to follow in her father's sales footsteps by taking a sales assistant job.

"I kind of fell into insurance, but I'm glad that I did," Ms. Barr said. "I fell in love with the industry."

In 2010, she became an account executive with Medicare compliance firm Crowe Paradis Services Corp., which was sold that December to Verisk Analytics Inc. and eventually rebranded as ISO Claims Partners. Based in Philadelphia, her ascension at ISO has been quick, moving up to second in command in five years.

"You need to find a company that rewards hard work and results," Ms. Barr said. "Finding a company that was a true meritocracy was a blessing."

Donna Greiner, president of Babb Absence Management Services, a unit of Babb Inc., in Pittsburgh, said she has known Ms. Barr since her Concentra/Coven-

"She's extremely reliable. If you contact her, she's immediately responsive."

Donna Greiner,
Babb Absence Management Services



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try days and is not surprised by her quick rise, pointing to her smarts and intense focus on providing quality customer service.

"She's extremely reliable," she said. "If you contact her, she's immediately responsive. Even now that she's moved up, she's taken that work ethic up with her. She still stays in touch with the clients to make sure we're getting what we need from her team. She's a very friendly and committed individual."

Ms. Barr made her way up the ranks while rearing her son, now 4, with a major assist from her mother, a traveling nanny during her son's first few years, and now-retired father, who cares for him after preschool. That kind of support meant Ms. Barr "never had to say no to any opportunities," she said.

She has big plans for ISO, hoping to turn it into a \$100 million business by expanding outside of the Medicare sector into other claims areas and developing and retaining talented employees.

"I hope I'm here until the day I retire," Ms. Barr said. "I want to make it a huge company."

By Gloria Gonzalez

HSA FSA DCA HRA COMMUTER BENEFITS COBRA DISCOVERY MARKETPLACE DISCOVERY HEALTHEXCHANGE



Victoria Davison



Judi Newsam

Congratulations

Marsh and Guy Carpenter applaud Victoria Davison and Judi Newsam for being named 2015 Women to Watch by *Business Insurance*.

Their commitment to clients is backed by knowledge, expertise, and a drive to excellence. Their leadership, vision, and drive make them superb role models for women and men throughout the insurance and reinsurance industries.

We congratulate all of the 2015 Women to Watch being honored today.

Susan Bencher Daigle

VICE PRESIDENT OF LARGE PROPERTY, PUBLIC ENTITY AND POOLING

The Hartford Financial Services Group Inc., Hartford, Connecticut
Age: 50

In the past, it was rare to find women in the large property area of the insurance industry, but Susan Bencher Daigle is watching that change.

The Hartford Financial Services Group Inc.'s vice president of large property, public entity and pooling has been seeing more women at the table in meetings on the broker side of the large commercial property public-entity base.

"There are exciting career opportunities in the large property segment. I hope that sharing my experience helps other women who may be considering similar career paths by showing how they can achieve success in a traditionally male-dominated segment of the industry through hard work, passion and being true to who they are," she said.

In December 2014, Ms. Daigle, a 25-year insurance veteran, was promoted to vice president of large property, only two years after joining Hartford. While at Hartford, she launched a startup business within the large established insurer and built specialized systems and products to underwrite large property and public entity risks. Ms. Daigle also recruited a team of specialist underwriters. Increasing Hartford's capabilities in large property is an important component of the insurer's focus on broadening its underwriting and risk appetite and also contributes to the organization's growth as a leading multiline property/casualty insurer, Ms. Daigle said.

Hartford President Doug Elliot met Ms. Daigle 20 years ago when they worked at Travelers Cos. Inc. "Sue operates in a segment of the industry where women have been traditionally underrepresented, and she is a role model for women who are pursuing career paths in roles that are critical to our industry," he said.



One of the ways she helps women in the industry is by providing them the opportunity to network with their peers through her involvement on the board of the Insurance Women of Hartford golf outing, where she has served since its inception 13 years ago. The annual event gives more than 100 women golfers in the insurance/reinsurance industry an opportunity to network and raise money for local charities.

"There have typically been fewer women in large property, so it's great to have opportunities to encourage them," Ms. Daigle said. "Some of the women may not have a role model or someone they can network with at their company and so this event provides opportunities to connect with other women in the industry."

By Donna Mahoney

Kristen Bessette

SENIOR VICE PRESIDENT AND CHIEF ACTUARY OF COMMERCIAL INSURANCE

Liberty Mutual Insurance Co., Boston
Age: 44

Kristen Bessette's co-workers at Liberty Mutual Insurance Co. say strong technical skills and a passion for developing talent make her an engaging leader.

The Boston-based senior vice president and chief actuary of commercial insurance for Liberty "is very savvy about being able to assess what people need at the appropriate time," said Kathleen Conlin, senior vice president and chief talent officer for the company. Ms. Bessette spends "time coaching people (and) making sure they're being thoughtful about what their assignments should look like," she said.

That coaching includes helping people make smart career moves and encouraging them to take on new roles — "even if it's a little scary, because you'll be thankful that you had that different experience," Ms. Conlin said.

Through her mentoring relationships, Ms. Bessette said she's found that some women lack "the confidence to look for a newer, bigger role because they're not sure they have the exact skill set" required. By encouraging women to explore different options, she said she hopes they'll realize that not having the perfect background for a job doesn't mean they can't do it. "That's an important challenge for us," she added.

"I've always, after a couple years, started looking up and looking around and saying, 'What else do I want to do? What can I do that's interesting to me? What can I learn?'" Ms. Bessette said. "We're trying to build more of that culture in so people can maintain career satisfaction by moving around the company."



her team and other employees, Ms. Bessette said she likes to "give them an idea of how they can make a difference in the bigger picture, even though their role might seem very specific ... You have to engage them in what they're doing, empower them to make decisions, teach them and develop them to be better."

Ms. Bessette has been in her current role for about three years, which means it's time to think about what else she wants to do.

Right now, she's "more focused on the learning and the impact that I can have on the organization" than "on a specific role."

When she looks back on her career, Ms. Bessette said she'll likely be most proud of the talent pipeline she has helped build.

"Having the best talent is the most enabling thing you can do for your operation," she said.

By Stephanie Goldberg

Teresa Black

SENIOR VICE PRESIDENT AND CHIEF OPERATING OFFICER, ACE USA SURETY

Ace Ltd., New York
Age: 42

Teresa Black became senior vice president and chief operating officer of Ace USA's surety division in October 2013. In 2014, the U.S. surety business grew 10%, due to improved execution of the existing business development plan, while maintaining historical profitability targets.

That accomplishment won recognition for the Ace USA surety division received when it received a Business Unit of the Year Award, announced at the 2015 Ace North America annual kickoff meeting. Each year, the Ace USA business unit that executes across all production and profitability metrics is acknowledged with that honor.

It also helped win Ms. Black recognition as one of this year's Women to Watch.

"Teresa is a terrific executive and demonstrates all the characteristics of a good leader," said John Lupica, vice chairman of Ace and chairman of insurance-North America, in an email. "She is hard-

working, disciplined, multifaceted and results-oriented. We are lucky to have her within the Ace organization. I'm thrilled she is being recognized by *Business Insurance*, and that we have a chance to celebrate not only her accomplishments as a business leader but her contributions as an insurance industry professional."

Ms. Black said she was drawn to the insurance industry because she wanted to find a way to put her economics degree to work.



ness or individual household."

She joined the surety group with an underwriting background from directors and officers liability and a distribution management background from various roles within regional Ace operations.

"Both experiences provided a good starting point, but I still had to learn how surety bonds work, what key factors drive our underwriting decisions and how we source surety opportunities across brokers and regions," she said. "By reading everything I could get my hands on, talking with surety experts both within Ace and externally, I was able to ascend a steep learning curve quickly. Today, we are reviewing our client acquisition strategy, exploring how a new technology platform will impact our growth."

By Mark A. Hofmann

LEADERSHIP MATTERS.

Zurich congratulates the 2015 Business Insurance Women to Watch, including our own **Kathleen Savio**, President of Programs and Direct Markets. We commend you on your personal achievements, marketplace influence and contributions to the advancement of women in business.

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Victoria Davison

INTERNATIONAL CHIEF OPERATING OFFICER

Marsh Ltd., a unit of Marsh L.L.C., London
Age: 48

Victoria Davison transitioned to the insurance industry after 18 years in investment banking, a career shift she saw as an opportunity to utilize both her financial know-how and people skills.

"I was drawn to how vibrant the industry is," she said.

Within her first four years at Marsh Ltd., where Ms. Davison started as chief operating officer for the United Kingdom and Ireland in 2011, she was named to her current role as international chief operating officer.

Today she leads a team of 2,600

employees representing "everyone outside the U.S. and Canada," she said. Among her achievements are rollouts of new systems and technologies for conducting business, enhancing Marsh's way of interacting with insurers and clients.

She is also an active member in Marsh's women's network, attending industry events for women in insurance, and has helped develop Marsh's senior leadership education program.

As a leader who prefers face-to-face interactions over telephone

conversations or email, Ms. Davison spends much of each month traveling to Asia, Latin America, Europe or Africa.

"There's nothing like face-to-face brainstorming opportunities," she said. "An hour on the phone is not the same as a day in the room."

Ms. Davison said frequent travel and interaction with clients are among the most interesting and sometimes challenging aspects of her job.

"It's working across such a diverse set of cultures and clients, countries, the diversity in the



whole space," she said. "Every project that we do, you need to think carefully about change, management and adoption; it varies from location to location. The makeup of the clients, colleagues and the culture really influences how people respond to change ... you have to be very sensitive to these human

factors."

Given that, Ms. Davison said, the rollouts of new programs are tailored to the clients and lines of business.

Bill Pieroni, New York-based global chief operating officer for Marsh L.L.C., called Ms. Davison an "exceptional leader ... as demonstrated by the long list of truly remarkable projects she has delivered during the past four years at Marsh."

"Feedback from her teams and partners highlights the exceptional support she gives them to align all parties to deliver platforms and achieve their objectives," Mr. Pieroni said in a statement. "She is constantly transferring knowledge and skills and her management team feel fortunate to be working alongside her on these important initiatives."

By Louise Esola

Valerie DeMell

EXECUTIVE VICE PRESIDENT

Marsh, Berry & Co. Inc., Woodmere, Ohio
Age: 54

Valerie DeMell, executive vice president at Marsh, Berry & Co. Inc., counts hiring quality employees who will grow with the Woodmere, Ohio-based insurance management consulting firm among her greatest accomplishments.

MarshBerry Chairman and CEO John M. Wepler agrees, and not just because it was Ms. DeMell who brought him on board more than two decades ago. Mr. Wepler credits her leadership and mentorship with helping him get where

he is.

Having started at MarshBerry when she was just 25, Ms. DeMell said her goal is to spend the rest of her career "developing people in our firm."

"I've hired a lot of the people who have grown up in this organization who are now executives and board members," Ms. DeMell said. "That's what I'm really passionate about — developing people who can grow in this organization (and become) future leaders."

Stephanie Hanayik, chief compli-

ance officer and vice president at MarshBerry, was hired after working with Ms. DeMell on a year-long project as a consultant.

"What I love about Val is that she's not afraid to be direct and strong," Ms. Hanayik said. "She is clear in her communication and confident ... It's nice to see how she does it, which has helped me ... be successful in my role."

In noting that Ms. DeMell "always chooses open and honest communications," regardless of how tough a discussion is, Mr.



Wepler says integrity is her most admired attribute.

He added that Ms. DeMell has helped develop a work culture rooted in teamwork.

Ms. Hanayik said she also appreciates that Ms. DeMell always makes herself available, "no mat-

ter how busy she is."

In addition to being there for her co-workers, Ms. DeMell said she enjoys "helping business owners — whether it be perpetuating their ownership internally to their employees, or selling and finally realizing the value of their ownership."

As the first woman to become a MarshBerry shareholder and sit on its board, Ms. DeMell encourages young employees to try new things, get involved and never stop learning.

"People are their own worst enemy," she said, which is why she also encourages other women in the industry to have "more (confidence) than you might feel you should have."

By Stephanie Goldberg

Artemis Emslie

PRESIDENT

Matrix Healthcare Services Inc., dba myMatrixx, Tampa, Florida
Age: 48

A willingness to seize career opportunities that presented themselves throughout her life created a path for Artemis Emslie to become one of the nation's top pharmacy benefit management executives.

Ms. Emslie's first job out of college was as a sales representative for a PBM, and she moved up in the industry by taking various roles with other pharmacy management firms, such as St. Louis-based Express Scripts Holding Co. and the former PMSI Inc., now part

of Memphis, Tennessee-based PBM Helios.

By 2011, she had founded PropeRx Solutions L.L.C., a Tampa, Florida-based firm that performed pharmacy benefit auditing services for clients such as Liberty Mutual Holding Co. Inc., General Dynamics Corp. and Marriott International Inc.

In 2012, Ms. Emslie was courted to become president of Tampa-based workers compensation PBM Matrix Healthcare Services Inc., better known as myMatrixx.

She says she has reached this point in her career by jumping at jobs that allowed her to build expertise in the PBM business. When "the opportunity presented itself, I said 'Yes, I'll do it,'" she said.

Ms. Emslie is credited with helping myMatrixx see more than 50% revenue growth between 2012 and 2014, and to be on track for 30% revenue growth this year, according to the company. The company also has increased its number of clients by 32% since Ms. Emslie



joined myMatrixx, and boasts a client satisfaction rate of 95% for the past three years.

Phil Walls, chief clinical and compliance officer with myMatrixx, said Ms. Emslie's entrepreneurial background has made her a "per-

fect fit with the agile, fast-paced environment in this organization."

"Not only did Artemis have a significant background in workers compensation prior to joining myMatrixx, she had years of experience auditing various pharmacy benefit managers," he said. "She knows this industry inside out."

Ms. Emslie has worked to assist other women by founding Women Executives in Workers' Compensation, an invitation-only nonprofit organization that provides mentoring for women workers comp executives and a forum for members to discuss industry issues.

"I'm very grateful myMatrixx has allowed me to ... expand and contribute back to all the people that have come along my way and who have helped me on my path," Ms. Emslie said.

By Sheena Harrison

Women to Watch 2015

JLT Specialty USA

CONGRATULATIONS TO FLORENCE LEVY
ON HER SELECTION AS A 2015 WOMEN
TO WATCH

JLT Specialty USA is proud of all our past, present and future Women to Watch and their numerous contributions to the industry.



Florence Levy

All Women to Watch



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Jennifer Fahey



Lindsey Roser



Shari Asher



Julie Franck



Cynthia Olinger



Sarah Sherman

Mary Forrest

PRESIDENT AND CEO, NORTH AMERICA (LIFE)

Munich Reinsurance Co., Toronto

For Mary Forrest, president and CEO of North America (Life) for Munich Reinsurance Co., one of her proudest achievements is turning around the life reinsurer's business in the United States.

Toronto-based Ms. Forrest assumed responsibility for Atlanta-based Munich American Reassurance Co. in 2008. At the time, the company was facing several challenges. She worked with the U.S. team to sharpen its focus on key customer relationships, improve pricing and risk management discipline, and rebuild mar-

ket share. As a result, the American operation's market share has more than doubled since 2008 and there have been significant improvements in Munich Re's position in industry customer feedback surveys.

"I am very proud about how we have turned around the U.S.," she said. "We have kept a lot of the positive things about the existing corporate culture while adding more discipline, customer focus and giving back to the industry and our local community."

"In Canada, we have the largest

market share," she said, noting that the company has more financially motivated reinsurance transactions than any other company. "I'm really proud of the growth and results" in Canada.

"I have known Mary as both a client of Munich Re and as a fellow director on the board of the Canadian Life and Health Insurance Association, where she succeeded me as chair," said Donald Gulioin, president and CEO of Toronto-based Manulife Financial Corp., in an email. "She is a remarkable and inspiring person — intelligent,



driven and strategic."

Looking ahead, Ms. Forrest said that life reinsurance is "on the cusp of very big changes in the way that products are sold and underwritten."

Data analytics is playing an increasingly important role in pri-

mary life insurance in terms of product enhancement, the underwriting and sales process and the customer experience, she said.

Regarding her management style, Ms. Forrest said, "We've had to make some tough decisions — it's important for me to seek out the opinions of others, and I rely on my teams for open feedback and debate. I am very results-driven — if you believe in something, then you have to have a lot of perseverance and persistence to take it through."

Ms. Forrest said that one of things she has attempted to do in order to help other women in the profession is to "try to foster a culture that allows for greater flexibility. You need to start a dialog inside the company to really appreciate why women are not moving up."

By Mark A. Hofmann

Lindsey Frase

EXECUTIVE VICE PRESIDENT

Willis Re, a unit of Willis Group Holdings P.L.C., San Francisco

Age: 35

The youngest broker to ever be promoted to executive vice president at Willis Re, a unit of Willis Group Holdings P.L.C., Lindsey Frase said there's promise in the next generation of industry professionals.

"The best thing we can do is build teams and mentor young talent," said Ms. Frase, who started at Willis Re as an assistant vice president in 2007 and was promoted after her 31st birthday.

"You often hear bad things about the younger generations," she said. "I have a great team of very

hardworking people, working against every stereotype of millennials in the industry."

A person who grew up simply wanting "to achieve and be successful," Ms. Frase was named valedictorian of her class at Santa Clara University in Santa Clara, California, graduating summa cum laude and landing a job as an assistant vice president at Guy Carpenter & Co. L.L.C.

"It's been an interesting road," she said. "I like math and numbers and the strategy of it all ... but our business is a people business. I

started as a marketing major (in college) but decided finance gave me more marketable skills."

Today Ms. Frase helps lead what she calls a "new era" in reinsurance, with insurance firms consolidating and reinsurers standing by. "Consolidation is only going to continue," she said. "This is the information age, and there are a lot of ways to innovate."

Ms. Frase called her career choice a "gold mine for someone like me."

"I wanted to dive in and connect the dots," she said. "Reinsurance



is a macro-view of the insurance industry, and it is very strategic."

On being young and successful, Ms. Frase said she not only worked hard, but worked with a mentor. "I was challenged and pushed hard, and before I knew it, I had that confidence. That was a big boon for me, to have someone

to work with."

She currently serves on the steering committee of Women at Willis Northern California and is part of the Sarah Turvill Leadership Forum for Women, helping to foster and promote the careers of women across the Willis Group.

Jim Bradshaw, Chicago-based chief executive officer for Willis Re North America, said Ms. Frase impressed him "from day one."

"She is totally dedicated to serving her clients and will go through walls for them," he said. "Her energy and enthusiasm for the business is unparalleled. She has an uncanny ability to distill complex issues into manageable tasks and then create workable solutions. She is a force majeure at Willis Re, and indeed within the industry, and it is a pleasure to work alongside her."

By Louise Esola

Rachael Ingle

MANAGING DIRECTOR

Aon Hewitt, Dublin

Age: 49

For Rachael Ingle, one of the most satisfying parts of her job is helping clients resolve retirement plan problems.

There is "incredible satisfaction knowing that you solved the problem, and they understand how you solved the problem," said Ms. Ingle, who is the managing director of Aon Hewitt's retirement plan business in Dublin.

Other parts of her position bring her just as much satisfaction.

"I have helped many junior colleagues in my organization realize

their potential to believe they could do bigger things than they thought. That has been wonderful for me to see," says Ms. Ingle, who has been with Aon Hewitt and predecessor organizations for 17 years.

Her colleagues applaud Ms. Ingle for her broad range of talents.

"Her knowledge level in an extremely technical field is very strong, while she is very level-headed in terms of business management. At the same time, she knows how to build relationships

and has a magnetic personality," said Andy Cox, Aon Hewitt EMEA region director in London.

"She is excellent with clients and has developed many strong relationships," wrote Deborah Reidy, a partner and head of Aon Hewitt's investment practice in Dublin.

Ms. Ingle's accomplishments are many. For example, she helped convince the Irish government to remove a special tax on pension plans.

At the same time, she takes pride in the growth of Aon Hewitt retire-



the field with them.

"I make it a bit more personal so women can understand that they can achieve senior roles within the organizations, even if they have family commitments," said Ms. Ingle, who has three children. "I want employees to see that they can do both."

And for both women and men entering the retirement plan consulting field, Ms. Ingle offers some advice based on her experience.

"The most important lesson I have learned is that if you are prepared, then you will not fail. You can't just rely on your instincts," she says.

By Jerry Geisel

**At the heart of your success
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Congratulations, Kristen!



Liberty Mutual Insurance proudly congratulates all of the Business Insurance 2015 Women to Watch including our own Kristen Bessette, Senior Vice President and Chief Actuary, Commercial Insurance.



Pam Kehaly

PRESIDENT, WEST REGION AND SPECIALTY BUSINESS

Anthem Inc., Thousand Oaks, California
Age: 54

Early in Pam Kehaly's career, working as an operations supervisor for Blue Cross of California, a call center employee sent a case to her desk. It was a frustrated man whose wife was dying, and he was having trouble navigating the complicated world of insurance and hospital bills.

"I helped him to work through the immediate issues and continued to help him," she said. "That particular event made me realize that I could work in an industry that had a positive impact on people's lives and collect a paycheck.

We are fortunate that we work for an industry where we can do well by doing good."

Today, she's the Thousand Oaks, California-based president for the West region and specialty business for Anthem Inc., overseeing eight state offices with programs in medical, dental, life, disability, workers compensation and vision insurance. In charge of 5,000 team members and responsible for \$21 billion in annual revenue, Ms. Kehaly said it's her desire to help people that keeps her going.

Among her accomplishments is

her major role in developing Vivity, an innovative program that partners an insurance company with hospitals to help manage illnesses and achieve measurable results in wellness. Seven California hospital systems are part of the program, boasting 12,000 members.

"We are completely aligned and share profits for delivering care to covered members," she said. The program aims to correct the disconnect between providers and insurers, she added.

"In our current medical system,



the financing is structured around volume and getting people in hospital beds," Ms. Kehaly said. Vivity "aligns the medical system and insurers on keeping the patient well. It's providing the highest quality in cost-effective care."

Ms. Kehaly said she hopes to spend the next decade or so help-

ing companies better understand the new health care climate — naming the Affordable Care Act as a major challenge — and forging the notion that insurance companies and hospitals can better work together to improve outcomes and profits.

"I would not want to retire until I see Vivity taking root as a new foundation for care," she said. "That's something I am personally invested in."

Colleagues praise Ms. Kehaly for her dedication to people and business.

"She has driven a new market-leading direction for the business and ensured the right leaders are in place to drive successful execution," said Jeff Spahr, Thousand Oaks-based vice president of specialty business at Anthem. "This has translated into double-digit growth for the business."

By Louise Esola

Linda Lane

PRESIDENT

Harbor Health Systems, a unit of One Call Care Management, Jacksonville, Florida
Age: 49

Since embarking on a career in workers compensation in 1996, Linda Lane has gone from managing accounts to selling consultative solutions to guiding a business strategically — successfully conquering each path.

Now, she's taking on a new role as Jacksonville, Florida-based president of Harbor Health Systems, a technology firm acquired by One Call Care Management in 2012 that connects top-performing physicians with injured workers.

"If somebody had told me 20

years ago that I was going to be running a technology team, I would have told them they were crazy," she said with a laugh.

But judging from Ms. Lane's resume and her clients' resounding endorsements, her multi-pronged career path is anything but crazy. Ms. Lane "embraces the approach of looking for a better solution, looking for a better use of technology, looking for creativity and creative ways to really not only meet but exceed the needs that we have," said Jeffrey Miller,

Orange, California-based president and CEO of Paladin Managed Care Services Inc. and a long-time client of Ms. Lane's.

"What Linda has done well is look beyond what we do in the occupational world today and think about what is changing in health care generally in the U.S., and look at how workers compensation can ... adapt itself to what's occurring in the general health arena," said Dave North, Memphis, Tennessee-based president and CEO of Sedgwick Claims Man-



agement Services Inc.

"Everything that we do keeps (injured workers) at the center of our focus, and so the evolution from cost-containment to a patient-centric outcomes-based model means that we have successfully transitioned from looking

at this as a transaction-type event to one that is really helping to ... improve the quality of outcomes for people who are struggling through a workplace injury," Ms. Lane said.

When she's not running Harbor Health, Ms. Lane participates in organizationwide mentoring and leadership programs, as well as industry-specific women's groups outside of One Call, to help other women navigate the "male-dominated" industry, she said.

"Oftentimes we'll sit on the sidelines in our comfort zone," Ms. Lane said. "We need to get out of our comfort zone and we need to be able to throw up our hand and say, 'You know what? There's an opportunity over there and I really, really believe in my heart that I would be phenomenal at that and I want to give it a try.'"

By Shelby Livingston

Julie Layton

ACCOUNT EXECUTIVE LEADER FOR GREATER FLORIDA

Aon Risk Solutions, Miami
Age: 48

In November, longtime corporate risk manager Julie Layton left her post as vice president of risk management at Kohl's Department Stores Inc. for a job in risk services with one of the nation's top brokers.

The career move into the role of account executive leader for Greater Florida with Aon Risk Solutions in Miami is one that she hopes will put her in line with her desire to help the industry as a whole. "I am most excited that I will have the opportunity to sup-

port risk managers, chief risk officers and primary risk buyers from all industries with a unique perspective of having had their responsibility to identify, treat and manage risks, both traditional and emerging," she said.

Ms. Layton joined Kohl's in 2006, when the risk management department consisted of four people, an outsourced model that focused on claims, safety and insurance purchasing. When she left the department, 28 people remained to help Kohl's mitigate

exposures in a robust risk management program that helped earn the company's best results in history — more than \$13 million in casualty loss reductions company-wide, based on 2014 figures.

Before Kohl's, Ms. Layton spent eight years at Office Depot Inc. as the company's first risk manager.

Her plunge into managing risk started in the accounting department of an insurance company.

"I discovered a glitch in their system where they weren't collecting subsequent premium. I discovered



millions of dollars in uncovered premium," Ms. Layton said. "Then they asked me to join their claims area ... I went on from there to the other side: risk management."

She credits her innate skills for her success.

"I love to solve problems, and I am very strategic in the way that I can apply my discipline to a lot of situations, expanding risk management," she said.

Dave North, Memphis, Tennessee-based president and CEO of Sedgwick Claims Management Services Inc., called Ms. Layton a leading risk management authority. "Her ability to partner with others and raise a group's level of performance is what makes her particularly gifted," he said. "She has positively impacted countless lives throughout her career and will continue to be a strong asset to the industry."

In addition to her new role at Aon, Ms. Layton has set her sights on being an example to her daughters, both in college, as "a leader in my industry and being a role model to them," she said.

By Louise Esola

Who is the A+ rated insurer with a growing appetite that writes more than 1,001 different classes of business?

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“Everybody’s looking for people who are interested in the cyber space right now. It’s a very hot discussion topic among our prospects and clients.”

Florence Levy,
JLT Specialty Insurance
Services Inc.



Florence Levy

SENIOR VICE PRESIDENT, ERRORS AND OMISSIONS PRACTICE

JLT Specialty Insurance Services Inc., Denver
Age: 42

When Florence Levy, as a recent law school graduate, went for a job interview at Aon Corp. in 2000, she met with both the then-new cyber practice group and a directors and officers liability group.

While the D&O group was “a very established group, I was very intrigued and excited about working with a brand-new team that was exploring this new element of cyber and technology and privacy risks that wasn’t as mature — so I

took a risk, if you will.”

It is a decision she does not regret. “Everybody’s looking for people who are interested in the cyber space right now. It’s a very hot discussion topic among our prospects and clients,” said Ms. Levy.

Ms. Levy spent 13 years at Aon when she worked with different types of clients of all sizes. “I learned a ridiculous amount and met some amazing people and really had an opportunity to flourish in my career,” she said.

After a brief period at Lockton Cos. L.L.C., Ms. Levy joined JLT Specialty Insurance Services Inc. in September 2014 as part of its U.S. expansion. “I was very excited to be part of something new” and the opportunity to build, develop and grow a complex book of cyber and commercial errors and omissions clients, she said.

“She is just a really great broker and resource for a risk manager to have.”

Cindy Roelke,
Western Union Holdings Inc.

“My responsibilities as part of our specialized cyber and E&O team at JLT is to help educate clients on their cyber and E&O exposures, help them to identify what their unique exposures may be, help them to prepare themselves not only for the potential risk transfer solutions in this space, but also help to mitigate and manage that cyber landscape.”

Ms. Levy has found that even the relatively new cyber field is dominated by men. “I try whenever possible to give (women) opportunities to advance their careers with my support.”

Ms. Levy, who has twin girls, describes herself as “a former ballet dancer who’s turned that into a yoga obsession.” Her classes, which she tries to attend five days a week, often early in the morning, “helps me set my mind frame for the day,” she said.

“She is just a really great broker and resource for a risk manager to have,” said Cindy Roelke, Denver-based director of risk and insurance for Western Union Holdings Inc.

Clients really appreciate someone like Ms. Levy “who has a real passion for their work and a passion for their area of expertise,” said Patrick Donnelly, JLT Specialty’s Chicago-based deputy CEO.

By Judy Greenwald

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Kristine Meuse

NATIONAL BANK CROSS SELL AND RISK MANAGEMENT LEADER

Wells Fargo Insurance Services USA Inc., Dallas

Age: 48

Kristine Meuse doesn't believe in waiting for opportunities to come her way. Instead she recommends getting out there and taking the steps necessary to achieve your goals.

"I feel really passionate about women understanding what needs to be done and then just going out and doing it," said Ms. Meuse, Dallas-based national bank cross sell and risk management leader for Wells Fargo Insurance Services USA Inc. "With this level of self-direction, you will find yourself in the best position for opportunities

and advancement. Work on having the skills and strengths you will need in order to be prepared for opportunities when they come about."

In her current role, which she began in March, Ms. Meuse did not waste any time in achieving her objective. In her first 90 days at Wells Fargo, she built a new platform to provide training for business development officers and bankers. The program clearly defines the role of the business development officer who is responsible for developing relationships

between the insurance side and the banking side of the business.

She also excels at leading, overseeing a team of 24 business development officers, 14 of whom report to her directly.

"Kristine is an extremely valued member of my leadership team because of her authentic leadership style and her client-centric orientation," said Laura L. Schupbach, Scottsdale, Arizona-based executive vice president and head of Wells Fargo Insurance Services. "In a short amount of time, she has already made a significant



impact in designing creative strategies and providing valuable direction for our bank cross-sell opportunity."

While in her former position of managing director at Marsh L.L.C., Ms. Meuse was named to the North American Executive Committee for Marsh's Women's

Exchange, a colleague resource group established in 2014, where she chaired the personal and professional development committee and had the opportunity to serve as a mentor for women. As young women who are in the earlier stages of their career approach her about their careers, she said she always tries to make herself available to support, coach, or mentor in whatever capacity would be most beneficial.

"I always encourage women to proactively manage their own career," Ms. Meuse said. "Identify your goals, speak to your manager to identify the skills and experiences you are going to need to help you reach those goals, then really take it on yourself to obtain those skills and experiences — don't wait for someone to bring opportunities to you."

By Donna Mahoney

Donna Nadeau

DIRECTOR OF STRATEGIC OPERATIONS, AMERICAS

XL Catlin, New York

Age: 48

Donna Nadeau, director of strategic operations for XL Catlin in New York, places high importance on the personal side of the insurance business, though she is a trained actuary with an analytical background.

"One of the things I think is really important and you can't underestimate is the people part of the business and building relationships," said Ms. Nadeau.

After plans to teach kindergarten fell by the wayside, she decided to major in math at Boston

College "because I was really good at math."

"Quite honestly, it was either banking or insurance, and the folks I met with on the insurance side seemed a lot happier than the folks I met with on the banking side," said Ms. Nadeau.

Ms. Nadeau began her career with Liberty Mutual Holding Co. Inc. in Boston in 1989 and went to New York to work for Kemper Risk Management before following some colleagues to XL Group P.L.C. in 2003.

There she has firmly put her imprint on the company, whether through the development of the insurer's Strategic Account Review, or STAR, process, which drives accountability for managing and assessing progress in key initiatives affecting profitability for XL Catlin's businesses, or building new underwriting tools.

"Because of her in-depth knowledge of all the business from an actuarial point of view, she really understands the businesses and knows what it takes to drive those



businesses and make them profitable," said Joe Tocco, chief executive for the Americas at XL Catlin in New York and Ms. Nadeau's supervisor.

"She knows how to engage with those teams," added Mr. Tocco. "She's collaborative, insightful and

so, so driven."

"Her willingness to engage people and listen" is one of her strongest qualities, said Audrey Geiger, global underwriting workstation business lead for XL Catlin in New York.

"She is a role model for women who aspire to be leaders in the insurance industry," added Katy Bradica, chief business actuary for XL Catlin in Exton, Pennsylvania.

Ms. Nadeau said she has not faced greater challenges than her male counterparts because "I've been fortunate to work in organizations that have always given me opportunities to pursue my interests."

But, she recalls "When I first started in this industry, I think it was much more male-dominated."

Which did not deter her in the least.

By Matthew Lerner

Judi Newsam

COUNTRY HEAD, BRAZIL

Guy Carpenter & Co. Corretora de Resseguros Ltda., a unit of Guy Carpenter & Co. L.L.C., Rio De Janeiro

Age: 54

Judi Newsam likes to ask questions. Perhaps it's because of her background in social anthropology, which she studied before landing "accidentally, like most people" in the insurance industry, she said. Or maybe it was her upbringing: Her parents worked for the agricultural arm of the United Nations, and the family moved every three to five years to countries in Latin America, the Far East and the Middle East.

"I have a natural, undying curiosity," said Ms. Newsam, who since

2009 has been heading both the Rio de Janeiro and São Paulo offices for Guy Carpenter & Co. Corretora de Resseguros Ltda., a unit of Guy Carpenter & Co. L.L.C.

Besides running the daily operations of both offices, including strategic planning across all business lines, she leads teams in developing, communicating and implementing strategies for Guy Carpenter's corporate and Latin America regional goals.

It's a task she doesn't do alone, she said, referring to the team of 20

reinsurance professionals who work under her. "One of the most fun parts of my job is the creating of teams, of up-and-coming, young teams members," she said.

A key component in recruiting and retaining professionals is Ms. Newsam's reliance on structured mentoring, "pairing up incomers with senior mentors who would oversee and guide." She herself has mentored much young talent.

About her chance meeting with insurance as a career, it was a roommate in London who told her



about a position after she graduated college in 1983. "I had to ask what reinsurance was, and my friend says, 'It's about earthquakes in Japan.'"

The role was international, and Ms. Newsam spoke several lan-

guages and was familiar with several cultures. A people person, she found that it suited her.

"I think reinsurance continues to be an industry that is driven by personal relationships," Ms. Newsam said. "Even in the age of technology, so much is still done face to face."

Cristina Ullon, Buenos Aires-based country head for Guy Carpenter's operations in Argentina, said Ms. Newsam has made a name for herself not only with her industry aptitude but her personality.

"Judi is very well-known in the industry as an influential woman; intelligent and really focused in finding solutions for her clients," Ms. Ullon wrote. "She is a very nice team player, apart of being really funny."

By Louise Esola



Women who lead. Women who innovate. Women who inspire.

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The health care landscape constantly faces new challenges and opportunities. That's why we appreciate the women leaders who do outstanding work in the insurance sector, and in risk and benefits management. The part they play in the success of companies like Anthem and so many others is invaluable. And inspiring.



This year, we're pleased to join in celebrating one of our own.

Congratulations to Pam Kehaly, Anthem's President of West Region and Specialty Business, on being named a Women to Watch honoree.

We salute Business Insurance, a force in the insurance business community, for 10 years of recognizing these remarkable women in our industry. Kudos to all the leaders who were named to the 2015 Women to Watch list.

Amanda Nguyen

MANAGING DIRECTOR

Aon Benfield Group Ltd., Philadelphia
Age: 37

I like being part of the solution and not part of the problem,” Amanda Nguyen said of her favorite aspects of being managing director for Aon Benfield Group Ltd. “In doing that, I really enjoy working with different types of people, some more challenging than others, to find solutions that suit what they’ve got going on.”

Like many people, Philadelphia-based Ms. Nguyen fell into a career in reinsurance by chance, but unlike most, she’s risen through the industry ranks at lightning

speed.

Ms. Nguyen joined the brokerage as a technical broker in 2001 after meeting employees of Aon’s analytics group at a university career fair. After working in various roles for 10 years, she was promoted to managing director in 2011.

A specialist in placing casualty reinsurance, Ms. Nguyen also has led the environmental liability practice for seven years, where she’s tasked with being “a knowledge center and a networking center for all of the environmental

that we handle, but also to know what’s going on in the marketplace, who’s writing what, and trying to keep ... abreast of the trends.”

Ms. Nguyen leads several large U.S. accounts, including one in which she increased the brokerage revenue by 500% in just 14 months.

“She really stands out relative to the crowd in terms of the time she takes to understand the client’s objectives,” said Jeff Radke, Hamilton, Bermuda-based chief operating officer and head of glob-



our team, she really sort of epitomizes what you want those people to look like. She’s a great client person, she’s a really good team player, she is kind and considerate, and is very easy to work with,” said Kelly Smith, Chicago-based president of Aon Benfield U.S., adding that she is “growing in her career as well as managing a family.”

With few senior women working in the reinsurance industry, Ms. Nguyen said she tries to support and mentor her female colleagues where she can. But she’s adamant that women need no hand-holding to succeed.

“Women are capable enough to advance if they are supported by men in the industry and if they are supported by women in the industry. There’s no need for women to have somebody say we need to lower the standards for women.”

By Shelby Livingston

al operations with Argo Group International Holdings Ltd. “The cherry on top is that she balances the client’s short-term desires with the need to create long-term relationships.”

“When you think about any of our colleagues or any people on

Monica Ningen

MANAGING DIRECTOR AND CHIEF PROPERTY UNDERWRITER FOR THE U.S. AND CANADA

Swiss Re Americas, a unit of Swiss Re Ltd., Armonk, New York
Age: 41

Monica Ningen got into the reinsurance business by accident.

As a senior at the University of Minnesota-Morris, Ms. Ningen attended a job fair and met with an employee of reinsurance brokerage E.W. Blanch Holdings Inc. looking for candidates for its insurance/reinsurance trainee program. But her work at Blanch as a catastrophe risk analyst paved the way for a lengthy career in the reinsurance sector.

In 2000, Ms. Ningen joined Employers Reinsurance Corp., a unit of GE Insurance Solutions, as a senior catastrophe risk analyst. She eventually became the global natural catastrophe risk leader, and it was during this time that her leadership skills were seriously tested because her team was working on loss estimates for several catastrophic events during the unusually active 2005 hurricane season, which spawned Katrina and Rita, while the unit was

being acquired by Swiss Re Ltd.

“Getting people motivated to work for and maintain product support and risk management for a company when they don’t know if they are going to have jobs after the acquisition is a huge leadership challenge,” she said. “I had to get those people to follow me when they didn’t know what the future looked like.”

Ms. Ningen, who is based in Armonk, New York, has devoted countless hours to Swiss Re’s



from her mentees, as Overland Park, Kansas-based Clara Maingi, vice president, operations manager at Swiss Re and mentee since 2008, can attest. Ms. Ningen expects her mentees to be prepared and to work on their career development, and is tough but constructive, Ms. Maingi said.

Thanks to Ms. Ningen’s coaching, Ms. Maingi said she has been able to navigate nerve-racking situations such as a meeting with the CEO and a new position that involved a location change. She has taken to heart Ms. Ningen’s advice that if she can deal with the worst-case scenario, she should go for it — advice Ms. Ningen shares not just with her mentees, but also with her two daughters.

“Often we create boundaries for ourselves,” Ms. Ningen said. “It’s about having the courage to break your own boundaries.”

By Gloria Gonzalez

Diversity and Inclusion program, which for her goes beyond gender and racial diversity to include diversity of experience and expertise, and creating an environment that allows for diversity of thought. Mentoring is also important to Ms. Ningen, and she expects a lot

Lynn Oldfield

PRESIDENT AND CEO

AIG Canada, a unit of American International Group Inc., Toronto
Age: 52

Lynn Oldfield’s appreciation for industry and business goes back to the summer job she once held in her hometown of Hamilton, Ontario, as one of the first two women allowed to work at a local steel plant.

This occurred while she was studying business at Wilfrid Laurier University in Waterloo, Ontario, a chance at college she earned with scholarships, introduced to her by a high school English teacher who saw promise in the young steel-town girl.

During college, she interviewed

with insurers and eventually landed at American International Group Inc., working her way up the ladder to lead AIG’s Canada team.

Today her business mantra is “anything is possible.”

“When I began my business education journey, I did not have my eyes on the role of (CEO), but as my career progressed I truly believed the opportunities were open to me,” said Ms. Oldfield. “I put out my hands and reached for them.”

The mainstays of Canadian

industry are mining and forestry, she said, adding that there’s still variety in her everyday dealings.

“The most fun aspect of my job are the people,” she said. “I enjoy the diversity of our clients, our business partners and our team members.”

Ms. Oldfield started at AIG in 1991 in the role of regional manager in management liability. Since that time, she has held a variety of management positions including underwriting, client-and-broker relationship management, and sales and marketing.



in excess of 100% in 2014. Since the 2008 financial crisis, she has returned the company to its billion-dollar-per-year gross written premium status.

Today she mentors younger talent and speaks at universities. She also helped develop AIG’s Emerging Leaders program, in which 16 to 24 staff members are selected each year from across Canada to participate in the comprehensive industry educational program.

Marc Lipman, Toronto-based chief of staff for AIG Canada, said Ms. Oldfield shines in her ability to help those who are less experienced in the workforce.

“She has dedicated her career and much of her life to furthering young people and women in particular in the industry, elevating the professionalism of the industry as a whole,” he said.

By Louise Esola

According to an AIG spokeswoman, under Ms. Oldfield’s tenure as president and CEO the organization has experienced double-digit growth and added new lines of business and associated products. For example, the Canadian aviation group, a division Ms. Oldfield brought to Canada, grew

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Mary Beth Sanford

MANAGING DIRECTOR AND SENIOR VICE PRESIDENT

Sedgwick Claims Management Services Inc.
Dublin, Ohio
Age: 52

A background in gymnastics gave Mary Beth Sanford the determination to become one of the leading executives at Sedgwick Claims Management Services Inc.

As a managing director and senior vice president, Ms. Sanford, who works in Sedgwick's Dublin, Ohio, office, oversees the third-party administrator's Ohio workers compensation claims handling business and helped lead the creation of Sedgwick's national bill review operations. She is responsible for about \$150 million in account revenue — about \$100 million of which comes from bill reviews — and her areas of oversight include about 700 Sedgwick employees.

As a former competitive gymnast and gymnastics coach, Ms. Sanford said she developed the strength and focus needed to become a successful leader in Sedgwick. "You really learn a lot of self-discipline, hard work and focus," said Ms. Sanford, who also credits her parents with teaching her to have a positive attitude and strong work ethic.

Ms. Sanford helped implement policies that she believes have helped support Sedgwick's largely female workforce in its Dublin office. That includes allowing employees to work from home at times, installing lactation rooms at the office for nursing mothers, and promoting mentorship programs

that help all Sedgwick employees who aspire to leadership roles within the company.

"I've seen a lot of the women, and men as well, come into the organization," she said. "Watching them progress and take advantage of these opportunities and get promoted has been really gratifying."

Stephanie McCloud, Dublin-based senior vice president and government and industry relations counsel for Sedgwick, said Ms. Sanford has business acumen, political know-how and a high degree of emotional intelligence.

"Mary Beth is one of the smartest, quickest, savviest people I know," said Ms. McCloud, who has worked with Ms. Sanford for eight years.

While Ms. Sanford said she takes pride in growing Sedgwick's business, she said she especially enjoys mentoring junior staff members and helping them grow within the company. She hopes her guidance will create a tradition of leadership within the company.

"Our job is to accomplish things while we're here, but then leave a legacy of people who can do that after we're gone," Ms. Sanford said.

Ms. Sanford said she sees herself in the future as an "awesome grandma" who will still be working with Sedgwick for the long term. "I really love what I do," she said. "I want to keep doing it."

By Sheena Harrison

Kathleen Savio

PRESIDENT, PROGRAMS AND DIRECT MARKETS

Zurich North America,
a unit of Zurich Insurance Group Ltd.
Schaumburg, Illinois
Age: 50



Kathleen Savio, president for programs and direct markets for Zurich North America in Chicago, wanted to teach but now cherishes learning as part of her career.

"What has kept me a part of this business and a part of this industry is the ability to continuously learn," said Ms. Savio.

Leading the largest Zurich business in North America — and one of Zurich Insurance Group Ltd.'s largest in the world

with nearly 550 employees — Ms. Savio is the only person known to have joined Zurich North America in an entry-level role and advanced to the highest job grade in North America.

"It is a much more dynamic industry than many people realize, and to me it's becoming more innovative and more dynamic all the time, and that is something that is compelling to me and energizing to me about this industry," she said.

Before she began what has been a long and fruitful career, Ms. Savio was heading for academia. She decided, however, that three to four more years of classes were not for her, so she got a job teaching in a corporate environment — a position she liked, though with a company she did not.

Fate intervened when a former colleague recruited her to Zurich, saying, "I moved over to this company called Zurich, and you would love it here."

Her colleague was right. "I can't think of anywhere I'd rather be right now," Ms. Savio said.

Nor can her co-workers think of anywhere they'd rather have her be.

"She is the best leader I've ever worked for," said David Putz, senior vice president and head of direct markets in Kansas City, Kansas.

"She is absolutely as tenacious and competitive as anybody, but she cares about her people, and she absolutely cares about her customers," said Mr. Putz.

"Kathleen is a great mentor and partner," said Brian Little, head of human resources for Zurich North America in Chicago. "She's great at developing people and supporting clients."

One of the high points in her career was a trip to the highest office in the land, a panel discussion about apprenticeships at the White House with leaders of other Swiss corporations and government officials.

"It was incredible, a truly incredible experience," said Ms. Savio.

And while she is reminded occasionally that women do not occupy many leadership roles in insurance, Ms. Savio is hopeful.

"There are still the reminders that across the industry there's still opportunity to have more of a balance from a gender perspective," said Ms. Savio. "I think in that next generation I am seeing more women in accelerated career paths and different roles."

By Matthew Lerner

"Our job is to accomplish things while we're here, but then leave a legacy of people who can do that after we're gone."

Mary Beth Sanford,
Sedgwick Claims Management
Services Inc.



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Women to Watch

Lori Seidenberg

DIRECTOR OF OPERATIONS

Alden Torch Financial L.L.C., Denver
Age: 44

Lori Seidenberg got her start in the insurance field more than a quarter of century ago, when, as a college student, she took a part-time job at a newly opened Allstate Insurance Co. call center in Southern California.

Ms. Seidenberg was, she recalls, “part of a pilot program that kind of invented the call center for Allstate.”

That was just the first of several innovative projects with which Ms. Seidenberg has been involved. For example, in 1998 she was hired by

a startup organization that, she says, created the first end-to-end insurance quoting system on the Internet. Later, she worked for an entertainment industry insurance agency that, along with Lloyd’s of London, developed an employment practices insurance policy.

“It was pretty exciting to be involved with that. It is exciting to be part of those little milestones in the industry,” she said.

Ms. Seidenberg’s passion for finding new approaches remains as strong as ever. “I love a chal-

lenge. I love learning something new,” she said.

Those who have worked with Ms. Seidenberg credit her ability to find new approaches to an imaginative mind and hard work.

“She has a high level of engagement and curiosity. At the same time, she works long hours,” said Ms. Seidenberg’s boss, Jill Brooks-Garnett, chief operating officer at investment management company Alden Torch Financial L.L.C. in Denver.

Others credit her success to both



experience and a real-world approach to problems.

“She is very knowledgeable, with great experience, but also is very practical, knowing how to get things done,” said Paul Foye, a managing director and U.S. real estate practice leader with Marsh

USA Inc. in Boston.

And she has worked to help other organizations, not just her own. For example, Ms. Seidenberg, a long-time member of the Risk & Insurance Management Society Inc., played an active role in successfully lobbying federal lawmakers to renew the Terrorism Risk Insurance Program.

While much of Ms. Seidenberg’s career has involved risk management issues, she is not reticent to take on new challenges.

For example, due to a recent Alden Torch Financial restructuring, she has become more involved in corporate management, implementing a new 401(k) plan, travel and entertainment policies and corporate budgeting.

“I’m really excited to learn and do more, adding more value to my organization,” she said.

By Jerry Geisel

Cara Tseng Duffield

PARTNER

Wiley Rein L.L.P., Washington
Age: 41

As a young attorney working at a general litigation firm in Washington, Cara Tseng Duffield decided specializing was a “very practical thing to do professionally.”

As it turned out, all the law firms she contacted were only interested in hiring for their insurance practices, so Ms. Duffield took a position in Wiley Rein L.L.P.’s insurance practice, where she became a partner in 2009.

It was a good match, said Ms.

Duffield, who represents insurers and specializes in directors and officers liability and other professional and general liability coverage. “I really like the clients,” she said. “It’s such a luxury to represent clients who are so practical and rational about things. It’s very rare.”

“The mindset is very appealing to me because there’s a sense that ‘there’s a right answer here and how can we achieve a practical resolution,’ which I find very

appealing.”

In addition, “there’s a good mix of things being consistent, but also having a lot of variety, which I think keeps the practice very interesting.”

Ms. Duffield said, “I think that most insurers would prefer to avoid litigation when they can, so being sensitive to their business relationships” and finding a solution that works for everyone is “an extremely important part of our practice.”



Ms. Duffield, whose husband is a lobbyist and who has a daughter, 9, and a son, 7, said being a woman has never been an issue at Wiley Rein. “It’s just an extraordinary group of people, men and women here,” she said.

Ms. Duffield works to help other women as a participant in the Women in Insurance Subcommittee of the American Bar Association’s Insurance Coverage Litigation Committee.

She likes the idea of staying just where she is.

“I would love nothing more than to finish my career right where I am. I love this firm, and I love what I’m doing right now.”

“I have had a fantastic experience with her,” said client Scott Ostericher, Chicago-based vice president and unit manager for General Star Management Co. “She’s definitely one of the go-to lawyers for coverage matters” he said. “It’s been a pleasure working with her.”

By Judy Greenwald

Soraya Wright

VICE PRESIDENT OF GLOBAL RISK MANAGEMENT AND CRISIS MANAGEMENT

The Clorox Co., Oakland, California
Age: 54

Soraya Wright’s first experience in risk management was 32 years ago, working in customer service for The Clorox Co.

Customers called the toll-free number on a bottle of bleach or other product, and Ms. Wright was among those who handled their issues.

“I responded to calls, and as a result I handled a lot of claims and worked closely with the risk management department,” she said.

She left Clorox to expand her experience in risk management, taking on claims and risk roles at

several firms, and was recruited back to Clorox in 1991 as a claims manager. Since then, she’s held numerous leadership roles.

At Clorox, Ms. Wright, now based in Oakland, California, is responsible for leading the company’s enterprise risk management program, its global insurance strategy, and crisis management and business continuity for worldwide operations, identifying and evaluating business and emerging risks.

“Risk management has evolved from being routine processing and

insurance procurement to us being a business partner, advising business leaders on management issues,” she said.

Ms. Wright also aims to keep tabs on the industry as a whole. “I research, I read about risk trends, and stay up to date on news in the industry,” she said. “You have to be a specialist in a broad range of areas, you have to find solutions to meet the needs of the business while managing the constant change.”

One industry issue she is passionate about is helping to recruit



and retain talent. “Companies are starting to invest more in training programs,” she said. “That helps all of us.”

In addition to serving as the co-chair of the company’s African-American Employee Resource Group, she is a frequent speaker at

industry events and mentors women in the field. She tells less-experienced professionals to set goals, “challenge the status quo,” and “invest in yourself,” she said.

“Several women work for me who have either been elevated or promoted here at Clorox, or they have been able to earn the No. 1 spot in risk management outside of Clorox,” she said. “I have a commitment to help develop others, the future pipeline of leaders.”

Marc Kunney, San Francisco-based president of the U.S. insurance operations for Integro Ltd., has known Ms. Wright for 25 years and said she is an asset to the industry.

“She pushes herself and her team to learn more, do more and aim higher,” he said. “She has been a gift to the insurance industry and The Clorox Co.”

By Louise Esola

A WOMAN TO WATCH

Integro is proud to support clients who share our ideals and commitment to excellence. We relish the opportunity to work with people like Soraya Wright who embrace risk management, achieve excellence and advance our industry.

With Soraya in the picture, the future of risk management looks bright.



Everest Re unveils inland marine team

Everest Re Group Ltd. has expanded its U.S. specialty insurance platform, Everest National Insurance Co., with the launch of an inland marine underwriting team.

According to Everest National, the unit will underwrite individual risks as well as select inland marine programs.

Richmond, Virginia-based Mike Warfield will lead the underwriting team. Previously, Mr. Warfield oversaw the marketing, distribution and business development area for Everest National.

“The inland marine offering is a natural extension of our in-force U.S. property insurance portfolio,” Jonathan Zaffino, president of Everest National Insurance Co., said in the statement.

Tour operations insurer consolidates, rebrands

NSI Insurance Group has consolidated its cruise excursion and tour operator insurance products under the Excursioninsurance.com brand.

Excursioninsurance.com will replace Royal Marine Insurance Group as the primary provider of insurance products and services for the tour operator industry serving cruise lines, Excursioninsurance.com said in a statement.

Excursioninsurance.com provides a platform for all categories of cruise industry tour operators to get insurance coverage that meets the requirements of major cruise lines. It provides insurance coverage for tour operators and offers insurance for excursion operators, Excursioninsurance.com said in the statement.

“The success of Excursioninsurance.com has driven our decision to phase out the Royal Marine brand,” Oscar Seikaly, co-owner of NSI Insurance Group, said in a statement. “We have built a leadership position in the marketplace, and tour operators serving the cruise industry have gravitated to the sales and service offered by Excursioninsurance.com.”

Aon develops model for French floods

Aon Benfield Group Ltd.’s catastrophe model development team, Impact Forecasting, has developed a French flood scenario model with Paris-based reinsurer Scor S.E., Aon P.L.C. announced.

The flood model aims for better understanding and preparation for the cost and impact of floods in France’s major cities, Aon said in a statement.

This model measures losses based on historical and hypothetical flood scenarios for cities such as Paris, Lyon and Toulouse using a combination of market expertise and exposure data, Aon Benfield said in the statement.

“The key component for success was the detailed discussions with Scor throughout the model development process and the flexibility of our Elements loss calculation platform to incorporate critical elements such as the latest mod-

PRODUCTS & SERVICES

UnitedHealthcare offers plans for critical illness

UnitedHealthcare Inc. has launched critical illness protection plans that will provide cash benefits to help employees with out-of-pocket expenses after a major illness.

After an employee is diagnosed with a major illness, the coverage provides a lump sum payment of \$5,000 to \$40,000, which can be used for medical bills as well as living expenses. The employee’s spouse and children are also covered, according to a UnitedHealthcare spokesman.

The plan provides additional payouts for certain conditions as well as for a recurrence within 12 months of an initial diagnosis. Covered illnesses include ALS, Alzheimer’s disease and Parkinson’s disease, as well as childhood conditions including cerebral palsy and cystic fibrosis, according to the statement.

“A significant medical diagnosis can be devastating for people personally and financially, often causing unexpected expenses that are not covered by medical benefits,” Gary Harger, vice president of voluntary products for UnitedHealthcare, said in the statement ... These new critical illness protection plans can help supplement medical benefits and enable employees to focus on healing from their illness instead of their bills.”

eled flows, flood extent shapes and vulnerability functions,” Petr Puncochar, Impact Forecasting’s head of flood model development, said in the statement.

Portal is one-stop shop for cyber security tips

XL Catlin’s cyber and technology insurance business has launched CyberRiskIQ.com, an online portal that helps address data breaches.

CyberRiskIQ.com provides information about cyber threats and network security perils. Its resources help to understand risks and lessen the outcome of a cyber-security incident, XL Catlin said in a statement.

Some of the features of CyberRiskIQ.com include a cyber liability library that contains articles and videos by XL Catlin and product and policy

information, a news center, and a learning center with best-practices articles, white papers and webinars from XL Catlin.

The portal also has a risk manager’s toolbox that provides self-help for managing cyber risk, a cyber-risk assessment survey, and breach notification guides, according to the statement.

“Cyber threats and data breaches are continuing to increase in both magnitude and sophistication,” John Coletti, chief underwriting officer for XL Catlin’s cyber and technology group in North America, said in the statement. “Our clients need to be prepared to respond to the latest threats and, more importantly, have the resources to help them successfully navigate potentially catastrophic circumstances.”

Navigators offers short form excess policy

Navigators Management Co. Inc., the principal underwriting agency subsidiary of Navigators Group Inc., has launched a new short form excess casualty policy.

According to Navigators Group, the policy is designed to reduce coverage gaps within an excess casualty tower, minimize the broker’s errors and omissions exposure, and streamline excess placements with Navigators.

Policy features include an undefined coverage trigger, so the policy adopts the triggers of controlling underlying insurance, and coverage allows for automatic “shaving of limits” by the insured, Navigators said in a statement.

Additionally, the policy includes an insuring agreement that provides the flexibility to follow coverages beyond the standard general liability, auto liability and employers’ liability, according to the statement.

“This innovative new policy is part of our company’s ongoing efforts to simplify and streamline the commercial insurance buying process for our customers,” Navigators President and CEO Stan Galanski said, in the statement.

Allianz launches motorsports unit

Allianz S.E.’s Allianz Global Corporate & Specialty S.E. unit has launched a North American motorsports division under its AGCS entertainment umbrella.

The new division will provide coverage for racing facilities, events, teams, sponsors and sanctioning bodies. AGCS plans to launch the division in the U.S. and eventually expand into Canada and Europe, AGCS said in a statement.

David Cloward, Allianz Global Corporate & Specialty’s global product leader for live entertainment, will serve as head of the motorsports unit. Alive Risk is its managing general agent.

“Motorsports is among the most popular and fastest-growing spectator sports in the United States, and we are pleased to be adding this product to our entertainment portfolio,” Lauren Bailey, global head of entertainment at AGCS, said in the statement.

DEALS & MOVES

Gallagher acquires New Zealand brokerage

Arthur J. Gallagher & Co. has acquired Reid Manson Ltd., an insurance brokerage in Timaru, New Zealand.

Terms of the transaction were not disclosed.

David Reid, Reid Manson’s founder and managing director, and his associates will continue to operate from their current locations in Timaru and Ashburton, New Zealand, under the direction of Carl O’Shea, CEO of Crombie Lockwood (NZ) Ltd., an Arthur J. Gallagher company, Gallagher said in a statement.

Reid Manson provides commercial, rural, property and personal lines insurance services to middle-market and individual clients throughout South and Mid-Canterbury.

Risk Strategies buys professional liability broker

Risk Strategies Co. Inc. has acquired Northbrook, Illinois-based M.G. Welbel & Associates Inc.

Terms of the deal were not disclosed.

M.G. Welbel & Associates is a professional liability insurance specialty broker that provides service to lawyers and design professionals, such as architects, engineers and surveyors.

President Michael G. Welbel and his staff will join Risk Strategies and operate under the co-branded name M.G. Welbel & Associates, a Risk Strategies Company.

Lloyd’s of London approves syndicate for U.S. property

Lloyd’s of London insurer Novae Group P.L.C. and insurance-linked securities fund manager Securis Investment Partners L.L.P. have launched a special purpose syndicate focused on U.S. property excess and surplus lines business.

Novae and Securis said in a statement that syndicate 6129 had received approval from Lloyd’s to begin underwriting Jan. 1 with stamp capacity of \$75 million.

The two companies said the special purpose syndicate “represents the evolution of an existing relationship between Novae and Securis, in which a portion of U.S. insurance facilities business is currently ceded to Securis on a collateralized basis.”

Syndicate 6129, they said, will expand the companies’ portfolio of U.S. facilities business.

Novae operates multiline syndicate 2007 at Lloyd’s.

Workers comp care provider acquires medical bill review firm

Genex Services L.L.C. has acquired Naperville, Illinois-based Alpha Review Corp.

Terms of the transaction were not disclosed.

Alpha Review provides the workers compensation market with medical bill review, working with third-party administrators, insurers and self-insured entities, as well as other organizations that need medical review services.

The Alpha Review team will remain in its Naperville location and continue to operate under the Alpha Review Corp. brand, Wayne, Pennsylvania-based Genex Services said in a statement.



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LEGAL NOTICE

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re OIC RUN-OFF LIMITED and THE LONDON AND OVERSEAS INSURANCE COMPANY LIMITED Debtors in Foreign Proceedings. X
 In a Case Under Chapter 15 of the Bankruptcy Code Case No. 15-13054 (SCC)

NOTICE OF FILING AND HEARING ON PETITIONS SEEKING RECOGNITION OF FOREIGN MAIN PROCEEDINGS PURSUANT TO CHAPTER 15 OF THE UNITED STATES BANKRUPTCY CODE

PLEASE TAKE NOTICE that on November 16, 2015, Dan Yoram Schwarzmann and Paul Anthony Brereton Evans (the "Petitioners"), the duly authorized foreign representatives of the above-captioned debtors (together, the "Companies") commenced cases (the "Chapter 15 Cases") by filing petitions (the "Petitions"), pursuant to Chapter 15 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").

PLEASE TAKE FURTHER NOTICE that by an Order dated November 19, 2015, the Chapter 15 Cases are being jointly administered for procedural purposes only and all pleadings filed in the Chapter 15 cases should bear the above-referenced caption.

PLEASE TAKE FURTHER NOTICE that the Petitioners are requesting recognition of foreign main proceedings, as well as a permanent injunction and related relief.

PLEASE TAKE FURTHER NOTICE that the Petitioners seek, among other things, entry of an order giving full force and effect in the United States to a crystallization scheme of arrangement (the "Amending Scheme") proposed by the Companies and sanctioned pursuant to Part 26 of the Companies Act 2006 of the United Kingdom, by the High Court of Justice of England and Wales, a permanent injunction and related relief.

PLEASE TAKE FURTHER NOTICE that in addition to the Petitions, the Petitioners filed, among other things: (i) the list required to be filed with each of the Scheme Companies' Petition pursuant to Rule 1007(a)(4) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"); (ii) the Statement of Foreign Representative required to be filed with each of the Scheme Companies' Petition pursuant to section 1515 of the Bankruptcy Code; (iii) the Verified Petition under Chapter 15 of the Bankruptcy Code for Recognition of Foreign Proceedings, a Permanent Injunction and Related Relief; (iv) the Memorandum of Law in Support of Verified Petition under Chapter 15 of the Bankruptcy Code for Recognition of Foreign Main Proceedings, a Permanent Injunction and Related Relief; and (v) the Declaration of Joseph Bahlsen Bannister, English Counsel (collectively, the "Supporting Documents").

PLEASE TAKE FURTHER NOTICE that pursuant to the Order Limiting Notice, Scheduling Hearing and Specifying the Form and Manner of Service of Notice, dated November 19, 2015, the Bankruptcy Court has scheduled a hearing (the "Recognition Hearing") for January 11, 2016 at 10:00 a.m. (EST) before the Honorable Shelley C. Chapman in Courtroom 623 of the Bankruptcy Court, One Bowling Green, New York, New York 10004-1408 to consider the Petitions and any responses or objections thereto.

PLEASE TAKE FURTHER NOTICE that any party in interest wishing to submit an answer, objection or response, if any, to the Petitions must do so pursuant to the Bankruptcy Code and the Local Bankruptcy Rules, including, without limitation, Bankruptcy Rule 1011, in writing describing the basis therefore and filed with the Court electronically in accordance with General Order M-399 by registered users of the Court's electronic case filing system, and by all other parties in interest, on a CD-ROM, preferably in Portable Document Format (PDF), Word Perfect or any other Windows-based word processing format, with a hard copy to the Chambers of the Honorable Shelley C. Chapman, United States Bankruptcy Judge, and served upon Chadbourne & Parke LLP, 1301 Avenue of the Americas, New York, New York 10019 (Attention: Francisco Vazquez) as counsel for the Petitioners so as to be received on or before 4:00 p.m. (EST) on January 4, 2016.

PLEASE TAKE FURTHER NOTICE that all parties-in-interest opposed to the Petitions or the Petitioners' request for relief must appear at the Hearing at the time and place set forth above.

PLEASE TAKE FURTHER NOTICE that if no response or objection is timely filed and served as provided above, the Bankruptcy Court may grant the recognition and relief requested by the Petitioners without further notice or hearing.

PLEASE TAKE FURTHER NOTICE that certain policyholders of the Companies may have a policy written through a broker facility (which includes brokers covers, broker lineslips and binding authorities) and may not know the identity of the insurance company. A full list of known broker facilities is available on the Petitioners' website (www.oicrun-offltd.com). These include, among others, the following: A.B.C. Excess (Aircraft Builders Council); A.B.C. Master Agreement (Aircraft Builders Council); A.I.A.A. Aviation Excess of Loss Reinsurance Agreement (American International Aviation Agency Inc); Alexander Howden Reinsurance Brokers Limited Marine Excess of Loss Pool; C.T. Bowring & Co Aviation Liability Line Slip (B500 Contract); C.T. Bowring General Non Marine Master Cover; C.T. Bowring Marine Master Cover; Hull & Co (UK) Ltd Line Slip HC.013; London Special Risks Liability Line Slip No. LSR056; Price Forbes Brokers Cover; Price Forbes Line Slip; Sedgwick Collins Lloyds Brokers Line Slip; Sedgwick Offshore Resources Master Drilling Rig Line Slip (M.D.R.C); Steel Burrill Jones Oil & Gas Line Slip; Willis Faber & Dumas Brokers Line Slip.

PLEASE TAKE FURTHER NOTICE that at the hearing, the Court may order the scheduling of a case management conference to consider the efficient administration of the case.

PLEASE TAKE FURTHER NOTICE that the Recognition Hearing may be adjourned from time to time without further notice other than an announcement in open court at the Recognition Hearing of the adjourned date or dates or any further adjourned hearing.

PLEASE TAKE FURTHER NOTICE that the details regarding the filing and processing of claims are set forth in the Amending Scheme, and no claims should be filed in these Chapter 15 Cases.

PLEASE TAKE FURTHER NOTICE that copies of the Petitions, the Supporting Documents, and the Amending Scheme Documents are available (1) on the Bankruptcy Court's Electronic Case Filing System, which can be accessed from the Bankruptcy Court's website at <https://ecf.nysb.uscourts.gov/> (a PACER login and password are required to retrieve a document), (2) on the Petitioners' website, www.oicrun-offltd.com, or (3) upon written request to the Petitioners' counsel addressed to: Chadbourne & Parke LLP, 1301 Avenue of the Americas, New York, New York 10019, Telephone (212) 408-5215, Facsimile (212) 541-5369, Attention: Francisco Vazquez, fvazquez@chadbourne.com.

CHADBOURNE & PARKE LLP • Counsel for the Petitioners
 1301 Avenue of the Americas • New York, New York 10019 • (212) 408-5100
 Attn: Howard Seife, Esq. and Francisco Vazquez, Esq.

BUSINESS OPPORTUNITY



LEGAL NOTICE

IN THE MATTER OF: The Companies Act 1981 MEMBERS' VOLUNTARY WINDING-UP MUTUAL HOLDINGS (BERMUDA) LTD.

NOTICE OF APPOINTMENT OF LIQUIDATOR

I, John C. McKenna, CPA / CA of Finance & Risk Services Ltd., 502 International Centre, 26 Bermudiana Road, Hamilton HM 11, Bermuda, hereby give you notice that I have been appointed Liquidator of MUTUAL HOLDINGS (BERMUDA) LTD. (the "Company") by a resolution of the Company dated November 13, 2015.

John C. McKenna, CPA / CA
Liquidator

LEGAL NOTICE

IN THE MATTER OF: The Companies Act 1981 MEMBERS' VOLUNTARY WINDING-UP MUTUAL INDEMNITY (BERMUDA) LTD.

NOTICE OF APPOINTMENT OF LIQUIDATOR

TO: The Registrar of Companies: I, John C. McKenna, CPA / CA of Finance & Risk Services Ltd., 502 International Centre, 26 Bermudiana Road, Hamilton HM 11, Bermuda, hereby give you notice that I have been appointed Liquidator of MUTUAL INDEMNITY (BERMUDA) LTD. (the "Company") by a resolution of the Company dated November 13, 2015.

John C. McKenna, CPA / CA
Liquidator

LEGAL NOTICE

IN THE MATTER OF: The Companies Act 1981 IN THE MATTER OF: MUTUAL HOLDINGS (BERMUDA) LTD. (In Members' Voluntary Liquidation)

NOTICE OF BAR DATE JANUARY 14, 2016

NOTICE IS HEREBY GIVEN that the Creditors of the above named Company, which is being voluntarily wound up, are required, on or before January 14, 2016, to send their full Christian and Surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their solicitors (if any) to John C. McKenna, CPA / CA, the undersigned, c/o Finance & Risk Services Ltd., 502 International Centre, 26 Bermudiana Road, Hamilton HM 11, Bermuda, the Liquidator of the said Company, and if so required by notice in writing from the said Liquidator, and personally or by their solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

DATED: November 19, 2015
 John C. McKenna, CPA / CA
 Liquidator

LEGAL NOTICE

IN THE MATTER OF: The Companies Act 1981 MEMBERS' VOLUNTARY WINDING-UP IN THE MATTER OF: MUTUAL HOLDINGS (BERMUDA) LTD.

NOTICE OF COMMENCEMENT OF THE LIQUIDATION

The Members of the above named Company, acting by written consent without a meeting on November 13, 2015, passed the following resolutions:

- (1) THAT the Company be wound up voluntarily, pursuant to the provisions of the Companies Act 1981;
- (2) THAT John C. McKenna, CPA / CA be appointed Liquidator, for the purposes of such winding-up, such appointment to be effective forthwith.

Codan Services Limited
Secretary

LEGAL NOTICE

IN THE MATTER OF: The Companies Act 1981 IN THE MATTER OF: MUTUAL INDEMNITY (BERMUDA) LTD. (In Members' Voluntary Liquidation)

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DATED: November 19, 2015
 John C. McKenna, CPA / CA
 Liquidator

LEGAL NOTICE

IN THE MATTER OF: The Companies Act 1981 MEMBERS' VOLUNTARY WINDING-UP IN THE MATTER OF: MUTUAL INDEMNITY (BERMUDA) LTD.

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Codan Services Limited
Secretary

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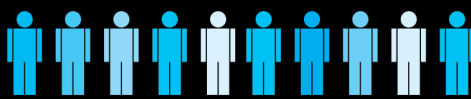
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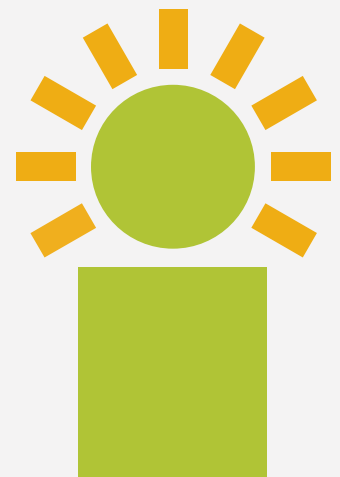
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FCPA

Continued from page 4

public relations and lobbying services in 2008 and 2009, according to the SEC.

The company, however, incurred \$12.8 million in legal and other professional fees associated with the investigations as of Sept. 30, according to an SEC filing. It has neither admitted nor denied the SEC's findings.

Mr. Brackett said the SEC has not said why the average is down, and it could be because the smaller cases in the pipeline merited smaller penalties, "but it certainly aligns with their very public statements about broken windows."

"You can see these cases as a way of continuing to signal to the market what they would really like to see" in compliance programs, Mr. Brackett said.

"These cases can have a very, very significant ripple effect throughout industries" globally, said Paul Alfieri, a partner at Reed Smith L.L.P. in New York.

The problem with pursuing high-level major bribery cases is "it tends to leave people with the impression" that the SEC is going after only the "big guys," said Michael T. Gass, practice group leader at Choate Hall & Stewart L.L.P. in Boston. The broken windows stance "sends a signal to everybody that there's no de minimis requirement."

"There seems to be a difference in rhetoric versus application," however, said Brenda Shelly, New York-based directors and officers product leader at Marsh L.L.C.'s FINRO practice.

"I think the initial intent of the program was to shed a bright light in all areas, no matter how small, including the FCPA," but "I'm not sure it has consistently played out

that way," Ms. Shelly said. At the same time, "they have limited resources."

"They pursue the cases that are brought to them," said Ross A. Albert, a former SEC official and now a partner at Morris, Manning & Martin L.L.P. in Atlanta.

"Sometimes public announcements about priorities have more to do with trying to get a deterrent effect even beyond bringing actions," he said. "I think they've always pursued cases they thought they could make, regardless of size."

Hitachi settlement

In September, for instance, Tokyo-based Hitachi Ltd. agreed to pay \$19 million to settle charges it inaccurately recorded improper payments to South Africa's ruling political party in connection with contracts to build two multimillion-dollar power plants, according

to the SEC.

In a speech last week, Andrew Ceresney, the SEC's enforcement division director, discussed the commission's efforts to enforce the FCPA "to the fullest extent of the statute," which he said precludes paying "anything of value" as a bribe. Previous SEC FCPA cases, he said, have included providing no-show jobs to the spouse of a foreign official and paying for the honeymoon of a foreign official's daughter.

Insurance coverage is limited, said Ms. Shelly. Directors and officers liability policies "typically don't cover fines and penalties that will indemnify an individual director or officer" for the period before they are named as an SEC target.

Once they are named, the policy will respond, but there is typically no coverage for the corporate entity unless there is a simultaneous securities claim, she said.

"Generally, there is limited coverage for investigations under D&O policies, but derivative actions and securities litigation filed as a result of an FCPA investigation would be covered," said Robbyn Reichman, managing director of Aon Risk Solutions' legal and claims practice group.

Experts say to avoid problems, companies should be sure to have robust compliance and training programs.

"The compliance program needs to be independent and adequately resourced," said Mary E. Mulligan, a partner at Friedman Kaplan Seiler & Adelman L.L.P. in New York.

There also should be approval procedures in place on how to interact with government officials and third parties, she said.

"If you have a rigorous compliance program in place that is truly intended to prevent violations, the SEC will typically go much easier on you," Mr. Gass said.



AP PHOTO

Cargo ship Los Llanitos ran aground near Barra de Navidad, Mexico, in October thanks to Hurricane Patricia.

HURRICANES

Continued from page 4

October but quickly dissipated, causing limited insured losses.

"That's consistent with the fact that even though activity was below normal in the Atlantic ... it was busy overcompensating in the rest of the Northern Hemisphere in terms of the Pacific Ocean, extending all the way to east central and western Pacific," said Mr. Sousounis. "During El Niño, the activity can be considerably above normal because the warm water extends across much of the basin. This does two things: One, it increases the area where there is warm water, and that is conducive to the formation, but it also gives storms a longer opportunity as they are moving westward to intensify."

As a result of the quiet U.S. hurricane season, property/casualty insurers and reinsurers reported limited natural catastrophe losses, said Christopher Grimes, a direc-

LIGHT-LOSS DECADE

Insured losses from a decade of light U.S. hurricane activity, in billions of dollars

Year	Insured loss	Catastrophic hurricanes*
2005	\$58.3	6
2006	0	0
2007	0	0
2008	\$15.2	3
2009	0	0
2010	0	0
2011	\$4.3	1
2012	\$19.7	2
2013	0	0
2014	0	0

*Zero means no hurricane caused more than \$25 million in insured losses.
Source: Insurance Information Institute Inc.

tor at Fitch Ratings Inc. in Chicago.

"During the first nine months of this year, companies that did have some losses from winter storms and tornadoes earlier in the year benefitted from the lack of third-quarter losses. That's directly shown in the third-quarter results

that were stronger than they have been in previous years," where hurricane losses have been higher, said Mr. Grimes.

But even in the years before 2015, hurricane losses have been limited. According to a report by Colorado State University in Fort Collins, no major hurricanes have made U.S. landfall since 2005. Superstorm Sandy, which hit the Northeast in 2012, causing billions in insured losses, was below hurricane strength when it struck the U.S.

The catastrophe reinsurance market has seen rates fall significantly over the past several years but that is driven more by an influx of capital than by low losses, said Bryon Ehrhart, CEO of Aon Benfield Americas in Chicago.

"The inflows of capital have done more to change the dynamics of the reinsurance business than have losses in the last decade," he said. "Anytime you have a doubling of the capacity without material growth in demand ... you're going to see a market that's quite favorable to clients."

SAFETY

Continued from page 4

"If you look at employer organizations that rely on supply chains that have more effective health and safety management systems, that's what they do," he said.

The U.S. Occupational Safety and Health Administration has worked with a diverse range of industries from auto part manufacturers to wireless service providers to ensure their products are produced safely, said David Michaels, the agency's assistant secretary of labor for occupational safety and health.

"I think this is an area for OSHA to work in," he said last week during a meeting of the National Advisory Committee on Occupational Safety and Health in Washington. "What we can do in terms of the enforcement has certain legal constraints and parameters, but that doesn't mean we shouldn't be raising this issue."

"Focusing on the supply chain is a very important issue for us," he said.

Joseph Van Houten, senior director of worldwide environment, health and safety at Johnson & Johnson in New Brunswick, New Jersey, said the company focuses on supply chain safety in part by training nonsafety employees, such as quality control experts who more frequently visit supplier sites, to look for safety and health violations.

"If they see these safety infractions, they report them back to us so that we can do a follow-up inspection," Mr. Van Houten said.

The effort to improve safety throughout supply chains fits with OSHA's enhanced focus on risky industries such as the poultry sector, with the agency devot-

ing more resources to inspecting and identifying hazards at poultry plants and issuing citations, as well as ensuring that Spanish-speaking workers also are informed of their rights, Mr. Michaels said.

Citing a poultry industry case as an example, he said Troutman, North Carolina-based Case Farms, which processes 2.8 million chickens per week at seven facilities in North Carolina and Ohio and was named Kentucky Fried Chicken's Supplier of the Year earlier this year, was cited and fined \$1.4 million by OSHA for separate workplace accidents this year that cost a 17-year-old employee a leg and a 24-year-old worker some fingers while cleaning machinery.

Case Farms and KFC could not be reached for comment.

Brand focus

Johnson & Johnson and other companies have adopted supply chain policies, sometimes at the urging of nongovernmental organizations and groups focusing their grass-roots efforts on particular brands — an approach OSHA should consider adopting, Mr. Van Houten suggested.

The company that makes Johnson's baby oil, Listerine mouthwash and Tylenol pain reliever got top marks for setting the pace in its supply chain efforts in 2014, including its implementation of human rights and other policies and codes and engaging with its suppliers, from Boston-based investor coalition Ceres.

"One thing you might want to consider is to engage the brands that are buying the poultry that have a conversation with them about how they can help improve safety across the supply chain," Mr. Van Houten said.

"That's a great idea," Mr. Michaels responded. "Certainly, KFC is a possibility and others as well."

DRUGS

Continued from page 3

patient's quality of life and sometimes even cure them.

"There are two sides to that coin," said Jane Lutz, executive director of the Pharmacy Benefit Management Institute in Minneapolis.

"Specialty medications represent great hope and promise for those individuals who have been suffering from very awful diseases, where in the past there haven't been medications to help them cope," Ms. Lutz said. At the same time, the institute's employer members say "specialty costs are so incredibly high that they are really struggling to be able to offer an affordable benefit to their employees," she said.

The debate around the growing cost of prescription drugs was thrust into the spotlight earlier this year when Turing Pharmaceuticals jacked a 62-year-old generic drug's price to \$750 a pill, up from \$13.50, prompting widespread backlash.

Certain specialty drugs treatments can cost a payer hundreds of thousands of dollars.

The rising prices and regulatory investigations have presidential candidates campaigning for reform. Bills introduced in several states call for drug pricing transparency. And pharmacy benefit managers are driving hard negotiations with drugmakers to lower prices through rebates and discounts.

Last week, the Senate Finance Committee released results of an 18-month investigation into Gilead Sciences Inc.'s drug pricing strategies, finding it priced its hepatitis C treatments Sovaldi and Harvoni based on maximizing profits, not research and development or providing affordable access.

Sovaldi's wholesale price is \$1,000 per pill, or \$84,000 for a single course of treatment. Successor Harvoni, introduced in October 2014, costs \$94,500 for a course

of treatment, according to the Senate committee's report.

Gilead disagrees with the report's conclusions and "stand(s) behind the pricing of our therapies" because of the value represented by "reducing the long-term costs associated with managing chronic HCV," the company said in a statement.

Indeed, some specialty drugs — like the wave of hepatitis C treatments introduced starting in 2013 — offer a cure and may reduce long-term medical costs.

Others improve the quality of life but do not cure the disease, so some argue there's no telling if there will be long-term savings. For instance, Vertex Pharmaceuticals Inc.'s cystic fibrosis drug Orkambi, approved in July, is an

"If you're going to spend the money that you're probably going to have to spend, you want to get the best total outcome that you can."

Cameron Congdon,
Towers Watson & Co.

improved treatment for certain patients but costs \$259,000 a year over a lifetime.

Employers face the delicate balancing act of managing costs while providing plan members with affordable treatment necessary to live and be productive.

Tactics commonly used to manage traditional prescription drug spending, such as step therapy, prior authorization and price transparency tools, can be applied to specialty medications.

Complicating matters is specialty drugs have few or no brand or generic alternatives and often require special handling and delivery via injection or infusion.

"You really can't solve this problem with plan design. You really can't solve this by shifting costs, (because) you reach an affordability barrier," said Craig Oberg, St. Paul, Minnesota-based

managing consultant at The Burchfield Group Inc. If the health plan puts too much of a burden on employees and they forgo their medication, the consequences could be more costly.

"There aren't two or three things that every employer can do and have this specialty pharmacy fully managed. You have to exercise a lot of different options," Mr. Oberg said.

Among fast growing employer strategies are using a freestanding pharmacy or a PBM's specialty pharmacy. While 33% of employers used a freestanding or PBM specialty pharmacy this year, 55% plan to do so next year, the Washington-based National Business Group on Health said in an August survey.

Because of better management, using a freestanding or specialty pharmacy helps "make sure the medication is targeted to the patients who need it the most," said Steve Wojcik, the group's Washington-based vice president of public policy.

And PBMs can negotiate with drugmakers for better deals on medications and pass savings on to employers, sources said.

Additionally, an NBGH survey found 32% of employers plan to implement "site of care" management strategies in 2016, up from 18% this year. That means directing employees to the lowest-cost place to fill and administer the drug.

"Tight control" to ensure appropriate use of specialty drugs is essential, said Cameron Congdon, Boston-based senior consultant of health and group benefits at Towers Watson & Co.

"If you're going to spend the money that you're probably going to have to spend, you want to get the best total outcome that you can," he said.

Still, many employers are shifting costs. Growing more common among employers is the use of fourth and fifth tiers in the copayment structure versus the traditional three, so employees will pay a higher copayment for specialty medications, Ms. Lutz said.



COMP

Continued from page 3

differentiate their risk," said Christopher Flatt, managing director and leader of Marsh L.L.C.'s Workers' Compensation Center of Excellence in New York.

Mr. Flatt added that he's seeing an accelerated increase in the number of rate reductions for his clients.

The declining frequency of claims is partly driven "by whatever carriers are doing to (give incentives to) employers to improve safety," said Bruce Wood, Washington-based associate general counsel and director of workers compensation at the American Insurance Association.

Mr. Narron said employers that have a disciplined loss control approach will "benefit in this cycle because insurers want that client, and they'll fight for that client because it's a good risk."

Insurers trying to keep profitable workers comp accounts are "willing to be more competitive on terms and conditions," Mr. Flatt said, adding that more insurers are now accepting alternative forms of collateral, such as surety bonds in place of letters of credit, and offering multiyear commitments.

But from what Mr. Narron calls his "micro view of Texas," which is "highly impacted by the energy industry," he's "seeing insurers

fight and claw to hold onto premiums" as employers either disappear or merge.

Meanwhile, the growth rate of the residual market was slower in 2014 than in the prior two years, and early indications are that premiums will level off or decrease slightly in 2015, according to NCCI.

The combined ratio for the 22 residual market pools administered by NCCI rose by 2 percentage points last year to 105%, primarily because of a \$27 million underwriting loss projected for the Massachusetts Workers' Compensation Assigned Risk Pool, NCCI said in the report.

"Despite the 2014 increase, the recent combined ratios remain favorable, demonstrating the success of the industry's continued focus on self-funded residual markets," NCCI said in the report.

"Relatively low" participation in the residual market is one sign of a competitive, "vibrant voluntary market," Mr. Wood said.

NCCI's findings are similar to those of A.M. Best Co. Inc.

The Oldwick, New Jersey-based rating agency found in October that the workers comp industry reported solid underwriting performance last year, with insurers' combined ratios falling to 101.5%, from 103.7% in 2013 and 110.3% in 2012.

"The workers compensation industry is showing promising signs for the near term with ongoing overall pricing improvements and generally tight underwriting standards being maintained," A.M. Best said in the report, adding that it expects the 2015 calendar year results to "show additional improvement in underwriting and overall operating performance."

Noting that the industry is cyclical, sources say they expect current market conditions to stick around in the short term.

"There's a lot of capital in the market right now," Mr. Narron said. "Until that capital goes away, whether it's a large catastrophic event ... or there's just a change in appetite, we're seeing all signs point to this market is here to stay for a little bit longer."

AUTO

Continued from page 3

"Ten years ago we would have said that a large commercial auto claim would be \$10 million dollars," said Mr. Aronson. "Well, \$10 million became \$20 million, which became \$30 million, and we've now seen some cases as high as \$40 million, if not more, in the past couple of years."

"There have been some notable cases which have had astronomical settlement values in excess of \$25 million and upwards," said Pamela Ferrandino, national casualty practice leader at Willis North America Inc. in New York. "Those are big numbers, and it's very hard to differentiate a favorable risk

from an average risk, no matter what your rate on line is, to ever price for that sort of volatility of loss."

"Everyone is agreeing that severity is an issue," said Tracy Dolin-Benguigui, director of financial services ratings of North American insurance at Standard & Poor's Corp. in New York.

One key driver of costs is medical care as safer cars are allowing people to survive accidents that previously may have been fatal.

"People survive accidents, but with absolutely critical injuries which require lifelong care; and the value of those lifelong care plans has dramatically skyrocketed in recent years," said Steve Hackenburg, chief broking officer of national casualty at Aon Risk Solutions in New York.

"Severity continues to be impacted by the rising cost of medical care," said Steve Assennata, senior vice president and head of the client group specialty markets at Munich Reinsurance America Inc.

"If you think about the average auto loss of significance, a big component of that is medical loss," said Debbie Michel, executive vice president of national casualty for Liberty Mutual Insurance Co. in Chicago.

General loss costs have also increased, some 4.0% in 2013, then 7.0% in 2014 and 8.0% in 2015, added Ms. Michel.

As some insurers have moved to stem such losses and reduce their commercial auto business, others have seen opportunity.

"Our growth through July of this

year was about a 40% growth rate in terms of premium," said Berkshire's Mr. Smyth. "If you look through the end of October, that doubled."

"We didn't write nearly as much in the first seven months as we have in the last three months," said Mr. Smyth.

That growth seems poised to continue.

"The number of submissions, the number of requests and the number of folks who have come to track us down and say, 'Hey, we really want a quote from you,' has changed dramatically," said Mr. Smyth.

Berkshire Specialty has "been building out their infrastructure and ramping up production and in 2015 it continued to expand quite a bit," said John Iten, a director at

S&P, of Berkshire Specialty's overall business.

Renewals amid the changes have varied.

While 15% of clients saw rate increases, 23% saw rate decreases, and the largest group by far, 62%, renewed flat, said Aon's Mr. Hackenburg.

"Today we are in what I would consider to be a flat rate environment," said Ms. Ferrandino.

Several sources agreed that there was ample capacity available and the sector remained competitive, allowing many clients to renew coverage without rate increases.

"When I look at the spread of rate on our book of business, it's not like everyone is at plus 3% — there's good spread, just like there should be," said Ms. Michel.

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ZURICH

Continued from page 1

a strategic review of its nonlife insurance business, resulting in announcements in recent weeks that some 1,800 jobs would be cut and that it would withdraw from nonlife insurance business in the Middle East, as well as other initiatives.

Also during that period, Daniel Riordan, Zurich's CEO of global corporate business in the United States, left the insurer and was quickly replaced.

Zurich said Tom de Swaan, chairman of Zurich's board of management, would take over as interim CEO until a successor is found for Mr. Senn, who joined Zurich in 2006 as its chief investment officer and became CEO on Jan. 1, 2010.

In the statement, Mr. de Swaan thanked Mr. Senn for guiding the

JOB CUTS

Zurich Insurance Group Ltd., in the midst of a reorganization intended to cut costs \$300 million by the end of 2016 and more than \$1 billion by the end of 2018, last week expanded the number of jobs it plans to eliminate or relocate to 1,800. The reductions include:

- Eliminating 500 jobs at Zurich Germany by year-end 2018
- Eliminating about 440 jobs at Zurich U.K. by year-end 2017
- Eliminating or relocating about 360 jobs at Zurich Global Corporate by year-end 2017
- Moving about 300 group operations and technology jobs from Switzerland to other locations by year-end 2017
- Eliminating about 200 general insurance jobs in Switzerland, Ireland, the U.K. and U.S. by year-end 2015

insurer though a "challenging environment, showing great foresight and tireless personal commitment."

"Over the past two years, he has

set in motion a transformation that will make our company more customer-centric, more efficient and more successful," he said.

Mr. de Swaan was named chairman of Zurich's board in 2013 after then-Chairman Josef Ackermann stepped down after being named in the suicide note of the insurer's chief financial officer, Pierre Wauthier.

In a conference call, Mr. de Swaan said Zurich likely would look for an "external" and "entrepreneurial" leader with "a deep knowledge of insurance" to become its next CEO.

The insurer said Mr. Senn's departure "will have no impact on Zurich's strategic focus or its financial targets" and said it will disclose how it intends to deploy about \$3 billion in excess capital when it publishes its full-year 2015 results, which would be early next year.

In a note to analysts after Zurich's latest results, Sami

Taipalus, an analyst at Berenberg Bank A.G. in London, said that while the company's cost saving plans are a "step in the right direction," there needs to be a fresh look at the insurer's nonlife "operating footprint and underwriting standards."

'Untenable' position

The combined failed bid for RSA, problems in its U.S. business and the "oversized" Tianjin loss left Mr. Senn's position "untenable," said Eamonn Flanagan, head of the Liverpool office of Shore Capital Group Ltd.

Mr. Flanagan, who does not directly follow Zurich stock, said the insurer needs to focus on its core underwriting and on producing a series of quarterly results that show underlying underwriting performance is improving. This, he said, is "utterly essential."

Analysts at AllianceBernstein L.P. in London said Mr. Senn's

replacement would likely be an external candidate.

"We believe the board has shown a clear preference for an external candidate," analysts at Keefe, Bruyette & Woods Inc. in London said in a note to investors.

"We believe this means George Quinn, the group CFO, may have gained increased influence over how to deploy the \$3 billion in excess capital and it is therefore conceivable that the dividend to be paid in 2016 may be topped by a special dividend or a share buyback," Keefe Bruyette said. "However, we have consistently argued that the recent reserve increase in the U.S. property and casualty business may lead to heightened conservatism with which Zurich carries out reserve assessments and, consequently, to sustainably higher cost ratios."

"We believe a new CEO may well examine reserve levels with heightened caution," the analysts said.

REPEAL

Continued from page 1

budget measure already approved by the House of Representatives, will go back to the House, which is expected to pass it and send it to President Barack Obama, who will veto it, the White House said.

While the broader measure will die because backers lack the two-thirds congressional majority needed to overturn a presidential veto, the excise tax repeal provision could return as soon as this week, attached to so-called must-pass legislation, such as bills to extend expiring Tax Code provisions or authorizing funds to prevent a government shutdown.

"This is not the last word on the Cadillac tax," said Gretchen Young, senior vice president of health policy at the ERISA Industry Committee in Washington.

"Repeal is still a climb, but this definitely gets the effort closer to the top," said Geoff Manville, a principal at Mercer L.L.C. in Washington.

"One way or another, this provision will be repealed," said Steve Wojcik, vice president of public policy at the National Business Group on Health in Washington. "There is growing bipartisan support for repeal."

Optimism that lawmakers will repeal the excise tax is being fueled by senators' overwhelming support to kill the provision.

The Senate approved adding the repeal provision to the broader budget bill on a 90-10 vote, with key Democrats such as Minority Leader Harry Reid, D-Nev., backing the plan. That vote was needed because the provision replaced a House-passed version that would repeal the provision only through 2025.

The future of the excise tax could be known as soon as this

week, when lawmakers are expected to turn to tax extenders and government funding legislation that observers say are likely vehicles to which the excise tax repeal could be attached.

"The vote to repeal the 40% excise tax suggests that the odds may be in favor of a permanent fix rather than a delay. But there is still plenty of uncertainty in the road ahead," said Amy Bergner, a managing director at PricewaterhouseCoopers L.L.P. in Washington.

"We will continue working on this very critical issue until full repeal is enacted," said James Klein, president of the American Benefits Council in Washington.

Surveys have found the tax would have a widespread impact. An analysis by Towers Watson & Co. projected that 48% of employers with at least 5,000 employees that offer health plans could be hit by the excise tax in 2018, with 82% affected by 2023.

Employer opposition to the tax includes the complexity they would face in calculating the tax. So far, federal regulators have not issued any guidance on how the tax is to be calculated.

Adding fuel to employer opposition is a widespread belief that a key reason for the tax — that it would raise tens of billions of dollars that would help fund premium subsidies used by the lower-income uninsured to buy coverage in public exchanges — is simply not true. The Congressional Budget Office earlier projected that the provision would raise \$87 billion in new revenue from 2018 through 2025. That estimate is based on the assumption that employers cutting benefits to stay under the tax trigger would boost employees' taxable wages.

But employers say there is no evidence to support that.

"This provision would not raise money and there is growing recognition of that among policy-

MASSEY

Continued from page 6

splashed across the media."

The mine safety agency also has brought in extra inspectors to assess an entire mine from top to bottom in a single shift, targeting mines with poor safety records or a reputation of trying to thwart inspections, in a "SWAT-team type of experience," Mr. Smith said.

From a liability insurance perspective, the multimillion-dollar payouts made to the miners' families reset the thinking on the probable maximum loss for such incidents beyond the \$15 million to \$25 million previously seen as the norm, Mr. Smith said. In addition, insurers generally lowered their limits from \$25 million to about \$10

"It's an exceptionally dangerous industry, and these accidents are extraordinarily expensive for these companies. As a general practice, they work very hard to ensure workers are as safe as they can possibly be given the dangerous nature of the work."

Daniel Murdock,
Fogle Keller Purdy P.L.L.C.

million, although several major carriers continue to write the coverage with no exclusions outside of punitive damage limitations on some policies.

NLRB

Continued from page 6

insurance product leader at Willis North America Inc., a unit of Willis Group Holdings P.L.C. Employers also should have separate training and badges for contract workers "that don't create expectations they are employed by the company."

Observers note that in April 2015, the NLRB associate general counsel issued an opinion that Chicago-based Freshii Development L.L.C., a fast food restaurant franchisor, was not a joint employer with Chicago-based franchisee Nutritionality Inc.

Freshii "was careful in the way they laid out their relationship. There wasn't any control," said Gregory H. Andrews, a shareholder with Jackson Lewis P.C. in Chicago.

"If you're a general contractor,

you have to be have very strict written procedures of where your responsibility ends" and the subcontractor's begins, said Peter Taffae, managing director at Los Angeles-based Executive Perils Insurance Services.

One approach, said Michael J. Lotito, co-chair of Littler Mendelson P.C.'s Workplace Policy Institute in San Francisco, instead of hiring a third-party firm to bring in cafeteria workers, set up a couple of microwaves and let food trucks sit outside. "You have to be creative in minimizing the risk," he said.

Insurance coverage "depends on what the allegations are," said Ms. Adele. Although the National Labor Relations Act deals mainly with collective bargaining issues, a retaliation claim would generally be included under employment practices liability policies, she said. Other allegations may be covered under wage-and-hour policies, she said.

Ultimately, legal experts say, the issue may wind up before the Supreme Court.

"Historically, courts have required a greater level of control over an employee to be considered a joint employer," said Jonathan T. Hyman, a partner at Meyers, Roman, Friedberg & Lewis in Cleveland. While he believes the courts will ultimately disagree with the NLRB's interpretation of the joint employer relationship, "you're years away from that."

Experts say the 2014 McDonald's Corp. franchisee case, for instance, could take at least several years to resolve. The NLRB's general counsel determined that Oak Brook, Illinois-based McDonald's USA L.L.C. should be considered a joint employer with its franchisees.

"We'll need a Supreme Court resolution of this, ultimately," said Charles I. Cohen, another former NLRB board member and now senior counsel at Morgan, Lewis & Bockius L.L.P. in Washington.



MILA SUPINSKAYA/SHUTTERSTOCK.COM

The Consumer Electronics Association projected some 700,000 drones will be sold this year.

DRONES

Continued from page 1

member of Cozen O'Connor focusing on aviation law. "It's going to be one day you drive to work and don't see any and the next day you are seeing them everywhere. From a risk management and insurance standpoint, I feel we are way behind the wave of what's about to happen in terms of drone use."

That usage could rise rapidly. The Consumer Electronics Association projected some 700,000 drones will be sold this year. The FAA projects that number could reach 1 million, a spokesman said.

With the ability to trace drones back to manufacturers, "it just heightens the risk for manufacturers who need to realize that they are now in the aircraft business," Mr. Walsh said.

"Manufacturers definitely have liability exposure," said Chris Proudlove, Mountain Lakes, New Jersey-based senior vice president and manager of the Northeast regional office and unmanned aircraft systems risk at Global Aerospace Inc. "We insure many of them. Whether a school, software designer, vendor or manufacturer, there is liability arising out of the service provided that is most likely excluded from any other type of insurance policy."

"UAS manufacturers and distributors absolutely have a products liability exposure when they are selling or distributing unmanned aircraft or accessories," said James Van Meter, Atlanta-based aviation practice leader of Allianz Global Corporate & Specialty S.E. and a founding member of the recently established UAS Insurance Association. "This exposure is present anytime products are being sold under a variety of tort and products liability theories."

The FAA has not yet determined what training to require of commercial and consumer drone operators, though commercial operators must have at least a sport pilot license.

"We don't seem to want to overregulate drone use, and I think it is unfortunately going to take a catastrophic event that can be partially



AP PHOTO

A Cyberhawk drone is readied for inspection of utilities, one of the many uses that UAVs can provide. Technology is advancing rapidly, while insurers and regulators struggle to keep up.

attributed to the operator that is going to make us want to change that culture," Mr. Walsh said.

Regulations that are to be finalized next summer may require a new certification for commercial drone pilots, said Katherine Swain, a Houston-based commercial pilot, flight instructor and vice president of insurance with drone operator Measure, which has more than 250 FAA-approved drone platforms.

"Just because you are a good manned pilot doesn't translate into being a good drone pilot," Ms. Swain said.

And for commercial drone operations, the current "option is to navigate through the FAA 333 exemption process," said Mr. Proudlove.

There already are more than 2,000 FAA 333-approved operators and 600 to 800 drone manufacturers and distributors, Mr. Van Meter said.

A report, "Contracting With and Between UAS Operators," published in October by Global Aerospace and Dentons, a Chicago-based international law firm with drone expertise, found that many business, including several insurers, are outsourcing their drone operations to professional operators to transfer the risk.

"The technology is moving so quickly that to go and invest in a fleet of drones today that may be redundant next year doesn't make sense," said Mr. Proudlove, a co-author of the white paper.

Mr. Proudlove said he believes the commercial insurance market is quickly coming to terms with the rapid increase in volume and will be ready to write the exposures.

"There is a distinction that needs to be made between commercial UAV operators and hobby/recreation users," Mr. Van Meter said. "The aviation insurance industry is very active in the commercial side of the UAV industry and currently insures commercial operators, manufacturers and educational institutions."

But recreational users "have yet to develop a defined demand for insurance. As the number of drones sold increases, we expect the demand for hobby/recreation insurance products to increase as well," he said.

Jim Schmidt, Boise, Idaho-based educator at PCS Edventures.com Inc., said the company's drone specialists and educators are working with the FAA to establish a drone education program that includes addressing insurance coverage to protect against loss, property rights, airspace intrusion and other potential lawsuits.

The company plans to release a self-paced "drone-ology" training app later this month that addresses safety and liability issues, Mr. Schmidt said.

"It could be something that an insurer could ask an operator to complete to be insured," he said.

TRAINING FOR SAFETY IN THE SKIES

Currently, there are three main sources of training on unmanned aircraft systems, or drones: manufacturers, flight schools and universities.

"Everything's great when it's a sunny day and the engine's purring along. But as soon as you have a failure, that's when training is really important and really comes into play," said James Van Meter, Atlanta-based aviation practice leader at Allianz Global Corporate & Specialty S.E. and a founding member of the UAS Insurance Association.

"It's especially important to be trained on what actions to take when something goes wrong and knowing the procedures for minimizing 'fly-aways.' It's this training that will help minimize the risk of injuring someone or damaging property," he said. "These aircraft are sophisticated. They all have geo-fencing, where you can't use the aircraft if in a restricted area, such as closer than 5 miles to an airport. This technology can also keep the (unmanned aerial vehicle) from going above 400 feet," the limit imposed by the Federal Aviation Administration.

Aside from training offered by manufacturers, Boston-based Dardrones Flight Academy is an example of a traditional flight school that offers drone training across the U.S.

Universities such as Embry-Riddle Aeronautical University in Daytona Beach, Florida, and The University of North Dakota in Grand Forks also have degree programs focused on piloting and engineering unmanned aircraft operations.

"A lot of these graduates are shaping this growing industry," Mr. Van Meter said.

By Donna Mahoney





AP PHOTO

Pro golfer Jimmy Walker

Broker sponsors PGA golfer Walker

An insurance brokerage will soon see its name in an unlikely place: on the green at the PGA tour.

Wholesale broker and underwriting manager Burns & Wilcox Ltd., part of H.W. Kaufman Financial Group and based in Farmington Hills, Michigan, will sponsor pro golfer Jimmy Walker starting in 2016.

Mr. Walker will sport the Burns & Wilcox logo on his golf shirts during tournaments and events, a company spokeswoman said.

Currently ranked No. 25 in the world with five wins on the PGA tour, according to the association's website, Mr. Walker is the brokerage's first professional athlete brand ambassador.

"We are proud to have Jimmy Walker join Team Kaufman as one of his official sponsors," Alan Jay Kaufman, chairman, president and CEO of Kaufman Financial, said in a statement. "We share many distinctive qualities: integrity, competitive drive, hard work and professionalism."

Half marathon went above and beyond

I ran 17 miles and all I got was this lousy T-shirt." That might as well be what organizers of the Bangkok half-marathon print on the commemorative T-shirts they're apologetically offering runners who, because of a route miscalculation, ran 27.6K (17 miles) rather than 21.1K (13.1 miles) during November's race.

The shirts, which will actually say something like "Finisher of 27.6 km," are meant to "express our sincere apology for the mistake," the National Jogging Association of Thailand said in a statement on its Facebook page.

The association also apologizes to event sponsor Standard Chartered P.L.C. in the statement.

Meanwhile, a number of runners have taken to social media to express their frustrations over the error. But at least one Twitter user, @EmGalRuns, took the blunder in stride, tweeting "Extra room for noodles!"

SPECTRE OF CLAIMS COULD HAUNT LATEST BOND SAGA



COLUMBIA PICTURES

Claims arising from the fictional damage done in the latest Bond film, "Spectre," could top \$500 billion.

He may have a license to kill, but James Bond may need some sort of insurance license after his latest exploits. By one accounting, claims arising from the damage done in the latest Bond film, "Spectre," could have exceeded \$500 million, if they'd really happened. While it cost a reported \$275 million to make, the German Insurance Association said insurance claims from damages played out in the film would far exceed that.

From Mexico City to Rome, residential building damage could total 500 million (\$538.7 million) according to experts at the association.

And then there's the auto damage, some 32 million (\$34.5 million) of it, as Aston Martins, Range Rovers and several Jaguar C-X75s are lost in Bond's battle against his arch nemesis. Adding insult to injury, five Range Rovers destined for scenes in Austria really were stolen in North Rhine-Westphalia, Germany. GDV said insurers will cover that claim.

Business Insurance isn't all business all the time, and we know you're not either. So visit www.businessinsurance.com for more Off Beat stories and monthly photo galleries featuring the best of the weirdest news about insurance, fraud, liability issues and related topics that make people and companies do funny, silly and strange things.

Season's hot toy stuck in hairy dilemma

Oh what tangled hair we weave. Bunchems, "the colorful little balls that stick to each other and build like no other," according to the company, are giving parents and kids fits because the little hooks that make the balls cling to one another can also cause the balls to become tangled in hair.

The Bunchems, expected to be one of the hottest toys of the holiday season, now come with a warning on retailer Amazon.com Inc.'s website about the hair tangling danger. Out of the 219 customer reviews on Amazon's website, 34% of reviewers gave the toy only one star, with one reviewer saying he spent two and a half hours trying to remove 14 balls from his daughter's hair and urging fellow Amazon shoppers to "buy this toy for someone if you hate them or their child."

Other Amazon reviewers were more forgiving, with 25% giving the toy five stars.

In response to the backlash, Toronto-based Spin Master Ltd., which manufactures the toy, put an instructional video on its website telling parents how to remove the stuck Bunchems from their child's hair, starting with applying conditioner or vegetable oil, combing below the affected hair areas and then sliding the Bunchems down and off the child's hair.

But some Amazon reviewers say Spin Master's solution simply does not work and suggest other tools, including pliers and toothpicks.



Jakub F.'s video sentence on YouTube has been viewed more than 500,000 times.

Software pirate gets meta sentence

Cyber piracy is both a growing threat and a difficult crime to pursue.

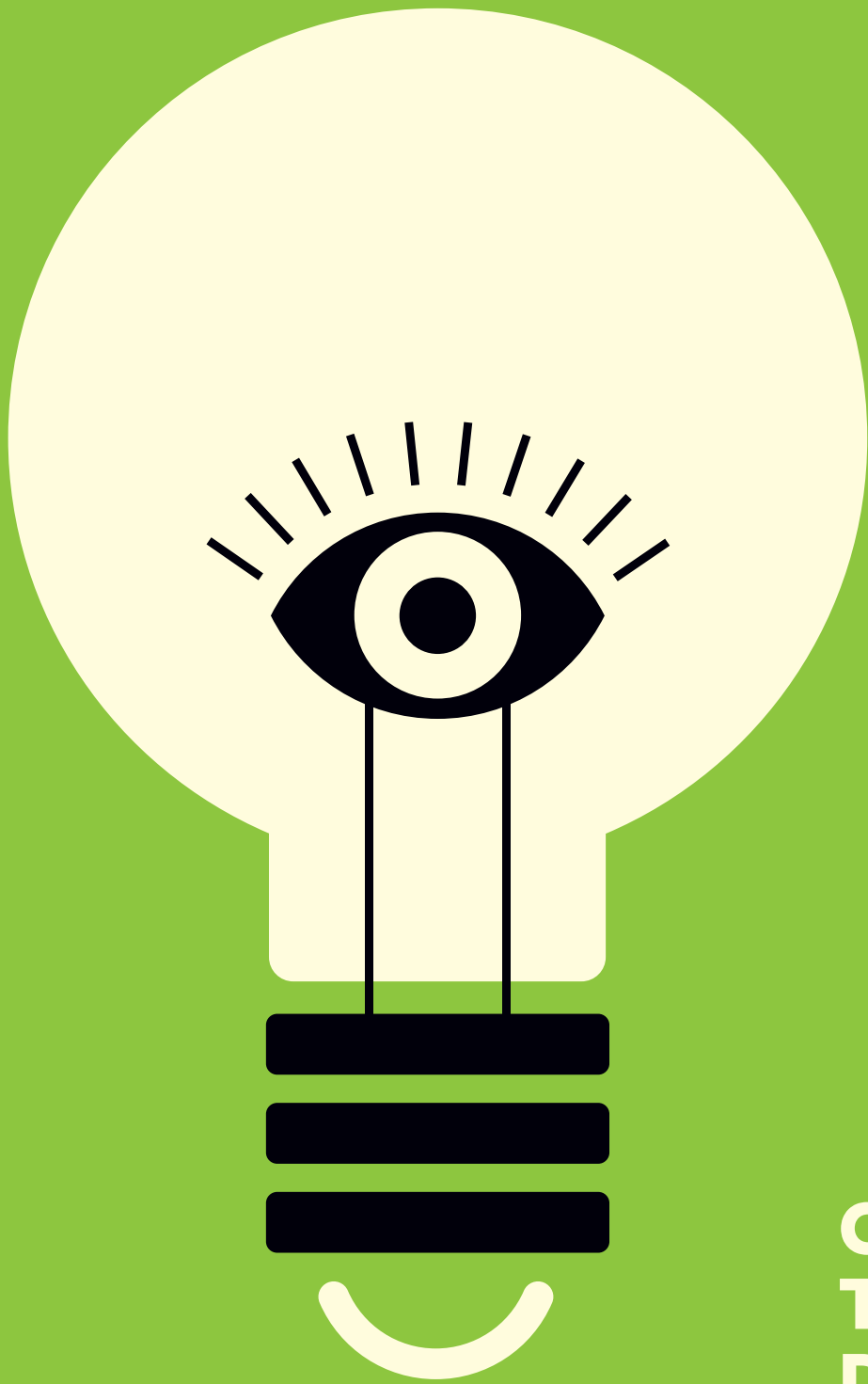
But the example made of one cyber pirate might act as a disincentive to others.

A 30-year-old Czech man, known as Jakub F., has become the Czech Republic's first convicted software pirate, and the companies that had him prosecuted have opted to make his punishment fit the crime, the BBC reported.

The Business Software Alliance and its legal representation ordered him to pay damages of more than \$200,000, but he was unable to pay.

So the companies asked Jakub to take part in an anti-piracy video and said he would be let off the fine if the video was viewed more than 200,000 times.

Lucky for Jakub the video has been viewed more than 500,000 times.



CONGRATULATIONS TO OUR OWN DONNA NADEAU

We're super proud that Donna, Director of Strategic Operations – Americas has been recognized in *Business Insurance's* Women to Watch for her contributions to the industry. We look forward to the ways in which she – and all the other honorees – will move our industry fast fast forward.

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