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Future of Driverless Driving



Farewell

Two Surplus Lines Leaders Hand Over the Reins

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Opening Note

Entrepreneur-Think

An entrepreneurial mindset gives individuals a different perception of the world and allows them to stand apart from others. Cultivating this mindset can mean the difference between being an employee and a CEO.

An entrepreneurial student group at Ryerson University in Toronto (visit StartMeUp Ryerson.com) recently offered that reminder, along with some tips to help students find their inner entrepreneur.

But the advice need not remain on campus. It is just as applicable to those newly graduated and embarking upon on their careers as entrepreneurs in insurance or whatever field they choose. So from Ryerson students to young insurance professionals:

Get comfortable with being uncomfortable.

There's nothing more important for an entrepreneur than the ability to take a calculated risk. This means stepping outside your comfort zone.

Learn to fail

Everyone wants to succeed, but you rarely learn by being successful. Be patient and learn from your mistakes, because even the most successful people had to start somewhere and for many of them, it started with failure.

Spot opportunities

Opportunities to connect with entrepreneurs may not always find you, so you have to look for them. With the wealth of resources you have at your fingertips, take advantage and seek out the best places for success.

Pitch everything you do

Pitch, pitch, pitch! Learn to sell yourself and what you do. Actions don't speak for themselves to everyone. You've got to learn how to keep people interested and communicate your ideas and concepts to others. Work on setting yourself apart from the others to make your product or service the highlight of the lot.

Weave a MAT

Some sort of structure is necessary to achieve any type of success. Weave a MAT (milestones, assumptions, tasks) to help you hit your targets. This is a great way to plan out the year and it will give you more time to enjoy your free time.

It's back to school season, time to learn some new skills, perhaps sign up for that course you have been putting off, or join a networking group that will put you in touch with other entrepreneurs.



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News & Markets

Reno Tragedy Highlights Risk Differences Between Air Races and Airshows

By Don Jergler

With an 11th fatality declared as a result of the crash at the National Championship Air Races in Reno, Nev. on Sept. 16, one of the world's airshow insurance experts is anxious to draw a distinction between airshows and air races.

Executives at Shannon and Luchs Insurance Agency Inc. acknowledged premiums as well as safety rules could change as a result of public scrutiny over the Reno crash and an airshow crash a day later in West Virginia that killed a pilot, but say they expect little other impact to the airshow industry.

In addition to taking 11 lives, the Reno crash injured about 70 spectators.

"Like anything else, insurance premiums could go up, but we don't see any kind of drastic change happening," Dorian Fernandez, president of Shannon and Luchs, told *Insurance Journal* in a phone interview along with executive vice president Jim Hamerski.

Hamerski added: "I think you could see more regulation. I think they'll probably increase the distance between the spectators and the performers."

Some aviation insurers and insurers of large events were reluctant to talk about the Reno incident, or the incident in at an airshow in West Virginia the following day.

"Sorry," went one email reply to a request for an interview from an executive at a large aviation insurer sent via BlackBerry, "but too touchy of a subject this soon after the accident. I'm sure you understand."

Shannon and Luchs executives have a stake in the airshow business and in the general welfare of the industry. Of the estimated 350 to 400 organized air-

shows each year in the U.S. and Canada, "we probably insure most of those," Fernandez said.

According to Fernandez, there are not as many air races, as there are airshows. "Air races are more about speed, the airshows are about agility. Airshows have skilled performers, renowned for their abilities. These airplanes that they have are specially equipped for the types of performances that they do. There is a difference between an air race and an airshow. From an airshow perspective, there haven't been any spectator fatalities in an airshow for over 60 years," she said.

As for the airshow crash at an airshow in Martinsburg, W. Va., when a post-World War II plane, a T-28, crashed and burst into flames, killing the pilot? "The pilot was more than 1,000 feet from the crowd," Fernandez said. "Not one person in the crowd was in any danger of getting hurt."

Fernandez said Gaithersburg, Md.-based Shannon and Luchs was approached several years ago by air race organizers about insurance, and the company told the organizers they were not interested.

"Some events we don't want in the pool," she said. "It does affect us, if something does happen like this, and that may affect our pool of customers."

Hamerski noted that speeds reached by aircraft at airshows are much lower than those at air races. "Our performers aren't flying at that kind of speed," he



Military personnel walk in front of a plane at an airport in Reno, Nev., where the Reno Air Races were held. (AP Photo/Paul Sakuma)

said.

Witnesses and people familiar with the Reno race say the toll could have been much worse had the plane gone down in the larger crowd area of the stands. The plane crashed in a section of seats located in front of the grandstand area where most people sat.

"This one could have been much worse if the plane had hit a few rows higher up," said Don Berliner, president of the Society of Air Racing Historians and a former Reno Air Races official. "We could be talking hundreds of deaths."

The disaster prompted calls for race organizers to consider ending the event because of the dangers. Officials said they would look at everything as they work to understand what happened. ■

The Associated Press contributed to this report.

News&Markets

California Homeowners' Suit Against Builders Revived

A federal appeals court revived a lawsuit by homeowners who accused eight major homebuilders of causing them to overpay for their homes by marketing nearby houses to high-risk borrowers who later went into foreclosure.

The 9th U.S. Circuit Court of Appeals in San Francisco said last month that a lower court erred in concluding the homeowners lacked standing to pursue their fraud claims.

The plaintiffs had bought houses from 2004 to 2006 in new developments built by Beazer Homes USA, DR Horton, Lennar Corp., MDC Holdings, PulteGroup's Centex Homes, Ryland Group, Shea Homes Inc. and Standard Pacific Corp.

Many of these homeowners claimed the developers falsely represented they were building "stable, family neighborhoods" in the Inland Empire region of California, one of the hardest hit in the nation's housing crisis.

In fact, the plaintiffs said the builders were marketing homes to and financing unqualified borrowers, fueling a "buying frenzy" that artificially inflated demand and prices.

When the bubble burst, foreclosures and short sales soared, causing a surge in abandoned homes, multiple families living in single homes, unkempt yards and even crime, the plaintiffs said. They sought to hold the homebuilders responsible because their homes lost value and became less desirable.

A federal district judge dismissed the complaint, saying the injuries were "speculative."



The 9th Circuit disagreed. A three-judge panel said the homeowners sufficiently alleged that the defendants' practices "inflated the 'bubble' in their particular neighborhoods." It also said "decreased economic value and desirability" are injuries for which homeowners could recover.

The appeals court said the plaintiffs may file an amended complaint to show a stronger link between the defendants' actions and the resulting alleged harm. It returned the case to the district court for further proceedings.

The case is *Maya et al v. Centex Corp. et al*, 9th U.S. Circuit Court of Appeals, No. 10-5568. ■

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Settlement Reached in 2007 Bay Bridge Oil Spill



A civil settlement in the 2007 oil spill in San Francisco Bay with the owners and operators of the M/V Cosco Busan was announced recently.

The settlement resolves all natural resource damages, penalties and response costs that resulted from the ship striking the San Francisco-Oakland Bay Bridge in on Nov. 7, 2007, and the subsequent oil spill in the bay, according to California Attorney General Kamala D. Harris.

The event killed thousands of birds, affected a significant portion of the Bay's 2008 herring spawn, spoiled miles of shoreline habitat and closed the Bay and area beaches to recreation and fishing, according to Harris.

M/V Cosco Busan owner-operators Regal Stone Limited and Fleet Management Ltd. will pay \$44.4 million and reimburse the governmental for response costs. ■

Push for Ban on Trucker Cellphones

The U.S. government should ban truckers from using cell phones while driving except in emergencies, transportation safety investigators said.

The National Transportation Safety Board (NTSB) recommendation came after it mostly blamed a fiery Kentucky crash last year that killed 11 people on the driver of a tractor trailer who was talking on his mobile phone.

"Distracted driving is becoming increasingly prevalent, exacerbating the danger we encounter daily on our roadways," said Deborah Hersman, who chairs the safety board.

"It can be especially lethal when the distracted driver is at the wheel of a vehicle that weighs 40 tons and travels at highway speeds."

Trucking groups said they support texting and cellphone bans but do not support any prohibition on the use of hands-free devices.

More than half of the 50 U.S. states ban texting while driving, while far fewer outlaw cellphone use. ■

Giants Fan's Medical Costs Top \$50M

Lawyers for the San Francisco Giants fan brutally beaten outside Dodger Stadium say his medical care is expected to cost more than \$50 million. The figure was part of a damage estimate included in papers filed in Los Angeles Superior Court. The filings come in a lawsuit Bryan Stow and his children have brought against Dodgers owner Frank McCourt and 13 others in the franchise. Stow suffered a traumatic brain injury when he was attacked March 31 following the Dodgers' home opener against the Giants. He underwent a life-saving procedure and was put in a coma for several weeks. Stow is now being treated in San Francisco. His doctor said last month he was awake and breathing on his own.

People



Brian Vassallo



Kevin Cummings



Tom Hartley



Miguel Barrales

Swett & Crawford has opened a satellite office in Redondo Beach, Calif. The office will be led by **Brian Vassallo**, who is joining the firm as a vice president. Vassallo, who has a decade of experience in wholesale insurance brokerage, previously worked at CRC Insurance Services and Colemont Insurance Brokers.

Vassallo will be working as a part of the Swett & Crawford Casualty Group Practice, but will also be brokering some property risks. Swett & Crawford's other Los Angeles area offices are in downtown, and Woodland Hills.

Kevin Cummings has been named executive vice president/producer and leader of Kansas City, Mo.-based Lockton's Phoenix office, and **Tom Hartley** becomes managing director/producer. Both are newly created positions.

Hartley has more than 30 years' experience in risk management and commercial insurance with an emphasis on complex commercial risks. Mostly recently, he was president of Arizona and Nevada operations for Hub International in Phoenix. He previously has held leadership positions with other insurance brokers including Moreton & Co., Marsh Inc., and Johnson & Higgins. He began his career as an officer and nuclear engineer in the U.S. Navy submarine program.

Cummings will also be responsible for providing leadership and strategic direction for Lockton's Phoenix operation. He has more than 20 years in risk management and commercial insurance with particular expertise in healthcare and complex risk management programs. Most recently Cummings was executive vice president and partner with Willis in Phoenix. He has also worked with Lovitt Touche' in Phoenix and Tucson, and with Aon Risk Services and Chubb in Minneapolis.

Miguel A. Barrales has been named president of **Universal Insurance Holdings of North America**, a multi-regional insurance carrier with 170 employees and

operations in 17 states. Universal North America is a subsidiary of Universal Group Inc., Puerto Rico's principal supplier of property/casualty, auto and life insurance, policy financing and investment products.

Barrales will direct Universal North America's business operations and strengthen its overall presence and relationships in the United States. Barrales brings more than 15 years of global experience in underwriting and management to Universal North America. Previously, he was CEO of Flagstone Underwriters Latin America and also held senior management positions with Swiss Re, a reinsurance company.

Western Heritage Insurance Co. has promoted **Anthony Washington** from vice president of underwriting to president. Washington replaces **Mike Horsman**, who retired after more than 30 years in the insurance industry. Washington reports to **Mike Miller**, president of Scottsdale Insurance Co.

Washington has nearly 20 years in sales and commercial underwriting. Before coming to Western Heritage in April, he was regional vice president of Allied Insurance. He started with Nationwide Insurance in 1999 as associate vice president of commercial underwriting. Washington received an MBA from the University of Iowa.

American International Group Inc. (AIG) reported that **Brian T. Schreiber**, executive vice president, Treasury and Capital Markets, has been named to the additional role of AIG treasurer. Schreiber is succeeding **Robert A. Gender**, AIG's treasurer since 2005.

Schreiber joined AIG in 1997 as a portfolio manager in AIG's asset management group. Since then, he has held a series of positions before being named AIG vice president, Strategic Planning, in 2002, senior vice president in 2003, and executive vice president, Treasury and Capital Markets last year. **IK**

New episode this week!

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This video series is made to help insurance agents learn how to serve the modern consumer and grow their agency online. This is not an episode you want to miss!

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**Ron Walton, Executive Director, Risk Management
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News & Markets

Montana Court Approves \$43 Million Asbestos Deal

A Montana judge has approved a \$43 million settlement for people sickened by exposure to asbestos from a mine, with a large part of that amount to be paid by Warren Buffett's Berkshire Hathaway, court documents show.



Here's a Way to Write More Boat Dealers and Rentals that Has Never Failed

Have you ever wondered why some agents seem to do everything wrong, but still get the account?

The answer may surprise you. In fact, it will probably cause you to have some sleepless nights. These agents don't have greater sales skills, relationships or more insurance knowledge. But they have two things that win them accounts!

The first is having something that is usually available only to agents that meet a minimum volume or quota of business. Imagine out of 100 competitors, if only 20 were able to offer what you have.

Eliminate 80% of your competition

It's not playing fair, but this is why the rich get richer. What is this fantastic advantage? It's access to multiple specialty marine markets including many that are exclusive and proprietary. Few people know how much of the lion's share you can get with access to these top markets.

To win accounts, you also need something else or more precisely, someone else. Many winning agents have industry specialists working behind the scenes. They coach the agents to say the right things and offer the right coverages. Agents who have both access to multiple markets and specialty staff can dominate an industry fast.

The settlement resolves a lawsuit filed against Montana over asbestos exposure at a W.R. Grace mine. Former miners and their families had accused the state of failing to properly oversee the mine or warn workers of dangers there.

The mine in Libby, Montana, produced vermiculite, used for home insulation, potting soil and absorbent packing material.

More than 70 percent of the vermiculite used in the country over eight decades came from Libby — and it was all contaminated by asbestos deposits in the same mine, according to the U.S. Environmental Protection Agency.

Miners originally sued W.R. Grace over their exposure to asbestos, but after the company filed for bankruptcy in 2001, the workers sued the state for failing to adequately protect them.

About 1,400 people will receive payouts from the settlement approved Sept. 8 by

Miners accused the state of failing to properly oversee the mine.

Montana District Court Judge Jeffrey M. Sherlock, ending a decade-long legal battle.

The deal ends numerous cases and claims against Montana "but expressly reserves their claims against all other responsible parties," according to the agreement.

Many of the victims of asbestos exposure are now over 65, and others have since died of asbestos-related diseases, records show.

Montana officials conducted inspections of the mine in the 1950s and later years, but despite knowing the risk to miners from asbestos dust, the state did not adequately warn workers of those dangers, the Montana Supreme Court found in 2004.

To cover the \$43 million settlement, Montana is using \$26.8 million out of its self-insurance fund. Montana's insurers, National Indemnity, Berkshire's reinsurance unit, and Montana Insurance Guaranty Association will pay \$16.1 million and \$100,000 respectively, according to court documents.

Payments for victims range from \$500 to nearly \$61,000 each. Judge Sherlock also ordered one-third — or \$14.3 million — to be paid out of the \$43 million to attorneys for the victims, who worked on contingency. ▀

How to access multiple markets and specialists

Now access to multiple markets and industry specialists is available without minimums or quotas. Three top regional marine insurance experts have joined to offer these benefits across the US. Western Maritime, Maritime Central and Norman-Spencer have merged forming National Marine Insurance Wholesalers. Separately, each wholesaler has access to proprietary recreation marine markets. Together they have access to even more "A" rated admitted and non-admitted markets and offer specialized recreational marine industry knowledge at no additional charge.

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Business Moves

McLarens, Washington Oregon

Claim Service

McLarens Young International has acquired Washington Oregon Claim Service, a middle market claims adjusting firm in the Pacific Northwest.

The acquisition is Atlanta-based MYTs first step into the U.S. middle market.

Seattle-based WOCS joins the MYI group of companies as a wholly owned subsidiary. The management team and adjusting staff at WOCS will remain the same.

BB&T, Liberty Benefit in California

BB&T Insurance Services is acquiring San Jose-based Liberty Benefit Insurance Services. Liberty will operate as BB&T-Liberty Benefit Insurance Services.

The acquisition adds 25 employees to BB&T Insurance Services, BB&T said.

BB&T Insurance Services is a wholly owned subsidiary of Winston-Salem, N.C.-based financial services holding company BB&T Corp.

U.S. Risk, American Special Risk of California

Woodland Hills, Calif.-based American Special Risk Insurance Services has been acquired by managing general agency and surplus line wholesaler U.S. Risk Insurance Group Inc., based in Dallas.

American Special Risk is a managing general agent for professional liability and miscellaneous healthcare risks.

American Special Risk Insurance Services will become a subsidiary of U.S. Risk of California Inc.

Alteris, S.N. Potter

Alteris Inc., a services provider for the managing general agency community, has acquired the operating assets of winery insurance specialist Lodi, Calif.-based S.N. Potter Insurance Agency Inc.

The acquisition of the boutique insurance program manager is the first addition of an MGA operation to Boston-based Alteris' portfolio, the company said.

The terms of the deal were not disclosed.

SNP is known for its winery programs, insuring bonded and virtual wineries, vineyard estates, custom crush facilities and storage.

Alteris said it plans to keep the operations at SNP's headquarters and sales office in Lodi, and its sales office in Mesa, Ariz.

Alteris Inc. is a member of Bermuda-based Argo Group International Holdings Ltd.

Airclaims, McLarens

Global insurance loss adjuster McLarens Young International is merging with aviation loss adjuster Airclaims of the United Kingdom. While both companies will continue to operate under their own brands, Airclaims will become a fully owned entity operating within the McLarens Young International group, based in Atlanta.

Lockton

Kansas City, Mo.-based Lockton expanded its Southern California operations by adding an entertainment division and a new San Fernando Valley office. The new entertainment division is divided in two groups: premier private risk and music and entertainment.

Robyn Welch will lead the private risk group as managing director. Prior to joining Lockton, Welch was an executive vice president at Robertson Taylor.

Bobbi Curry becomes managing director of the music and entertainment group. Curry served as managing director of music and entertainment at Robertson Taylor prior to joining Lockton.

Keli Tomack joins Lockton as senior vice president of its entertainment division. Tomack previously held positions at USI and Robertson Taylor. Tomack will focus on music and live events clients.

Hub, Mountain West Insurance

Chicago-based Hub International Ltd. has acquired some of the assets of Mountain West Insurance & Financial Services LLC, a Missoula, Mont.-based retail brokerage firm. Terms of the acquisition were not disclosed.

Aimee Buller of Mountain West will join Hub International Mountain States (Hub Mountain) as account manager of personal lines. She will report to Kaye Muzzanna, operations leader of Hub Mountain. 



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Declarations

Airshow Premiums

"Like anything else, insurance premiums could go up, but we don't see any kind of drastic change happening."

— Dorian Fernandez, president of Shannon and Luchs, discussing the recent tragedies at the National Championship Air Races in Reno, Nev., in which 11 people were killed, and at an airshow in Martinsburg, W. Va., when a post-World War II plane, a T-28, crashed and burst into flames, killing the pilot.

It's Not Hot, It's a Drought

"What we've found is the heat index had been taken out of the calculation. What they're calling this is the 100-year drought for us. And it has been excessively hot."

— Matt Rush, executive director for the New Mexico Farm and Livestock Bureau, talking about a U.S. Department of Agriculture-administered federally subsidized insurance policy designed to provide drought protection to ranchers. The program uses satellite imagery to determine a "greenness index" and whether those insured under the program should be paid for losses. So far, few have.

Balanced Approach

"We recognize the impact of painfully slow economic growth, and this proposal balances that with the needs of the workers' comp system."

— Washington state's Department of Labor & Industries Director Judy Schurke, referring to the department's proposal of an average workers' compensation rate hike of 2.5 percent for 2012. Officials had been considering an increase of up to 8 percent to restore depleted reserves but went with a lower number amid concerns from businesses.

Figures

51

The average age of agency principals, which compares to the average age of the agency customer base, 53, according to the Independent Insurance Agents & Brokers of America.



19 Million

according to Bill Suneson, co-founder and president of Next Generation Insurance Group, a Boston and Phoenix-based specialty agency with a focus on the collegiate and young adult market.



The number of college students in the U.S., including both full-time and non-traditional/part-time students,

35

The number of hailstorms Denver gets each year. According to RiskMeter Online, Colorado and Oklahoma dominate the list of top 10 metropolitan areas prone to hail storms, with three cities each. At the top of the list is Amarillo, Tex., which reportedly gets 35-plus hailstorms per year.

\$100 Million

The estimated cost of the Sept. 8 power outage that left southern California and parts of Arizona and Northern Baja Mexico without power. The National University System Institute for Policy Research said that businesses lost about \$70 million, largely because they had to close. Overtime for government workers cost up to \$20 million. The cost of spoiled food could amount to up to \$18 million.





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News & Markets

California's 'New' MGA Yates: Having Fun, Going National

Hiring, Acquisitions, Scottish Flair On Tap for Yates, Says New CEO Thomson

By Don Jergler

Thirty-three year-old Scotsman Paul Thomson was on the last leg of his "five-year plan" to get into the insurance business in the U.S. He went through Harvard Business School. He got the financial backing of more than a dozen high-powered, high-net-worth individuals, many fellow graduates of Harvard. The last step was to wrap up interviews with about 100 managing general agents in consideration of a purchase.

Thomson said he talked to about 30 potential investors, and narrowed that list down to a group that includes the head of European markets for KMPG, former president of CBIC World

Markets Group, a well-known business book author, a head of Harvard Business School.

"Every single one of them has built a business themselves," Thomson said.

With his investors, Thomson formed the venture capital firm Scottish American Capital and earlier this month this group made public its purchase of 80 percent of Tustin, Calif.-based Yates & Associates, an established West coast MGA specializing in excess and surplus lines. Thomson, an Orange County, Calif.-resident and principal of Scottish American, becomes the president of Yates, with the agency's founder, Jim Yates, retaining 20 percent ownership and staying on for at least the next three years as chairman.

Prior to founding Scottish American, Thomson was head of finance and strategy at Web firm Box UK. Before that, he worked for the Royal Bank of

Scotland, which owned the two largest auto insurance companies in the United Kingdom, and he handled the bank's business with Lloyd's of London. He got much of his basic training in the insurance industry while with Pricewaterhouse Coopers as an accountant auditing insurance companies.

Other members of Scottish American include: Steve Hollis, European head of markets for KMPG; Paul D. Rogers, former president of CBIC World Markets Group, which focuses on debt and equity investments in private compa-

nies; business book author Neil Rackham know for his SPIN Selling series; Peter

Francis, head of J. M. Huber Corp., a diversified supplier of engineered materials, natural resources, and technology-based services; Ralph James, executive director of executive education at Harvard Business School; and Michael O'Connell, managing director of M2O Investments, a family investment fund.

Thomson and Yates have a plan to expand nationally, after first building on the MGA's California base. The plan calls for adding 10 underwriters within the year while also scouting for agencies to buy across the country.

The way Thomson and Yates talk about their plan, they will operate a bit differently than other MGAs and have some fun along the way — which is actually in keeping with the tradition at Yates.



Thomson said Yates, the company, and Yates, the man, give Scottish American a strategic advantage in the form of experience and existing relationships. Yates himself started in the insurance business in St. Louis in 1957, and he has been on the MGA side of the business for 25 years. Yates launched his MGA in 1987.

"Yates is as well known in California as the big national brands," Thomson said, adding that his search for an MGA was national in scope and took at least a year.

The Yates name is being kept, though the " & Associates" is now gone, and added to the business cards and web site is a new logo: a part-lion, part-eagle figure known as a griffin outlined in the stars and stripes of the U.S.

The 77-year-old Yates said he was motivated to sell his firm because he wanted to relax and he liked "the idea that they wanted to maintain Yates." He said he also sold because "the price was right," though neither he nor Thomson would disclose the sale price.

Young and Fun

The young, fit Thomson has a great deal of energy, and speaks quickly and clearly, with a Scottish accent. And when he speaks, he speaks with the enthusiasm of a kid with a new toy.

Yates has bit of kid in him, too, as *continued on page 20*



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CATLIN

Underwriting Ambition

News & Markets

Yates, continued from page 18

he has shown with his marketing over the years. Yates became known for his humorous, and what some might call outlandish, advertisements. One ad featured Yates in a hot dog bun covered with mustard, and the slogan, "We want to be your # Bun" and puns like, "Last year was no picnic and now everyone's trying to ketchup," and, "We'll be frank."

Another ad had Yates as Groucho Marx, complete with eyebrows, glasses, mustache and cigar, and the slogan "Earning High Marx for..."



"This is starting to get fun again," Yates said, admitting that the fun had been waning for him recently.

Asked if he'd seen the somewhat rowdy Yates' ads, Thomson said with a snicker, "I saw the one where Jim was a hotdog."

But will Thomson continue the tradition? "Have you heard of haggis?" Thomson quipped, referring to a Scottish sausage.

For Yates, some of the fun has returned with Thomson's push to bring young employees into the firm.

The firm of roughly 40 now has a few brokers under age 40 working there, and that's a first in company history in Yates' recollection. Yates can now have brokers represented in "under 40" groups, such as the National Association of Professional Surplus Lines Offices' Next Generation membership. "We never could before," Yates said.

The agency's lighthearted approach is on display in its revamped website, www.yates-assoc.com, where brokers and managers are portrayed in caricatures, and part of the welcome text reads: "We are also fun to deal with – check out our cartoon bios. Dealing with your clients is stressful enough, so we provide superior service and a little bit of humor. Give us a try, or you may just hear about us from your competitors."

As the web site suggests, Thomson likes to do things differently. He doesn't have his own office. He sits at a desk in the middle of the office, surrounded by brokers and customer services representatives.

"I don't have an open door policy. I have a no door policy," Thomson said.

Thomson likes to get out of his non-office to join brokers when they visit customers. "I'm building the organization that I want to work in," he said.

Thomson's desk in the middle of the office is crowded with reports. He has four computer screens lined up close together—two above and two below. On one screen he'll have a customer list, on the other the results of a recent newsletter sent to customers, and on another he's compiling information between the two sets of data. On the fourth screen he may have something entirely separate open in, say, Google Docs. "I just love modeling," he said.

Growth Plan

On the serious side, Thomson said the timing of the purchase of Yates is not tied to any expectation that the soft market is about to end.

"Our plan is not predicated on soft or hard markets,"

Thomson said. "For us, you don't need it to harden. When it happens, it happens. And when it does harden, we are preparing our agents now so they can go out there and outperform."

Beside the market is nowhere near hardening, according to veteran Yates. "No, it's not hardening," he said. "That's a long way out."

"We're hiring very aggressively," Thomson said, adding that Yates has already hired three new brokers.

"There's a real opportunity for people to come here and grow a business," he added. "We're investing a lot of money in the business itself."

Thomson and Yates say the plan is to eventually look for other agencies to purchase across the nation. "For the first year we're only going to concentrate on California," Thomson said. "But we're definitely looking to acquire."

What type of businesses will they be looking at? "I'm interested in the guy in Washington with a five person team," Thomson said.

And, it would appear, with a sense of humor. **IJ**

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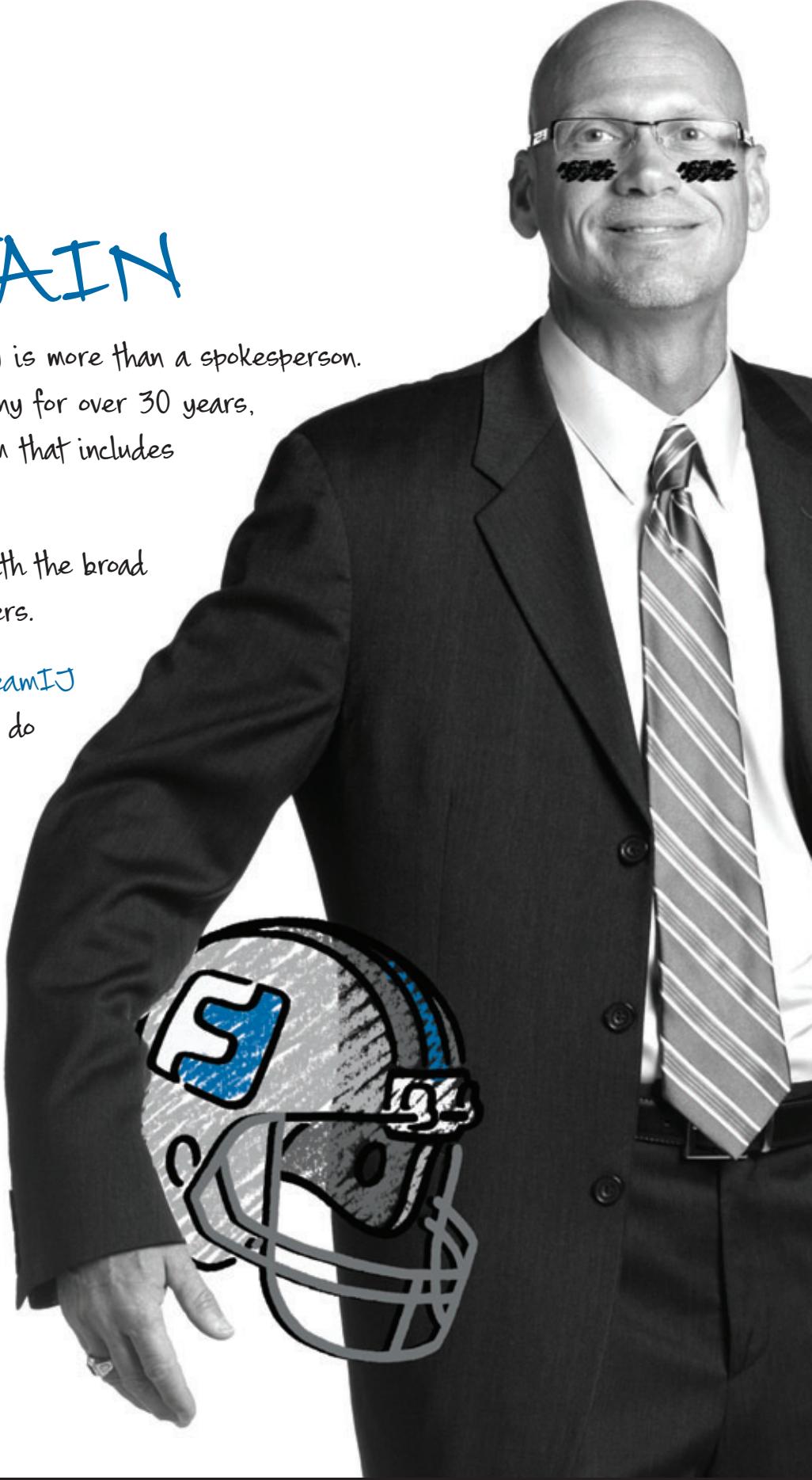
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News & Markets

California City Taking Steps to Keep Its Insurance

By Don Jergler

La Puente, Calif. may be on the road to keeping its insurance, according to a statewide insurance authority.

The Southern California city was recently told that it could lose its insurance if city officials and staff don't start getting their act together. The California Joint Powers Insurance Authority had issued a warning

to the city, with a caution that it may face a similar situation that another Southern California city found itself in. In 2009, after failing to heed a warning from the CJPIA, Maywood was forced to disband its police department and lay off most employees because the authority pulled its insurance..

La Puente is faced with losing liability and workers compensation.

The CJPIA told La Puente that it must meet certain conditions by the end of 2012 or it could lose its insurance. Among the conditions, the city of 40,000 must hire a permanent city manager, give notice of any harassment and retaliation complaints, and send council members to etiquette classes to learn how to get along.

Step No. 1 is complete.

"I think the progress is now they've hired a city manager," said Bob May, senior risk consultant with CJPIA.



The city has hired Bret Plumlee, a former assistant city manager for La Quinta. Plumlee and CJPIA are meeting today to lay the groundwork that may allow the city to keep its insurance, May said.

"He's been around a while," May said, adding, "A lot of his background's been in finance."

Plumlee has also served as director of administrative services in El Segundo and assistant finance director in La Mirada.

CJPIA is meeting with Plumlee to set benchmarks and timetables to accomplish the goals laid out in CJPIA's performance improvement plan for La Puente. A meeting between the two entities is step No. 2 in the seven-point plan.

According to May, the warning to La Puente is part the authority's "healthy members program" criteria, which outlines what members of the authority should be doing to stay within risk management guidelines.

"To be a member of our pool you have to do certain things to maintain sound risk management practices and principals," May said. **IJ**

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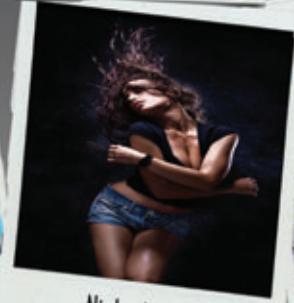
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Competitive Advantage

Writing Small Accounts Profitably

Someone once said: "Every agency should write small accounts because one or two will eventually turn into big accounts."

This is the most common reaction to

my suggestion that writing small accounts should be restricted. I am not suggesting agencies should not write any small accounts. I just believe small accounts

should be written within a strict protocol.

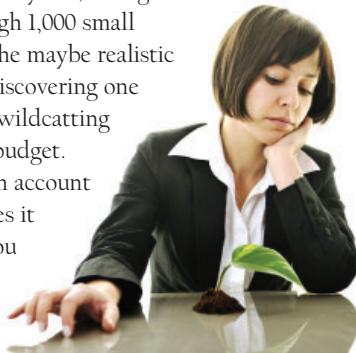
The difficulty is that there are no known characteristics that determine which accounts will grow and which ones will not.

I have surveyed hundreds of agency owners, producers and CSRs about the time required to write and service an account. The problem many have pointed out is that while small commercial accounts should be quicker to write and service, the client is less knowledgeable and requires more attention. So optimistically, let's assume that a \$250 commission commercial account requires at least one hour of the agency's time annually. Based on the Growth & Performance Standards published by The National Alliance Research Academy, the average agency with more than \$3 million in revenue spends \$2,196 per hour (based on a 1,928 hour work year). In Silicon Valley terms, this is a burn rate of \$2,196 per hour, meaning commissions had better be at least \$2,197 per hour.

At this rate, the one big account that eventually blooms will have to generate \$219,600 for every 100 \$250 accounts just to break even. I've known a few agency owners who have had one or two small accounts grow really big. An extreme few have had three and I don't believe I've ever met a person who had four or more truly grow into really large accounts. This is a big bet to make, based on luck.

My experience and research show that most agencies of any size write at least 1,000 small accounts. Over a 10-year life then, at 90 percent retention, the agency will lose and replace 100 accounts annually at 0 percent growth. So over 10 years, the agency will go through 1,000 small accounts all in the maybe realistic expectation of discovering one gusher. It's like wildcatting oil wells on no budget.

And even if an account does get big, does it get big before you go broke? Is it continued on page 26



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Competitive Advantage

Small accounts, continued from page 24

worth losing a ton of money on all those other accounts while letting just one or two accounts subsidize all others? Even if one does get big, how long will you keep it?

A lot of people don't like to believe their accounts lose money, so they change the

definition of expenses. Usually this involves excluding overhead costs, excluding CSR costs and concluding the only cost is the producer's compensation. Besides the fact this concept is disingenuous, the math still does not work because some account has to gener-

ate enough money to pay for overhead. If it is not account ABC, then is it account XYZ? If it is not the first 1,000 accounts, is it the second 1,000 accounts?

Additionally, the costs are greater because with very few exceptions, a commercial account cannot be written correctly and generate less than \$500 commission. While the coverages a customer purchases can easily be less than \$500, if the account is written with all the coverages a client truly needs, including minimizing gaps in coverage, rarely will the commission be less than \$500. So to write accounts that generate less means the agency is creating E&O exposures.

Furthermore, the opportunity cost is great. I have not found anyone that can show any more effort is required to write a \$500 commission account versus a smaller commercial account. The hit ratios seem to be the same. The retention seems to be the same. The time and expense seem to be the same. So for every account written that is less than \$500, the agency is giving up pure profit.

So, is it really a good business plan to write as many small accounts as possible and see if one big account eventually sticks?

A much smarter strategy is to write small accounts more intelligently. This requires strict discipline so these accounts do not cost more than the revenue generated. This means the agency must have extremely standardized and efficient procedures. It means producers can't do partial apps or provide partial information because that causes people in the agency to touch accounts extra, thereby eroding profits. It means not paying producers on these small accounts. It does not mean prohibiting them from writing such accounts. If they really believe in a small account, tell them you'll pay them all back years' commissions if the account ever develops into a significant account.

This strategy enables the agency to serve small accounts and build a great community reputation. And it still gives give Lady Luck a chance to deliver that one-time gusher of an oil well! ■

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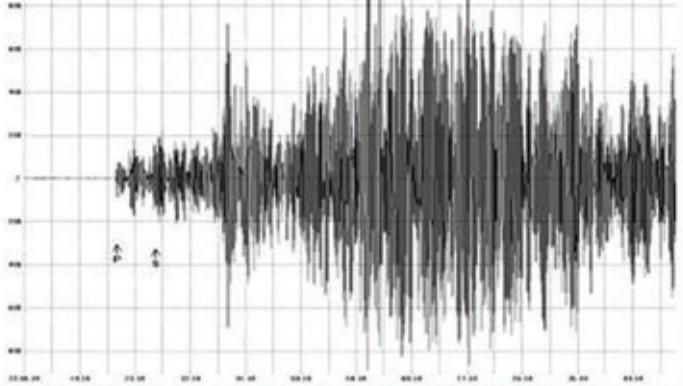
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New Tools for Fire Investigators

An arson investigation that led to a possible wrongful conviction and subsequent execution in Texas highlights the important role science and technology play in fire investigations.

Cameron Willingham was convicted and executed of setting a house fire that killed three young children in 1991. Because DNA

testing wasn't commonly used on fire scenes in the 1990s, authorities relied solely upon the testimony of a lead investigator within the State Fire Marshal's Office who concluded Willingham started the fire using an accelerant.

Speculation still surrounds the case because a subsequent investigator said the cause should be reclassified as undetermined.

The means and methods by which fires are investigated have changed considerably in the 20 years since the Willingham fire, according to certified fire investigator Patrick Andler, of Andler & Associates, Inc. in Phoenix, Ariz.

Having investigated more than 4,000 fires during his career, Andler said his experience includes an arson homicide investigation that resulted in the release of Clarence David Hill, who was once on Arizona's death row. Hill was convicted in the 1989 death of his landlord, but his conviction was overturned in 2005 based on DNA test results.



By Denise Johnson

The methods by which fires are investigated have changed considerably.

tion was overturned in 2005 based on DNA test results.

Findings Backed by Test Results

Fire investigation methods are based on procedures established by the National Fire Protection Association (NFPA). According to Andler, there is no other treaty or standard other than the NFPA guidelines, first published in 1992.

Fire investigation is complex and often leads to litigation, so science must support the cause of a fire. "The new concept of fire investigation is testing our hypothesis by going back and reconstructing the fire scene, by reconstructing the events occurring and conducting a full test by ignition," Andler said.

Because an entire fire scene is considered evidence, and spoliation is an important consideration, each scene requires an investigation to determine the ignition or fuel source, how the fire spread, and who may

be responsible for causing the fire.

"We're finding that we must apply the scientific methodology on every fire scene," said Andler. "We cannot be selective. We

must be able to show a competent ignition source, a competent fuel source, how the fire was able to communicate throughout a structure or vehicle — we refer to that as fire spread. And we also



must be able to show responsibility."

Currently, there are 80 recognized and validated standard fire patterns. Fire investigators, also known as cause and origin (C & O) experts in the property/casualty industry, interpret fire patterns in order to determine the origin of the fire.

New Tools of the Trade

One method Andler uses at his five-acre fire test laboratory in Phoenix is fire testing. "If we believe a fire started inside a

continued on page 31



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News&Markets

Fire Fatalities in Residential Buildings

Between 2007 and 2009, civilian fire casualties in residential buildings accounted for 81 percent of all fire fatalities, according to a report released by the Federal Emergency Management Agency's (FEMA) U.S. Fire Administration (USFA) examining characteristics of civilian fire fatalities in residential buildings.

The report, *Civilian Fire Fatalities in Residential Buildings*, is based on 2007 to 2009 data from the National Fire Incident Reporting System (NFIRS).

According to the report:

- Ninety-one percent of all civilian fatalities in residential building fires involve thermal burns and smoke inhalation.
- Bedrooms (55 percent) are the leading location where civilian fire fatalities occur in residential buildings.
- Fifty-one percent of civilian fire fatalities in residential buildings occur between the hours of 10 p.m. and 6 a.m.



This period also accounts for 49 percent of fatal fires.

- Seventy percent of fire victims in residential buildings were escaping (36 percent) or sleeping (34 percent) at the time of their deaths.
- Smoking was the leading cause of fatal residential building fires.
- Males accounted for 57 percent of civil-

ian fire fatalities in residential buildings; women accounted for 43 percent of the fatalities.

- Approximately 43 percent of civilian fatalities in residential building fires are between the ages of 40 and 69.
- Thirteen percent of civilian fire fatalities in residential buildings were less than 10 years old. □

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Claims

New tools, continued from page 29

microwave oven, we would get an exemplar microwave oven, test our hypothesis and test it to the stage of where we believe or don't believe that the cause of the fire is related to that."

Andler hosts an educational burn for property adjusters, attorneys, law enforcement personnel and risk managers every year. The fire investigation seminar is held at the five acre Forensic Fire Lab. "We have the capability of building a 16 foot by 20 foot room that we call our pad," Andler said.

Besides fire testing, investigators use several other methods at a fire scene.

A hydrocarbon detector and a canine detection dog — Andler's is a three year old Labrador named Lightning Jack — can detect accelerants including gasoline, kerosene, or diesel fuel. The dog is certified as an accelerant detection dog. The results provided by the hydrocarbon detector and accelerant detection dog must be certified by a lab in order for the evidence to be admissible in court. Since accelerants deteriorate, it is important to use the methods at a fire scene as soon as possible. Per million (ppm)

Scan electron microscopes are a non-destructive tool used to discern material types and diagnose component failure. The microscopes can also help in establishing melting temperatures.

No longer used only in crime scenes, DNA testing is becoming a common fire investigation tool. "We're using it a lot more than ever before," said Andler.

DNA, from the saliva on cigarettes to fin-

gerprints on a gas can, can be sent to private labs located across the country for timely results. "We had a case where a cigarette butt was found at a fire scene. DNA was sent to a lab in San Diego...we can get results within 7-10 days," said Andler. "Public sector would take months because it isn't a priority..." canines can detect amounts as small

Material experts like electrical engineers and metallurgists are critical during fire investigations. Metallurgists are helping determine whether a defective product is

involved. In addition, they can determine melting temperatures of materials. Andler describes a criminal case he worked, State of Arizona v. Don Phillips, in

which a fire investigator for the city testified that the temperature of the interior door handles were the same as the outside door handles. Andler's metallurgist determined the door handles were not made of the same material, thus different melting temperatures applied.

According to Andler, the cases involving Willingham and Phillips highlight a lack of local and state resources that can affect fire official findings.

Electrical engineers utilize arc mapping in order to determine electrical arcs or faults that may have occurred during a fire. "By tracing out electrical circuitry in a building...and by using electrical engineers on a fire scene that helps us out," Andler said. "Takes a 5000 square foot room and narrows it down to 20 foot by 30 foot area."

Fire vectoring and modeling are useful

in mapping out the point of origin, showing how a fire initiated and in determining how quickly a fire spread. Andler and his team use colored tape from the point of origin through the rest of a house or building and create a slideshow or animation as a way to demonstrate the dynamics of a fire.

"We'll take a laptop on a fire scene and enter the thickness of sheetrock, the height of the ceiling, the windows, the carpeting, fuel load...enter it all into a computer and determine whether it was a fast or slow fire," he said. According to Andler, fire modeling assists fire investigators in determining fire spread and may reveal the point of origin.

Even photos obtained through Google Images are helpful in showing the condition of a building, the fuel load and type of roof structure prior to a fire. Surveillance tapes, cell phone cameras and GPS have also proven instrumental during fire investigations. ■

Johnson is associate editor of ClaimsJournal.com

Tips on Retaining a Fire Investigator

When retaining a fire investigator, Andler recommends requesting the following information:

- Educational background
- Curriculum vitae (CV)
- List of all of the cases the investigator has worked
- Deposition experience
- Win/lose ratio

Teamwork among the adjuster, investigator and attorney is key during a fire investigation, added Andler.



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DRIVING TOWARD THE FUTURE



Google Secretive About 'Super Safe' Robot Car Crash

By Timothy F. Kirn

In July, an astute observer was driving in Mountain View, Calif., when he came across a multiple car fender-bender. A Toyota Prius had hit a Prius, and that Prius hit an Accord, which hit an Accord, which hit a Prius.

Being astute, this observer recognized one of the cars and snapped a picture with his cell phone. He then sent the picture to

Jalopnik, an automobile blog, where he or she remained anonymous.

The reason the photograph was notable? It was of Google's Robot Prius, Google's self-driving automobile. Hence, the picture was thought to be a piece of history: the first public crash of an autonomous, robot car.

Google, which has been secretive about the car, later said that the car was not being driven in autonomous mode when the accident occurred, that an employee was

driving, and then said nothing more. But the irony was clear.

Google has presented the car as super safe. Google says the car, which drives by computer, GPS, and a complicated system of laser and imaging systems, does away with human error. It has said the car could cut automobile fatalities in half. Sebastian Thrun, the Stanford University computer science professor, and the chief researcher

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Driverless Car Navigates Berlin Streets

It can talk, see, drive and no longer needs a human being to control it by remote. The car of the future — completely computer-controlled — is on the streets of Berlin.

All summer, researchers from the city's Free University have been testing the automobile around the German capital.

The vehicle maneuvers through traffic on its own using a sophisticated combination of devices, including a computer, electronics and a precision satellite navigation system in the trunk, a camera in the front, and laser

scanners on the roof and around the front and rear bumpers.

"The vehicle can recognize other cars on the road, pedestrians, buildings and trees up to 70 meters (yards) around it and even see if the traffic lights ahead are red or green and react accordingly," Raul Rojas, the head of the university's research group for artificial intelligence, told reporters.

"In fact, the car's recognition and reaction to its environment is much faster than a human being's reaction."

The scientists have worked on their research car, a Volkswagen Passat worth (euro) 400,000 (\$551,800) with lots of built-in special technology, for four years.

Several other groups have also been working on such technology recently, notably Google, which has been testing a robotic Toyota Prius in Nevada.

"There's a big trend for completely computer-controlled cars — many companies and research centers in several countries are

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News & Markets

Google, continued from page 33

behind the car at Google, has called the control system on the car "the perfect driving mechanism."

Prior to this, Google said it had driven the car hundreds of thousands of miles, under autonomous control, without incident. The car had been driven from the San Francisco Bay Area down scenic and sinuous Highway 1 to Los Angeles, about 300 miles. It had gone on the winding, often traffic clogged, roads around Lake Tahoe. One Google engineer reportedly drove one of the cars on his daily commute from Berkeley to Mountain View, a distance of about 50 miles.

With that impressive safety record, Google was able to convince Nevada elected officials to pass a law making the Google car legal. The law directs the Nevada Department of Transportation to create regulations to govern use of the car and to designate the areas where it can be tested.

Nevada authorities were swayed by arguments that by being the first, the state would get the economic development associated with the cars. There was talk of a

future in which autonomous taxi cabs would ride up and down the Las Vegas Strip, more safely and with greater fuel efficiency.

Google officials traveled to Nevada last month to meet with Department of Transportation officials to confer on the developing regulations.

So what will robot cars mean for automobile insurance? Nobody knows for sure..

"We're interested in it," said Dick Luedke, State Farm spokesperson. "We're following it. But it is a little hard to talk about something that doesn't exist."

Currently, the cars — Google supposedly has six, autonomous Priuses and one autonomous Audi — are legal to drive because a person sits in the driver seat to take control should something go awry. Law enforcement officials have said that as long as someone is ready to take over, the system is not legally different from cruise control. Others have noted, however, that the cars really are out in front of the law at present.

But Google, Thrun and some others remain convinced that it is just a matter of

time before autonomous cars rule the road. They say cars will move faster and with greater efficiency, and that there will be able to be more cars on the road, traveling more closely together, because the machines can respond more quickly than human drivers. They say there will be no more distracted driving and no more drunk driving problems.

Thrun has proposed that there will be car sharing programs, where someone can just go out the door and get in the car that is waiting. Someone else will pick it up wherever it is left.

To *Insurance Journal's* request for more information, or for an interview, Google spokesperson Jay Nancarrow responded only with: "Thanks for your inquiry. I'm not going to be able to provide guidance for you at this time, but I will keep you in mind when we are at a better point to discuss details." **■**

Kirn is a freelance writer based in Sacramento, Calif.

Berlin, continued from page 33

working on it and it is hard to say, who's got the most-developed vehicle at the moment," Ferdinand Dudenhoeffer, a professor for automotive economics at the University of Duisburg-Essen, told The Associated Press.

Dudenhoeffer estimated that it could only take another decade for the fully automatic cars to start becoming available for consumers. "Even today's cars are often partially computer-controlled, for example when it comes to parking or emergency brakes."

However, legal challenges would have to be worked out. "Who will be responsible when there's an accident — the owner or the passenger of the computer-controlled car or the company that produced it?"

"However, all in all, one can definitely say that computer-controlled cars will be much safer than human drivers," Dudenhoeffer said. "Especially if you keep in mind that most of today's accidents are caused by human error."

In Berlin, the university researchers received a permit from the city's safety con-

trollers in June to use it in regular traffic — under the condition that a driver sits behind the steering wheel, even if he doesn't touch anything — not the steering wheel, gas pedals nor brakes.

"This kind of technology is the future of mobility," Rojas said, who had a more conservative estimate than Dudenhoeffer, saying that it may be 30 to 40 years before they become available to the average consumer.

The key to the automobile's intelligence is in the way the computer program runs.

"In the beginning we had trouble with the robotic driving style of the car," said Rojas. "But we've worked on the programming and now its driving style is as smooth as a human being."

Rojas estimates that once the technology — specifically the sensors — gets less expensive, such cars will eventually conquer the roads. "It is similar to the beginnings of the computers: 40 years ago, only research



labs could afford computers, now everybody is walking around with a computer in his pocket."

Ideally, the car will respond to orders by remote control, for example on an iPad or an iPhone. The passenger can call the car to his personal location and then be dropped off at his desired destination. "There will be no more need for owning a car," said Rojas. **■**

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Minding Your Business

The Financial Side of Acquisitions

The merger and acquisition trend of agencies continues, despite the turndown in the economy. One reason for this trend is that publicly traded firms and those run by investment companies need to show growth despite today's flat or soft market. These self imposed goals can only be achieved through buying a book of business.

Growth by acquisition can be a very valuable tool but only when part of an effective strategic marketing plan, including a compatible book. The transaction should be well planned out and structured efficiently. Understanding all the risks and the true financial picture is imperative to a successful transaction.

How Not to Value a Book

The frenzy to buy or merge leads to many deals in which the buyer is paying too high a price in a short period, and where the deal is not properly analyzed.

Buyers may feel that the purchase is too small to warrant a professional valuation without even getting a quote from a professional appraiser. Regardless, this should not preclude them from performing their own valua-

tion. Perhaps the most common error made during these "self-made" deals is to set the purchase price as a multiple of revenue or commission and ignoring the actual profit potential, if any, to the buyer.

The "multiple" approach to valuing a business is outmoded and is not recommended by most professional appraisers. This approach is tempting



to use if the acquisition is a small book of business and other assets are not included. The ease of calculating value at 1.2 times minus 2 times revenues can cost thousands of dollars, not only in lost profit from possible overpayment but also lost income from using available capital for the purchase rather than in other investments.

When a valuation uses a multiple of revenue or commission, it ignores variation in profitability and risk. Two firms with the same revenue may

vary significantly in both the risk that profit will be sustained, as well as in the actual profit margin generated. An astute buyer would not pay the same "multiple" for these two firms, if the risk and profit margins vary greatly.

Valuation Methods to Use

There are several different approaches to valuing a book of business or an agency. Income approach methods are commonly used by professional appraisers and are often the most appropriate methods. The two basic methodologies using the income approach are the Capitalization of Earnings method and the Discounted Future Earnings method.

The Capitalization of Earnings method uses a single-period earning stream (pro forma profit) and divides it by an appropriate capitalization rate (rate of return) to arrive at a value for the operation of the business. The Discounted Future Earnings method uses the same concept but bases it on a multiple year forecast and takes into account the present value of the forecasted future earnings.

The other common method used by appraisers and successful buyers is the Market Approach concept or the Price/Earnings Multiple method. As in the other methods, pro forma financial statements are created which state the anticipated revenues and allocate all expenses that are required to maintain the book of business.

The typical P/C firm today is able to generate between a 15 percent to 25 percent pro forma profit margin. The value of an agency or book of business is then determined using a multiplier to this pro forma profit. The higher the risk for continued earnings, the lower the multiplier used. Buyers today are typically paying between four to seven



By Bill Schoeffler



and Catherine Oak

Retention Purchase Model

Year	Book Retained 90%	50% per Year Payment	20% Profit Margin	Cumulative Net Profit (Loss) to Buyer	15% Profit Margin	Cumulative Net Profit (Loss) to Buyer
0	\$500,000					
1	\$450,000	\$225,000	\$90,000	(\$135,000)	\$67,500	(\$157,500)
2	\$405,000	\$202,500	\$81,000	(\$256,500)	\$60,750	(\$279,000)
3	\$364,500	\$182,250	\$72,900	(\$365,850)	\$54,675	(\$388,350)
4	\$328,050		\$65,610	(\$300,240)	\$49,208	(\$322,740)
5	\$295,245		\$59,049	(\$241,191)	\$44,287	(\$263,691)
6	\$265,721		\$53,144	(\$188,047)	\$39,858	(\$210,547)
7	\$239,148		\$47,830	(\$140,217)	\$35,872	(\$162,717)
8	\$215,234		\$43,047	(\$97,170)	\$32,285	(\$19,670)
9	\$193,710		\$38,742	(\$58,428)	\$29,057	(\$80,928)
10	\$174,339		\$34,868	(\$23,561)	\$26,151	(\$46,061)
11	\$156,905		\$31,381	(\$7,820)	\$23,536	(\$14,680)
12	\$141,215		\$28,243	(\$36,063)	\$21,182	(\$13,563)
13	\$127,093		\$25,419	(\$61,482)	\$19,064	(\$38,982)
14	\$114,384		\$22,877	(\$84,359)	\$17,158	(\$61,859)
15	\$102,946		\$20,589	(\$104,948)	\$15,442	(\$82,448)
TOTAL		\$609,750	\$714,698		\$536,023	

continued on page N2



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Acquisitions, continued from page N1

times the pre-tax pro forma profit to purchase a book of business.

Can You Make a Profit?

It is important to make sure that the pro forma financials and projections take everything into consideration and are reasonable. Being too optimistic with the pro forma and risk assessment may not only mean an over-inflated value, but could spell a financial disaster in running long term losses.

Retaining the business and maximizing profits are the fundamentals to a good acquisition. Buyers are sometimes lulled into believing a purchase based on retention will prevent any potential of running a

loss on the deal. If the price is too high, it does not matter whether or not it is based on retention. Also, paying too much too quickly can mean a long-term loss on the deal.

The hypothetical example below will show the dynamics of this problem. The profit margin of the book, the terms of the pay-out and retention level are directly related to the ability of the buyer to make a profit on the acquisition and must all be analyzed together. The following is a case study to illustrate the analysis that needs to be performed.

Case Study: An agency has a chance to purchase a \$500,000 commission book from a retiring agent and will divide the handling of the acquired book between two existing producers. The retiring producer's staff and office will remain. The terms of the deal are 50 percent of the commission paid per year for three years, based on retention. The payments begin at the end of the first year.

The Retention Purchase Model chart illustrates the cash flow of this case study. The chart shows the payments for the book, the annual gross profit from the book and net profit to the buyer for two different book profit margins, 20 percent and 15 percent. The analysis is performed for a 15-year period and uses a 90 percent retention. The expenses include the commission to pay a producer to service the book, salaries to staff and overhead so the profit margin shown is a net profit to the buying agency.

The hypothetical purchase of this book will require a buyer to use their own money in order to be able to make the payments.

The three payments are \$225,000, \$202,500 and \$182,250 for a total of \$609,750. However, the profit earned at a 15 percent profit margin is only \$67,500, \$60,750 and \$54,675 for those same years.

Therefore, a buyer will spend \$182,925 of their own money during the first three years to purchase a \$500,000 book. The danger is that each year the book gets smaller and smaller due to attrition, the profit dollars get less and less on the declining book.

Today's high performing agencies may be able to maintain a 90 percent retention rate and a 20 percent profit, but many agencies fall short of these results. The chart demonstrates that even a high performing agency will not be able to make a profit in this hypothetical situation until the 11th year! Using a retention rate of 85 percent and a profit margin of 15 percent (both very common today) an agency will never make a profit.

Keep in mind that this hypothetical purchase is a stand-alone operation and includes paying a producer (either the seller or one of the buyer's producers) to service the book. If a buyer were able to fold the book into an existing operation, a much higher profit margin could be obtained.

The mistake some buyers make is to underestimate expenses and risk. Even if the acquisition is folded into an existing operation, expenses such as management and staff salaries as well as rent needs to be included in the pro forma income statement.

A Final Thought

Take the time and effort to properly analyze any acquisition both financially and compatibility-wise. The key is for buyers not to pay for their own risk in an acquisition. Instead, use the firm's profit to buy the book of business. Any amount paid to the seller above the profit generated from their book comes out of the buyer's pocket. Structuring the purchase price based on the profit earned from the book will assist the buyer in achieving a positive cash flow much sooner. ■

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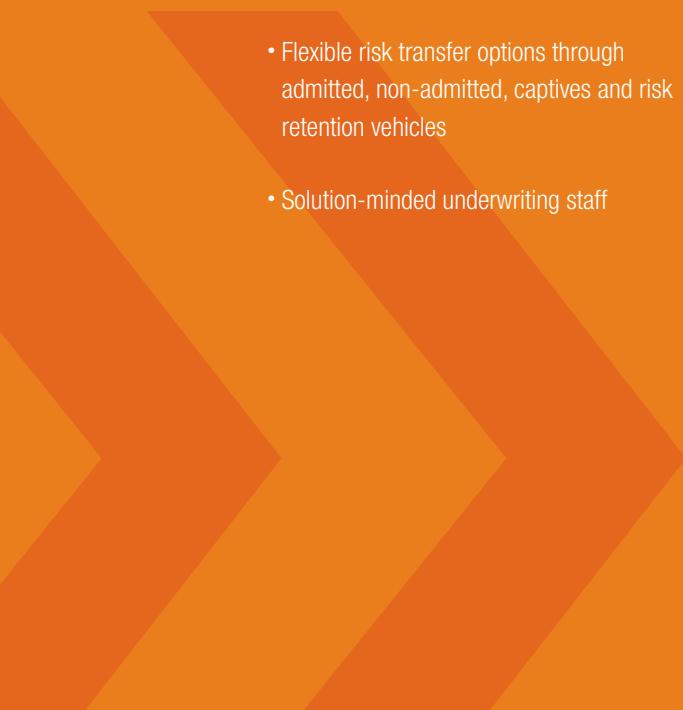
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Contact: Brian Weaver at 800-303-5000 or e-mail: bweaver@mcgrawgroup.com

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Contact: Pam Quilici at 415-982-3870 or e-mail: submissions@crousesf.com

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States: All states

Contact: Dan Hagan at 800-410-1511, ext. 105 or e-mail: dhagan@chemplan.net

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Surplus Lines

9 Years Later: Lloyd's Chairman Peter Levene

Lord Peter Levene, chairman of Lloyd's, is leaving the company after nine years at the helm. He is the longest serving Lloyd's chairman in 125 years and oversaw tremendous change at the international insurance firm.

He will end his tenure at Lloyd's in mid-October, at which time the incoming chairman, John Nelson, the former chairman of Hammerson and deputy chairman of Kingfisher, will take the reins.

Before leaving Lloyd's, Levene took some time to reflect on his years at Lloyd's during the Reinsurance Rendezvous in Monte Carlo in September. In this exclusive interview with *Insurance Journal's* Charles E. Boyle, Levene discusses how he managed great change at the London-based company, his views on the market, Lloyd's plans in the U.S. market, and what's to come.

Insurance Journal: In your time at Lloyd's, you oversaw tremendous changes. How were you able to successfully manage those changes, which ultimately made Lloyd's a much stronger company?

Lord Peter Levene: I didn't initiate them. When I arrived, Lloyd's was in the process of recovering from a black period, and they had already put together a group which certainly predated me, called the Chairman Strategy Group. The previous chairman had put together what was a revolutionary plan for Lloyd's, which had taken two years to put together and argue through and get them all to agree to. And then it's been my job to make sure it happened.

Basically what had happened before was you had 50 or 60 syndicates in a sort of loose configuration called Lloyd's, who came together when they felt like it and didn't when they didn't feel like it.



Lord Peter Levene

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The penny had dropped that a small number of those syndicates had some appalling results. This would have a very, very bad effect on the others ... on their standing in the market, on the credit rating itself. Therefore, they had to get together and develop what is now known as the franchise system ... the relationship, that coming together, is the Lloyd's market.

... And getting all this locked, with a hell of a lot of prima donnas who run this to agree that they'll all follow same path, was a very big issue with the monopolies, people in the European Commission at the outset.

In fact, when they said (that this was an attempt to set up a cartel), we said, "wait a minute, wait a minute, just come over to the Lloyd's building and go inside." You go into the room and you see the trading floor there. Anything less uncompetitive, you can't imagine. Because you've got all these businesses here, shoulder to shoulder, competing with each other.

I very often compare it to a fruit and vegetable market. You go in and all the guys selling cauliflower are over there and all the ones selling strawberries are over here, but they all compete like hell. And why therefore do they want to be next door to each other? Because that's where all the business is, and that's where it goes.

I've stopped letting them give me speeches saying that Lloyd's is the largest insurance market in the world. Well, no, it isn't. It's the only insurance market in the world. There isn't another one.

IJ: The brokers are no longer required to be actually Lloyd's brokers, correct?

Levene: Correct.... This was a revolutionary change that we made when the U.S. came in. Do you know how many have applied? It's either nil or one. There was the most terrible row about this, that this was the end of civilization as we know it, and the brokers would challenge it. I don't think anything happened.

IJ: Most of the business that goes into Lloyd's comes from the U.S. A lot of it's from wholesale brokers who have contacts in the Lloyd's market. Or they go directly to an insurance company or a reinsurance company.

Levene: Yes. When they come through Lloyd's, they know they have to come through a broker because that's the way we operate.

IJ: But they continue to do this and it hasn't caused a problem.

Levene: Nothing has changed. It's worked perfectly well. And if they want to go direct to an insurance company and work through their sales staff that an insurance company has to pay, that's fine. And if they want to come to Lloyd's where, instead of paying our sales staff they're paying a broker for doing the same job, that's also fine.

IJ: They have a choice.

Levene: Exactly.

IJ: Does Lloyd's have plans to enter into other lines in the United States?

Levene: Well, we're always interested in other lines, if the market is there. But at the moment, 40-odd percent of our business comes from the United States, which is not, in absolute terms, an insignificant

continued on page N20



After 30 Years, Bouhan Leaves NAPSLO

The National Association of Professional Surplus Lines Offices Ltd. (NAPSLO) began serving the surplus lines industry and its wholesale broker members in 1975. Just six years into the association's history a young attorney joined the ranks of NAPSLO to help further its mission.

That attorney was Richard Bouhan, the face of NAPSLO for the past three decades.



Bouhan joined NAPSLO on Sept. 8, 1981, as the association's government relations director. He was tasked with heading up NAPSLO's legislative outreach efforts. At the time, the surplus lines industry was a small, and misunderstood, part of the market, and Bouhan set forth to expand the industry's influence and reputation. And that's just what he helped do.

This year, Bouhan retired as the executive director of NAPSLO after serving the association and the surplus lines industry for 30 years. He became the association's executive director in 1988, a position he held until September 2011, when Brady Kelley, the former chief financial and business strategy officer for the National Association of Insurance Commissioners, was named as the new executive director of the association. But Bouhan is not done with NAPSLO, or the insurance industry, just yet.

In this interview with *Insurance Journal's* Andrea Ortega-Wells, Bouhan shares his views on the surplus lines industry's transformation throughout the past 30 years, his efforts to help the industry achieve its status today and his plans for the future.

Insurance Journal: How has the surplus lines industry changed in the last 30 years? And what role did you play in those changes?

Richard Bouhan: When I joined NAPSLO, the direction I was given was to try to help the association burnish its image, particularly both in the marketplace and with the regulatory community. Back in the '70s and into the '80s there was a sense that the surplus lines market was a questionable marketplace, which was not really the case. We put out pamphlets called "The Misunderstood Market" to try to overcome the stigma that had been created that surplus lines was a difficult industry, it had questionable companies, etc., etc.



Richard Bouhan

During my tenure here, I think the association has done a great job in accomplishing what they wanted us to accomplish. I think it's become a mainstream business. I think it's accepted. I think it's respected. ... I feel gratified that we were able to help create a positive image and tell the story, in a positive way, of the excess and surplus lines industry. I think, over 30 years, the association's done that, and I hope I played a part in getting that done. That's one thing.

I think, too, every year there is somewhere, someplace a threat to the freedom of rate and form in surplus lines.

Over the years we have been very successful explaining what the marketplace does. It's now seen as a legitimate, positive contributor to the overall insurance picture. We have been very successful beating-back some of the challenges to the freedom of rate and form in surplus lines.

IJ: You have seen a number of challenges facing the surplus lines industry and wholesale brokers. What were some of the challenges you helped address over the years?

Bouhan: Early in the game, there were some concerns over guarantee funds. As a commercial lines marketplace, many of the buyers thought it was important to be part of the guarantee funds. Our view is that the surplus lines market is a solid, well-managed market — which goes a long way. And that is what we are trying to accomplish with these companies — maintaining the freedom of rate and form over the years.

Also, at one point, broker liability issues were an issue. There were some states that wanted to input strict liability on surplus lines brokers and we didn't think that was quite the way that states should impose that liability.

Those are some of the issues in the early continued on page N21

State of the Surplus Lines Market

Surplus Lines Industry Losing Its Edge?

By Andrew Simpson

The surplus lines industry continues to outperform the overall property/casualty industry but its advantage is not what it used to be.

According to the annual A.M. Best special report, the surplus lines industry generated

an operating profit for 2010, but underwriting results worsened "appreciably," driven primarily by catastrophe-related losses and higher loss totals for the lead "other liability" line of business.

Surplus lines insurers showed a greater profit in 2010 than the overall P/C market but the surplus lines industry's advantage

performance eroded in loss and combined ratios, and in total returns on both revenue and surplus.

"Although the surplus lines industry still outperforms the overall property/casualty industry in most measures, the gap continues to narrow," the A.M. Best report said.

The 2011 U.S. Surplus Lines Market Review by A.M. Best, and sponsored by the Derek Hughes/NAPSLO Educational Foundation, reported that the recession, competition from standard line insurers, and the prolonged soft market continued to affect the surplus lines industry in 2010, contributing to an unprecedented fourth year of declining premiums in 2010.

The group of 73 insurers reviewed for the report generated a \$165.4 million net underwriting loss. That followed underwriting gains of \$857.1 million and \$785.2 million, respectively, in 2009 and 2008, according to A.M. Best.

The 2010 underwriting loss continues the trend of deteriorating underwriting that has been reported since 2007, despite at least \$1.1 billion of net income in each of calendar years 2007-2010, the report said.

The surplus lines industry did not grow in 2010. While overall P/C direct premiums written remained static at about \$481 billion in 2010, direct premiums written for the surplus lines industry declined in 2010 by 3.8 percent, from

\$32.9 billion to \$31.7 billion, although that decline was slightly lower than the 4.1 percent decline from 2008 to 2009.

"The decline in surplus lines premium for the fourth consecutive year is unprecedented over the past two decades," A.M. Best said.

A.M. Best bases its analysis on the statutory financial data of 73 U.S.-based domestic professional surplus lines (DPSL) companies, a composite that

U.S. Surplus Lines - Top 25 Groups (2010) Ranked by Direct Premiums Written

(\$ Thousands)

Rank	AMB No.	Group Name	Surplus Lines DPW	Total SL Market Share	Policyholders' Surplus
1	85202	Lloyd's	\$5,789,000	18.30%	\$28,862,280
2	18540	American International Group	5,342,192	16.8	25,720,099
3	18549	Zurich Financial Services NA Group	1,217,135	3.8	7,428,631
4	5987	Nationwide Group	1,168,218	3.7	12,984,679
5	18498	ACE INA Group	911,312	2.9	5,490,067
6	18468	W. R. Berkley Group	831,086	2.6	4,128,416
7	4655	Markel Corp. Group	801,858	2.5	1,488,939
8	18313	CNA Insurance Cos.	685,568	2.2	10,259,908
9	18640	QBE Americas Group	607,936	1.9	2,070,620
10	4019	Alleghany Insurance Holdings	576,215	1.8	1,603,413
11	18713	Ironshore Insurance Group	520,674	1.6	367,693
12	18603	AXIS Insurance Group	502,640	1.6	1,141,176
13	811	Argo Group	421,342	1.3	841,431
14	18484	Arch Insurance Group	402,871	1.3	870,600
15	18674	Berkshire Hathaway	402,813	1.3	94,390,446
16	18753	Travelers Group	382,887	1.2	19,522,893
17	18723	Munich-American Corp.	365,946	1.2	87,296
18	18591	Allied World Group	363,765	1.1	1,004,616
19	18130	Chubb Group of Insurance Cos.	337,843	1.1	14,317,263
20	12	XL America Group	335,435	1.1	2,273,711
21	18728	HCC Insurance Group	316,799	1	1,816,518
22	18429	First Mercury Group	293,638	0.9	262,830
23	18198	Alterra Capital US Group	271,358	1.3	661,429
24	18620	Assurant Insurance Group	266,349	1.3	1,234,756
25	3883	Allianz of America	256,145	0.8	3,818,069
Subtotal of Top 25			\$23,371,025	73.70%	
Total U.S. Surplus Lines Market			\$31,716,000	100.00%	

Source: A.M. Best Co.

Surplus Lines Specialists* - Operating Performance (2010) (%)

Group Name	Change in DPW	Loss/LAE Ratio	Combined Ratio	Pretax ROR	Pretax ROE
Admiral Insurance Group	-6.10%	55.6	87.1	28.4	18.8
Markel Corp. Group	-3.3	57.2	102	10.2	8.9
Alleghany Insurance Holdings	-13.2	49.2	83.8	30.7	15.5
Argonaut Group	-15.9	59.3	98.5	26.8	16
RLI Group	-4.6	40.8	81.3	36.3	23.6
Global Indemnity Group	-8.4	33.1	77.4	53.9	10.7
HCC Insurance Group	-8.3	54	85.6	37	19.2
IFG Cos.	-7.8	49.9	92.6	24.4	9.4
James River Insurance Co	-16.2	51.6	93.8	77.5	13.4
Western World Insurance Group	-7.9	68	103.6	21.9	10.6
AXIS Insurance Group	1.9	56.9	92.6	18.4	9.8
Arch Insurance Group	-6	73	109.5	4.3	1.8
Average - Surplus Lines Specialists	-8.00%	54.1	92.3	30.8	13.1
Total P/C Industry	-0.10%	73.6	102.5	9.2	7.1

*U.S. domiciled insurers that primarily write surplus lines and/or specialty admitted business.

Source: A.M. Best Co.'s AMB Credit Report - Insurance Professional

produced \$12.7 billion in direct premiums written in calendar year 2010, representing approximately 58 percent of the total U.S. DPSL market. DPSL companies are those that write at least half of their business on a non-admitted basis. They historically have accounted for two-thirds to three-quarters of the total surplus lines market.

Other Findings

- The loss and loss adjustment expense ratio increased in 2010 to 71.0 from 65.4. Results in errors and omissions helped to push up the net loss ratio. Weather-related losses also had a decided impact on the net loss ratio. The composite's loss was only slightly better than the 73.6 posted by the total P/C industry after several years when the spread between the two industries was wider.

- The composite calendar-year combined ratio had 7.4 points shaved off it by favorable prior-year loss-reserve development. The P/C industry had only 2.4 points shaved off its total ratio because of favorable prior-year development. A.M. Best said it does not believe the industry will be benefit from this strategy as much going forward because the cushion has been depleted.

New Leader

There is a new No. 1 in the rankings of surplus lines leaders. According to A.M. Best, Lloyd's has taken over the lead from American International Group (AIG).

Direct premiums written slipped 13 percent from 2009 at AIG to \$5.3 billion. Lloyd's reported \$5.8 billion. In terms of market share, Lloyd's represents 18.3 per-

cent and AIG, 16 percent.

While AIG may have shrunk slightly, it still produced more than four times the direct premiums written of the next highest U.S. group, Zurich Financial Services Group.

"Consistent with historical trends, the larger, more established groups continued to dominate the surplus lines market, with the 25 leading surplus lines groups accounting for approximately 74.0 percent of the total surplus lines direct premiums written, compared with more than 75.0 percent in 2009," A.M. Best's market review said.

Given the results thus far in 2011 — driven by an unusual number of catastrophes, the continued sluggish economy, and pricing levels — A.M. Best said it does not anticipate that 2011 final results will be an improvement over those of 2010. **IJ**

Brokers See Changing Relationships, Expanding Technology

At the same time they are trying to figure out what their customers, markets and the economy are going to do, today's intermediaries are also having to navigate changing relationships among carriers, wholesalers and retailers, according to the 2011 U.S. Surplus Lines Market Review by A.M. Best.

For its 2011 review, A.M. Best interviewed intermediaries to get their sense of the market and relationships with carriers. They said that some carriers are cutting back on the number of wholesalers they use, while some intermediaries are doing the same thing with retail agents. Also, some larger retailers have been sold to national firms that do not deal with smaller wholesalers.

In addition, some retailers also are forming exclusive relationships with a limited number of wholesalers that agree to give them more commission, according to the report. It cites as an example Aon Corp.'s exclusive deals with AmWins Group and Ryan Specialty, both of which reportedly agreed to pay Aon a minimum commission that is a bit higher than the industry standard for the business.

Last year two surplus lines carriers decided to deal directly with retail agents.

This trend doesn't appear to have spread but the intermediaries suggest it could in the future, especially on smaller classes of business that can be automated. Almost 43 percent of mid-sized insurers received 20 percent to 30 percent of their business directly from retail agents in 2010, according to an A.M. Best survey.

The changing nature of relationships has some agents and brokers ramping up their marketing efforts.

"As a result of these shifting relationships, intermediaries are spending more time and resources keeping in touch with their customers (retailers), making more detailed presentations and doing more personalized marketing. Some intermediaries went so far as to say there was a skill-set shift from underwriting to learning how to get out and sell. Others say that wholesale always has had a sales component — staying in front of people is a large part of the business — but that the intermediaries' primary role is to provide intelligent, creative solutions," said the report.

A.M. Best said it found intermediaries skeptical about the promise of recent rate



hardening. "[F]ew intermediaries see a hard market arriving any time in the next 12 months, but many are preparing for better times," said the report.

Wholesalers are hiring in areas like underwriting while scaling back in others as a result of technology.

"Technology expenditures have been paying off in terms of productivity and operational gains that are helping to offset decreases in premium income. Savings are accruing, especially on repetitive transactions, cross-selling and data mining of customer information," said the report.

A.M. Best said technology is becoming "requisite for customer and carrier communications and marketing as well" but there is more behind the focus on technology. "Also driving the continual technology expenditures is that commission structures are being based on the entity doing the most servicing — the carriers or the intermediaries. As a result, intermediaries say they need to continually stay ahead of competitors," the report said. **IJ**

Lloyd's Syndicate 3334

Sportscover: Providing Coverage for Sports and Leisure around the World

By Charles E. Boyle

Sports and leisure activities are one of the most ubiquitous pass times the world over. Whether you participate, or just watch, virtually no one is far away from some form

of sporting activity. It's why sports, as a generic term, has become a huge global business. For example, what are the most watched TV presentations? — The Olympics and the Football (Soccer) World Cup.



Peter Nash
Sportscover, founder and group chairman

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Where there's sports, there's money, and where there's money, people seek to protect it, and that protection frequently means insurance coverage. Surprisingly, agents, brokers, insurers and reinsurers who are wholly dedicated to covering sports aren't that common. An exception is the aptly named insurer Sportscover, which also manages Lloyd's syndicate 3334.

In many ways, Sportscover is a traditional Lloyd's syndicate — small, specialized, highly skilled and able to move swiftly to take advantage of market opportunities. It is the kind of syndicate that once typified the Lloyd's environment.

Australian Roots

The company was founded 25 years ago in Australia, one of the most sports obsessed countries in the world. Despite its medium-sized population, just under 22 million, its teams and its people are forces to be reckoned with on the world's sporting stage. It's finished in the top six countries in the medals table in the last three Olympic Games.

That same sporting determination perhaps lies behind Sportscover's success. It has grown from a small Australian sports insurer to also become a specialist Lloyd's syndicate, writing business in 15 countries around the globe.

Peter Nash, Sportscover's founder and current group chairman, recognized a need that wasn't being satisfied by mainstream insurers. He felt sports associations and clubs were getting a raw deal from their insurers,

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Lloyd's Syndicate 3334

Sportscover, continued from page N12

who were offering standard commercial policies for risks that required more specific solutions. "I was told by a then very senior person in the Australian insurance market that setting up a specialist agency to provide sports insurance wouldn't work," Nash said in an e-mail to *Insurance Journal*. "Having just celebrated our 25th anniversary, which includes the last five years with our own Lloyd's syndicate, I think I can safely say he was wrong."

Sportscover started life as a specialist underwriting agency in Melbourne. It developed its own suite of products covering



player accident, liability, sports property and contingency risks with wordings that were tailor-made for sports clubs and associations, sporting participants, coaches and venues.

It grew to become the largest insurer of sports risks in Australia and a respected partner to many of the national and State sports associations. In 2000 the company decided to expand its success to the UK. It opened an office in London to write UK sports business.

Nash, who was the original Active underwriter for Lloyd's syndicate 3334 when it was first established in 2006, had long held the vision that Sportscover would become part of the Lloyd's community so that its products could be distributed to many of the coun-

tries, currently around 70, in which Lloyd's underwriters are licensed insurers. Lloyd's also does business in over 200 countries.

The Sportscover syndicate was initially managed by a third party managing agent until Sportscover Underwriting Limited was authorized by the UK Financial Services Authority and Lloyd's to manage the affairs of the Sportscover syndicate in 2008.

"Setting up our own Lloyd's managing agent was the key to us being able to control our own destiny and manage our growth into new countries and products," said Nash.

The CEO of Sportscover Underwriting is Matthew Riley. He has been at Sportscover since 2007 and has overseen a rise in the syndicate's capacity from £15 million [US\$23.5 million] to a current capacity of £35 million [US\$55 million] which is projected to increase to £45 million [US\$71 million] next year.

Sportscover branched out from only covering sports into the leisure business some time ago. It now covers risks such as adventure centers, special events, health and fitness establishments, amusement centers, visitor attractions and zoos.

Riley expects that Sportscover will continue its growth in the products and markets over the coming years.

"The increase in capacity of the syndicate has been entirely in line with our original projections," he said. "Our growth has been controlled and sustainable and will continue in line with our plans. We have more recently added a number of new, highly talented and experienced underwriters to develop and expand our product lines."

Those new products include travel, which

has been overseen by Murray Anderson, and bloodstock, for which lead underwriter Robin Blunt was recruited from Brit Insurance. Simon Lyons was appointed to focus on expanding Sportscover's event contingency book, which has grown considerably since his arrival last year, including a significant book of U.S. event business.

"We only enter new business areas where we have conducted enormous amounts of research and where we can get high quality underwriters who know what they are doing," Riley said. "That is the strategy we have used to this point and that is not about to change."

Geographical Reach

From a geographical perspective, Sportscover has taken advantage of Lloyd's reinsurance license in China, writing business through Lloyd's Reinsurance Co. China Limited since it was established in 2007. It is also one of only four managing agents that have signed up to the new Lloyd's Insurance China Co., so that it can initially write sports contingency business on a direct basis.

Chris Nash and Murray Anderson are the current joint Active underwriters for the syndicate. Anderson concentrates on Europe, North America and South Africa while Nash is responsible for business in other parts of the world. "With the notable exception of Australia, our current main markets are all in Europe and North America," Nash said. "However, the opportunities for us to grow in Asia are enormous ... China is immensely exciting, and our business there is growing rapidly, as are a number of other countries in the region." ■

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Insurance Risks of Business Travelers

By Kathleen Ellis and Dominick Zenzola

Business travelers say there's no substitute for being there. Even though budgets are tight and new technology makes it easy for people to connect virtually anywhere, businesses understand that it is crucial for employees to meet with customers face-to-face and travel to events such as conferences, training workshops, sales meetings

selves in danger of getting hit with costly uncovered claims and related expenses.

Other types of insurance, such as an employee's health insurance or the company's foreign voluntary workers' compensation coverage, are often inadequate in these situations.

A good business travel accident program will consist of two key components: a travel assistance program as well as a business travel accident insurance policy.

Business Travel Trends

Businesses that send their employees out on trips in the United States or abroad need to prepare themselves for the possibility that something could go wrong.

In the last year, the trend in business travel spending has been improving, following a slump in 2009, and with it there has been a projected increase in the number of business trips as well.

Spending on global business travel rose 8.4 percent in 2010 after falling 7.8 percent in 2009, according to a report published in August by the GBTA Foundation, the research arm of the Global Business Travel Association. It is expected to grow another 9.2 percent in 2011, according to the report, The Global Business Travel Spending Outlook 2011-2015, sponsored by Visa.

At the same time, the number of business trips was expected to increase as well. Total business trips for the first quarter of 2011 were projected to increase 8.6 percent to 109.9 million compared with the same period a

year ago, according to a report released in January by the NBTA Foundation, the education and research arm of the National Business Travel Association.

For many businesses, the opportunity to get out and meet with clients is invaluable. Being there in person, however, is not without risk.

Risks of Business Travel

While there has been an increase in business travel spending and in the estimated number of business trips, unrest in many parts of the world has increased the risk of business travel.

In this past year alone, there have been uprisings throughout the Middle East — in Tunisia, Egypt, Libya and Syria. But it is not just the Middle East that has been in turmoil. The riots in London and other major cities in England in August were a reminder that even in the developed world, unexpected travel risks can arise.

Employees caught in the middle of a riot or uprising may find themselves trapped and unable to get out of the country safely. In a crisis situation, where there is violence in the streets, airports may be closed and roads may be impassable.

Business travelers can encounter similar problems in the event of natural catastrophes.

In the last two years, there have been earthquakes in Japan, New Zealand and Chile. Hurricanes, volcanoes and flooding also can create unsafe conditions, disrupt travel plans, and turn travel into a nightmare.

Although political and civil unrest can create hazardous conditions for business travelers, even a simple illness can take on much more serious dimensions when someone is away from home and unable to get fast, reliable medical treatment.

Coverages Fall Short

Insurance coverages such as an employee's health insurance or a company's foreign voluntary workers' compensation policy will often fall short in these situations.

Health insurance, for instance, may not provide coverage for all of the healthcare costs that are incurred outside of the United States. It also can do nothing to help employees who become ill while in a foreign country to find medical treatment or to help stranded employees get out of dangerous locations.

Foreign voluntary workers' comp covers the costs related to injuries but doesn't cover any of the other kinds of illness or emergencies that can arise while a person is traveling on business.

A comprehensive business travel accident program, however, is designed to respond specifically to the needs of the business traveler and to provide financial protection to their employers. The two key components to the business travel accident program are: travel assistance and travel accident insurance.

Travel Assistance

One of the keys to a safe trip, especially to potentially volatile

continued on page N18



and trade shows.

And yet, while most business trips are uneventful, medical emergencies and other kinds of crisis situations can still arise.

Far from home, in an unfamiliar location, business travelers may become sick or injured and be unsure of where to turn for assistance. Outbreaks of political and civil unrest around the globe also have made business travel more perilous.

Without a comprehensive business travel accident program, businesses put their employees at unnecessary risk and put them-

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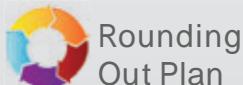
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Traveler, continued from page N16

locations overseas, is good planning. A travel assistance provider can help employees plan their trips so that they avoid taking unnecessary risks. Travel assistance providers have extensive knowledge about the destinations that employees plan to visit and can help guide travelers to safe locations and hospitals where appropriate medical care can be received. All of this information can be crucial in helping a company to make an informed decision about whether to send an employee to a certain location and where the employee should stay.

If, in spite of careful planning, employees find themselves in precarious situations, a travel assistance provider can help to get them out of the country quickly and safely.

If commercial flights are not available, they can arrange for chartered aircraft, for example. If the roads are unsafe and local taxis are too risky, the travel assistance provider can arrange for armored car service.

A travel assistance provider also can intervene to help employees who are sick or have been injured, making sure that they get to the nearest hospital that can provide appropriate care for the individual. The provider also can lend assistance in case the employee does not know the language and can take care of any fees that a foreign hospital might require before admitting a patient. Once the individual's condition is stable, the travel assistance provider can arrange for transport out of the country and back home again.

Travel Accident Insurance

While travel assistance helps to keep employees safe in the event of an emergency while traveling, travel accident insurance helps businesses to defray the costs of such emergencies.

The cost of a medical evacuation, in particular, can be very expensive. Because a medical evacuation may involve the use of an air ambulance aircraft, a nurse and other specialized equipment, the average claim is about \$50,000 and in some cases much more than that. A political evacuation, on the other hand, usually costs about \$5,000.

Consider the case of one employee who became ill while on a business trip in Papua,

New Guinea. The individual had to be evacuated to Australia to receive the appropriate medical care, but because of the size of the landing strip on the island, special medical evacuation flight arrangements were required. The total claim: \$57,692.

Travel accident insurance will help to cover the cost of these claims and will pay for out-of-country medical bills not covered under an employee's health insurance. Travel accident insurance may also cover other perils such as kidnap and ransom, and provide an accidental death benefit as well.

When choosing a business travel accident program, businesses should look for an insurer that has extensive experience working outside of the United States. The experience of the travel assistance company is also an important consideration and companies should make sure that the travel assistance

A good business travel accident program will consist of two key components: a travel assistance program as well as a business travel accident insurance policy.

provider has expertise in the locations where their employees will be traveling. The insurer, meanwhile, should have a strong branch network and a reputation for reliable, quality loss control and claims services.

Once a company has a business travel accident program, it should be sure to communicate all relevant information about the program and contact numbers to employees who will be traveling.

Most employees who travel on business stay healthy and safe and experience no life-threatening crises. But with the growing unrest and volatility in countries around the world, the risk associated with business travel has been increasing. Political unrest or a natural disaster can shut down air travel and strand employees far from home. In a medical emergency, employees may not know how to find medical help on their own and may need emergency transport back home.

A comprehensive business travel accident program that includes travel assistance as well as business travel insurance can help keep employees safe if there is a problem and provide companies with a measure of protection against unexpected and costly claims. ■

Ellis is a senior vice president of Chubb & Son and worldwide manager, Chubb Multinational Solutions. Zenzola is vice president, Chubb & Son, and group benefits manager, accident and health.

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Surplus Lines

Peter Levene, continued from page N8

amount of business. I mean, it's \$17 billion or \$18 billion. So even in American terms, that is a very big operation. So we're not exactly scrapping around in the U.S. to find another few pennies to add to it.

We're always looking for new business, but fortunately we have the enormous benefit of

a long history of business in the U.S., which is by far our biggest market in the world. What we would like to see is, in an ideal world, we would like to see the absolute amount of business that we do in the U.S. — and by business I mean, profitable business. We'd like to see the absolute amount

of business in the U.S. rise. We'd like to see that as a percentage of our overall business, fall. Because, you see, we have this wonderful business in the U.S., but our business in Europe, in comparison, is much smaller.

IJ: What are your views on the market now? Do you expect any change?

Levene: Yes, I can give you my precise views on that. I've been coming here (Reinsurance Rendezvous in Monte Carlo) for quite a long time now. And I've sat here and have had the identical discussion for at least the last five or six years, using the same words. So, that's where we are. ... But at the same time, you do get all these people coming back every year, so clearly they're not all going bust.

IJ: No, they are not.

Levene: Any logical process would say that you've got to make up. Two years ago, Lloyd's had an all-time, super-record year. Last year, it wasn't as big, but it was still pretty spectacular. We had about two billion pounds' profit. We aren't going to make that much money this year, but that's the way this market goes. ... But what nobody says is, "Oh, is Lloyd's going to be able to survive?" There's not even an issue of that.

IJ: Everybody's saying it's an earnings event, not a capital event.

Levene: Yeah, I know. But look, at the start of this year, we all sat around in January. I remember us saying, "What do we think is going to happen this year? Well, the market's lousy. The prices are lousy. What we really need is a big, market-turning event." Then what happened? We had these huge earthquakes and tsunamis in Japan, and we had Australia, we had New Zealand ... Well, there you are. There's your event. You know what they said? "It's not big enough." So I don't know what is big enough. What more do you want?

IJ: What are you going to do after you leave Lloyd's?

Levene: Well, I'm chairman of a would-be new bank. We'll see if that works. If it does, it'll take up quite a lot of my time. If it doesn't, I'll think of something else to do. ■

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Richard Bouhan, continued from page N9

part of my tenure that we dealt with — the first two decades.

Then we had this tax problem. Payment of taxes was always an issue and that became a major problem. The bigger the market, and the more multistate risks in particular became a part of surplus lines, the more the issue of how taxes got paid, how taxes were allocated, getting that done with certainty and clarity, and trying to figure out what the rules were — that became a bigger and bigger issue. We worked on that issue which culminated in the Nonadmitted Reinsurance Reform Act, which passed a year ago. For the last seven or eight years, we've been focused on that.

In addition, in 1999, the Gramm-Leach-Bliley act was passed, which created reciprocity requirements for surplus lines licensees. And that actually created a problem for us, because up until then few states had non-resident surplus lines licenses. GLB virtually forced the states into creating non-resident surplus lines licenses in every state. . . .

That, in the early part of this decade, was a big problem, trying to deal with these multiple state compliance problems that the multiple licensing created.

IJ: Despite the soft market, the surplus lines industry continues to outperform the overall property/casualty industry in terms of profitability. Why do you think that is?

Bouhan: First of all, it does have the freedom of rate reform, so it can price the products and design the products in a way that allows the company to manage its book of business a lot better than admitted companies can. Because it does have that freedom, it requires a much greater degree of underwriting than the admitted market. That is the way the companies exercise that freedom of rate and form by focusing on the underwriting. As a consequence, at the same time they have a lot of risks that are difficult to price, but with good underwriting, good talent, and smart management they are able to come up with good numbers every year. That's where the difference lies and why it's been so successful over the years.

IJ: I know that you're helping the new

executive director, Brady Kelley, with the transition through June 2012. But what are your plans for the future, after that transition?

Bouhan: I hope to keep my hands in the industry, perhaps in government relations, or the regulatory arena. I might do that. There

are a lot of mergers and acquisitions going on within this business, both on the company side and on the broker side. And I do know a lot about how these entities operate. I think I could make a contribution . . . I think there will be many things I can find to do, as we go forward. **■**

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The Insurance Professional's guide to Risk Management and Insurance

Christopher J. Boggs, CPCU, ARM, ALCM, LPCS, AAI, APA, CWCA, CRIS

2011 Fourth Quarter Schedule



October 5 – October 26

Green Risk Boot Camp and Training Series (4-part Series)

November 2

Inbox Detox – Don't Let E-mail Control You

November 9

What to Expect from Specialty Lines Claims

November 16

Getting 'Free' and Local Internet Listings

November 17

How to Read and Understand ANY Insurance Policy

December 1

Non-Optional Behaviors in Your Agency

December 7

Paying to Assure Steady Web Traffic

December 8 & December 15

Understanding Commercial Property Underwriting and the Use of 'COPE' (2-part Series)

December 14

Understanding and Applying Business Auto Symbols PLUS Just What is 'Mobile Equipment'?

Are You Among the Dying Breed?

Let's take a test. No, this is not a coverage analysis test or even a personality test; it's a "vocation choice opinion" test. Take a few minutes to "honestly" answer these seven questions. While this test is not scientific, it will be entertaining — and possibly revealing.

Job versus Career: When you think about the insurance industry, you consider what you do:

1. Something that gets in the way of my personal life
2. A job that allows me to pay my bills
3. A career that gives me the opportunity to help others

After Work: Which phrase best describes you upon arriving home at the end of the work day?

1. I drink heavily so I don't have to think about insurance
2. I completely forget about the day and don't think about work until the next day
3. I obsess over every minor detail and stay up half the night, falling asleep due simply to utter exhaustion
4. I enjoy my down time, but I do think through tough issues and problems until bed time

Career Options: If given the option, I'd be:

1. In any other industry where I could get paid
2. In insurance. There is no better industry

Career Importance: Which phrase best describes your opinion of the part insurance plays in the American economy?

1. I think the government should be the protector of all assets — personal and corporate
2. Insurance is a necessary evil; it is not a major factor on the economy

Grading the Test

To grade this test, add the points assigned to each answer (the number beside each answer is its point value) and multiply the total by five (5). The product will fall between 35 and 100. Your opinion of insurance as a career is found below:

90 - 100: Truly the last of a dying breed. You are a true insurance professional who looks for ways to improve yourself for the benefit of you, your employer, and your clients.

80 - 89: A potential difference maker. You border on having the passion necessary to be among those counted as true insurance professionals. Only one or two changes in ideology or practice and you will be among the greats of the industry.

70 - 79: Mr. or Mrs. Average. You are an average worker not trying or caring to make a difference. You don't do any more than is required of you. Insurance is just a job you're doing to pay the bills;

3. Insurance has its place; but the economy is not dependent on insurance
4. Without insurance, the economic engine of America will sputter to a halt

Customer Knowledge: My opinion about my customers and insurance:

1. The customer is always right even if they don't have all the information or facts
2. Where insurance is involved, the customer may make the final decision, but he can't be "right" unless he knows all the facts and information

Insurance Forms and Policy Language: Do you like reading and analyzing insurance policy forms?

1. No way. I'd rather be beaten
2. Yes. I find the differences in policy forms fascinating

Insurance Education: Which of the following best describes your opinion of insurance education?

1. I absolutely despise insurance education and resent having to go
2. Since I have to take CE, I look for the cheapest and easiest way to complete my required hours
3. I actually enjoy the opportunity to potentially learn something new. But I will only take courses that provide CE credits
4. Because insurance is fascinating and complex I look for every opportunity to learn. CE doesn't matter as long as I am better prepared to meet the challenges of this industry after the class

you really don't see this as a career. Unless something changes, your career will be unremarkable.

60 - 69: Attitude adjustment time. How you are still employed in insurance is amazing. Maybe you know something about someone and have the pictures to prove it. You are likely miserable and are just hanging around until you find something else you'd like to try. Insurance is not the industry for you.

Below 60: Get out now, if not sooner. You're not doing yourself, your employer, the industry, or your clients any favors. In fact, you are probably miserable and doing more harm than good. The industry and you would be better off if you moved on to another field. If this is not an option — a major attitude change is necessary to salvage you from utter destruction (personally and professionally).

Non-Scientific: Up front we said that this is not a scientifically created test. It is but a fun look at your feelings toward and about the insurance industry and insurance as a career.

Marine

Wanted: Industry Seeks Out Specialty Marine Brokers

By Donald Harrell

Two developments in the marine market have combined to create a tantalizing opportunity for wholesale brokers and managing general agents (MGAs) to serve the marine marketplace. While marine revenues remain fairly flat, many carriers have pared the number of offices serving their marine segments in the United States. Simultaneously, many senior marine insurance company executives are approaching retirement. As these two trends merge a dire need to fill the ranks of marine experts is forming quickly.

While there remain insurers with in-house marine expertise, an opportunity has arisen for intermediaries to develop internal infrastructures and in-house expertise in the technical aspects of the marine business. Assuming these developments, they could then partner with insurers to provide their marine products. The potential rewards may

be well worth the effort.

Indeed, by intermediately between carriers and clients, wholesalers and MGAs can boost their account placements and possibly generate additional income from such value-added services such as engineering, claims administration and loss prevention. Since these intermediaries are in a prime position to gather information from both sides of the transaction, they can guide a superior match between the client and carrier. This, in turn, may lead to better product offerings, thereby breeding greater customer satisfaction and higher revenues.

That's the promise for the excess and surplus lines marketplace. And it is certainly within the realm of the possible, if for no other reason than some insurance carriers are likely to invest less of their resources in their



marine segments and more in other property/casualty lines of business.

These insurers are either reducing their marine engineering, loss prevention and claims administration staffs, retracting their placements, or exiting the business. In their stead, wholesalers and MGAs are well positioned to provide needed infrastructure and intellectual specialization.

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Thirty to forty years ago, the marine market attracted many bright, young and talented executives who, through the decades, eventually climbed into senior management ranks. This intellectual capital is now nearing an age of retirement. Unfortunately for some carriers, there is not a substantial group of executives waiting in the wings to step up when this anticipated void occurs.

There's a reason for this. Over the past decade, several property/casualty lines of insurance like directors and officers liability (D&O) insurance and employment practices liability (EPLI) insurance burgeoned. Younger insurance professionals were drawn to these insurance segments for the sheer premium growth potential they represented, and the positive impact this would have on their careers and income.

At the same time, many property/casualty insurance carriers migrated in the direction of a general sales and service culture, and toward volume-based strategies. The carriers' rationale was largely financial: When compared to fast-growing lines like D&O and EPLI, niche products like marine did not offer the same return on capital.

Significant Resource Investment

The marine business commands significant resources, such as expensive, integrated engineering and claims services, and the commensurate skills to provide these services. Marine underwriters, claims specialists, engineers and loss prevention staff must be cognizant and conversant about the building and repairing of different types of ships, anticipated changes in global trade patterns, constant changes in maritime laws and regulations, and the nuances of shifting marine liability regulations worldwide, among other considerations.

The marine marketplace also is a hand-touch enterprise, meaning that it is much more client-involved than most other lines of property/casualty insurance. The business is of a highly transactional nature, and there are many small to medium-sized companies involved in the maritime industry.

continued on page N26

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Marine

Marine Brokers, continued from page N25

Finally, there is the economics of the marine insurance business. Although the marine market globally is estimated at a robust \$23 billion, it is not growing and has, in fact, been dormant for more than a decade. Global GDP is sluggish, imports and exports are flat, and there is a paucity of ships and shipping terminals being built worldwide. No one expects the business to break out of its slump any time soon.

Investment Challenges

In a soft insurance market, the challenge of underlying investments by carriers in all specialty product lines is the risk-adjusted return on capital, and with marine the numbers don't add up to advise expanded investments, at present. Consequently, a primary casualty lines manager with a plan to grow the business from \$50 million to \$100 million likely will get more attention than a marine manager's strategy to grow that market from \$50 million to \$70 million. When one notes the wide difference in profit margins

between the casualty and marine segments, and takes into account the finite nature of insurer resources, there is little question who will receive the go-ahead.

The sum of these myriad developments explains why the industry needs wholesalers and MGAs to step to the plate in a strategic alliance capacity. Insurers have no plans to restrict the provision of marine insurance products. It has just become too costly and time-consuming for some carriers to build infrastructures and skill sets to serve what is essentially a lower-margin, middle market business, when other segments seemingly offer a greater return on invested capital.

Not all carriers fit this paradigm, of course. Many carriers, reinsurers and syndicates have solid marine segments and continue to invest in building the business. Indeed, these are the very players who would benefit most from wholesalers and MGAs that are willing to partner with them to access the small and medium sized importer, exporter or marine-related operator.

Of course, this scenario is hinged in good part on the desire among MGAs and wholesale brokers to develop the skills and expertise required to become a marine specialist. While there are distinct opportunities for wholesalers and MGAs to fill the expected void in the marine segment, carriers will be reluctant to hand over the underwriting pen to such intermediaries unless they demonstrate the technical expertise, infrastructure, and underwriting culture and controls to serve the segment. Furthermore, they must have access to broad distribution.

The desire among carriers to partner with the intermediaries is relatively assured. Should a wholesaler or MGA to become an early mover in this new direction, doing what it takes to brand itself as a marine subject matter expert, financial benefits almost certainly will accrue. As always, the toughest part is taking the first step. **N**

Harrell is the senior vice president of marine at Liberty International Underwriters.

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Property Claims Adjuster II II

GuideOne Insurance - Indianapolis, IN

Office Claims Representative

HelpPoint Claims Services by Farmers

- Oklahoma City, OK

Water Mitigation Specialist

HSG/CodeBlue - Springfield, OH

Experienced Claims Representative/

Litigation & Complex Claim

ICW Group - Santa Clarita, CA

Claims Adjuster

ICW Group - Santa Clarita, CA

Executive Vice President - TPA

International Insurance Consultants, Inc.

- South Florida, FL

General Claims Adjuster - Work from Home and Company Car.

Kemper Preferred - Hartford, CT

Field Commercial Property Claims Specialist

Liberty Mutual Agency Corporation

- St. Louis, MO

Workers Compensation Claims Specialist

Liberty Mutual Agency Corporation

- Richardson, TX

Commercial General Liability Claims Specialist

Liberty Mutual Agency Corporation

- Richardson, TX

Healthcare Claims Coordinator

Lockton Insurance Brokers, LLC

- Los Angeles, CA

Claims Examiner

NAS Insurance Services, Inc. - Encino, CA

Property Litigation Specialist

Nautilus Insurance Group - Scottsdale, AZ

Workers' Compensation Claims Examiners / Supervisors

Pacific Recruiting - CA

General Property Adjusters

Privilege Underwriters Inc. - NY, NJ and CT

Insurance Claims Representative

Pro Network Group, Inc. - Baltimore MD

Home Owners Claims Specialist

QBE First - Chandler, AZ

Workers' Compensation Claims Adjuster

QBE the Americas - Multiple Locations

Property Claims Adjuster

QBE the Americas - Des Moines, IA

Field Property Claims Adjuster

QBE the Americas - Minneapolis, MN

General Adjuster

Quality Claims Management Corporation

- San Diego, CA (Mission Valley)

Business Development Public Adjuster

Quality Claims Management Corporation

- San Diego, CA (Mission Valley)

Auto Physical Damage Claims Representative

SECURA Insurance - Appleton, WI

Claims Management Specialist

Selective Insurance

- Anywhere / Peoria/Bloomington, IL

Claim Representative I, II or Senior Claim Representative

Sentry Insurance - Stevens Point, WI
Property Claim Adjuster / Multi-Line
 Syndicate Claim Services, Inc. - Kansas City, MO
Claim Supervisor
 Syndicate Claim Services, Inc. - Indianapolis, IN
File Reviewer
 Syndicate Claim Services, Inc. - Anywhere / (Work from Home)

Claim Dispatch Assistant
 Syndicate Claim Services, Inc. - Indianapolis, IN

Property Claim Adjuster / Multi-Line
 Syndicate Claim Services, Inc. - Lansing, MI

Property claims Catastrophe Regional / Traveling
 Syndicate Claim Services, Inc. - Des Moines, IA

Property Claim Adjuster / Multi-Line
 Syndicate Claim Services, Inc. - Columbus, OH

Property Claim Adjuster, Multi-Line
 Syndicate Claim Services, Inc. - Dayton, OH

Property Claim Adjuster, Mutli-Line
 Syndicate Claim Services, Inc. - Saint Louis, MO

Property Claim Adjuster, Multi-Line
 Syndicate Claim Services, Inc. - Duluth, MN

Property Claim Adjuster, Multi-Line
 Syndicate Claim Services, Inc. - Pittsburgh, PA

Property Claims Catastrophe Regional / Traveling
 Syndicate Claim Services, Inc. - Chicago, IL

Property Claim Adjuster / Multi-Line
 Syndicate Claim Services, Inc. - Toledo, OH

Property Claim Adjuster, Multi-Line
 Syndicate Claim Services, Inc. - Eau Claire, WI

Property Instructor, Commercial Insurance Claims
 Travelers - Windsor, CT

Property Instructor (Property Building Damage Estimating)
 Travelers - Windsor, CT

Senior Coverage Counsel, Construction Defect
 Travelers Insurance - Walnut Creek, CA

Workers Compensation Claims Adjuster
 Travelers Insurance - Diamond Bar, CA

Workers' Compensation Claim Professional Trainee
 Travelers Insurance - Diamond Bar, CA

ADP Appraiser, Work from Home and Company Car
 Unirin Specialty - Fresno, CA

APD Auditor, Unirin Specialty
 Unirin Specialty - Dallas, TX

Auto Physical Damage (ADP) Appraiser/Auto Estimator
 Unirin Specialty - Bakersfield, CA

Experienced PIP and or PIP Litigation Adjuster
 Windhaven Insurance / Managers Inc. - Miami, FL

Claims / Legal
Work Comp Hearing Representative
 ICW Group - Los Angeles, CA

Client Service
Private Client Advisor
 Marsh - Los Angeles, CA

Compliance

Compliance Analyst
 Meadowbrook Insurance Group - Southfield, MI
Senior Statistical Reporting Analyst
 Meadowbrook Insurance Group - Southfield, MI

Consulting

Statistical Analyst - Data Services
 Perr&Knight, Inc.
 - Pacific Palisades / Santa Monica, CA

CSR / Customer Service

Account Manager / CSR
 Acentria, Inc. - FL
Customer Service Representative
 Al BoenKer Insurance Agency, Inc.
 - Fort Worth, TX
Surety Bond CSR / Administrative Assistant
 Alamo Surety Bonds - San Antonio, TX
Insurance Account Representative
 Arthur J. Gallagher Risk Management Services, Inc. - Garden City, NY
Insurance Account Representative

Arthur J. Gallagher Risk Management Services, Inc. - Garden City, NY (Long Island)

Customer Service
 Beaver State Insurance Agency - Salem, OR

Commercial CSR Wanted
 Bill Terry Insurance - Santa Barbara, CA
Commercial and Personal Lines Agent
 Calvista Insurance Agency, Inc. - Hollister, CA

Customer Service Administrator
 Dawn L McIntosh Insurance Agency Inc - Portland, ME

Commercial Lines Account Manager
 Elliott Powell Baden & Baker - Portland, OR

Personal Lines Customer Service Representative

Emery & Webb, Inc. - Poughkeepsie, NY

Customer Service Associate

Farmers Insurance - Olathe, KS

Commercial Service Advocate

Farmers Insurance - Grand Rapids, MI

Commercial Lines CSR Assistant

First Service Insurance Agents & Brokers, Inc. - Roseville, CA

Customer Service Representative

Global Financial & Insurance Services, Inc. - Irving/Las Colinas, TX

Personal Lines Account Manager

Guaranty Insurance Services - San Antonio, TX

Customer Service Associate

HelpPoint Claims Services by Farmers - Oklahoma City, OK

Select Business Unit Account Manager

Hotchkiss Insurance Agency LLC - Carrollton, TX

Underwriting/ CSR assistant

J. Williams Insurance Agency, Inc. - Braintree, MA

Customer Service Representative - FT/PT

James Zander & Associates - Dallas, TX

Project Coordinator - Commercial Insurance Department

Lockton Insurance Brokers, LLC - Los Angeles, CA

Property & Casualty Account Manager

M&T Insurance Agency, Inc. - Buffalo, NY

Reception & Customer Service

McLure Insurance Brokerage - Tustin, CA

Personal Lines Customer Service Representative

Melcher & Prescott Insurance - Laconia, NH

General Office / CSR

N J Maltz Insurance Services - Granada Hills, CA

Benefits Department Account Executive

Neely Craig & Walton LLP - Amarillo TX

Account Manager

Orion Risk Management Insurance Services, Inc. - Corona, CA

Insurance Service Representative

PCG Agencies, Inc. - Minneapolis, MN

Independent agency seeks SUPER-STAR CSR

Premier Protection Insurance Services - Fort Lauderdale, FL

Customer Service Agent

Unitrin Direct - Scranton, PA

Technical Support for Comparative Rating System

Webcetera - Flower Mound, TX

Independent Agency Customer Service Representative

Wilson Insurance Agency Inc - Spokane, WA

Commercial Account Manager

Yates Insurance Inc - Annapolis, MD

Education

Senior Director of Knowledge Resources
 The Institutes - Malvern, PA

Finance

Financial Analyst

AAA Auto Club South - Tampa, FL

Financial Analyst

Confidential - White Plains, NY

Property and Casualty Actuarial Manager

Darwin Rhodes US - Chicago, IL

Property & Casualty Actuarial Senior Consultant

Darwin Rhodes US - New York, NY

Sr. Accountant - Regulatory Compliance

Farmers Insurance Group - Mercer Island, WA

Finance Director

International Insurance Consultants, Inc. - Ft. Lauderdale, FL

Senior Actuarial Analyst

Liberty Mutual Agency Corporation - Waukesha, WI

Lead Financial Analyst

Liberty Mutual Agency Corporation - Richardson, TX

Financial Representative

Modern Woodmen Fraternal Financial - Pasco County Area

Accounting Administrative Assistant

NAS Insurance Services, Inc. - Encino, CA

Senior Staff Accountant

Privilege Underwriters Inc. - White Plains, NY

Small Business Underwriter II

Selective Insurance Company of America - Branchville, NJ

Accounting Manager

Sequoia Insurance Company - Monterey, CA

Deputy Director, Financial Regulation & Solvency

South Carolina Department of Insurance - Columbia, SC

Financial Analyst Manager, Unitrin Direct

Unitrin Direct - Chicago, IL

Business / SAS Analyst, Unitrin Direct

Unitrin Direct - Plymouth Meeting, PA

Senior Financial Analyst

USI Insurance - Houston, TX

Sr. Staff Acct. Accounts Receivable

USI Insurance Services - Norfolk, VA

Staff Accountant Direct Bill

USI Insurance Services - Norfolk, VA

Financial Reporting Manager

Zurich Insurance - New York, NY

Governance & Internal Audit

Senior Vice President of Internal Affairs

IR Group Companies - 8 CA Locations

Human Resources

Human Resources

International Insurance Consultants, Inc. - Rye, NY

HR Compensation Analyst

QBE the Americas - Sun Prairie, WI

Information Technology

Java Software Engineer

21st Century Holding Company - Fort Lauderdale, FL

Entry Level Programmer Analyst

California Casualty - Glendale, AZ

Director of Information Technology, Claims and Corporate

Confidential - Southeast US

Business Systems Developer / Analyst

Emerson Reid & Company - New York, NY or Elmwood Park, NJ

Web Developer

Fidelity National Insurance Services, Inc. - Saint Petersburg, FL

Software Developers

Founders Insurance Company - Des Plaines, IL

Help Desk Support Technician

Founders Insurance Company - Des Plaines, IL

Systems Infrastructure Manager

International Insurance Consultants, Inc. - Pompano Beach, FL

Project / Program Manager, Kemper Services Group

Kemper Services Group - Dallas, TX

Director of Enterprise Quality Assurance

Kemper Services Group - Jacksonville, FL

Director of Enterprise Quality Assurance

Kemper Services Group - Dallas, TX

Business Analyst

QBE the Americas - Sun Prairie, WI

Business Analyst (Personal Lines)

QBE the Americas - Sun Prairie, WI

Programmer / Analyst

SCJ insurance Services - Pleasanton, CA

Senior Flex Developer

StoneRiver - Rolling Meadows, IL

Senior C# Software Developer

StoneRiver - Rolling Meadows, IL

Senior .Net Programmer

StoneRiver - Cedar Rapids, IA

Senior Web Application Developer

StoneRiver - Cedar Rapids, IA

Chief Information Officer

The Jacobson Group - Mid-Atlantic

Director IT Claims & Corporate

The Main Street America Group - Jacksonville, FL

Application Architect

The Main Street America Group - Jacksonville, FL

Database Administrator

The Main Street America Group - Jacksonville, FL

Technology Architect

The Main Street America Group - Jacksonville, FL

Application System Analyst

The Main Street America Group - Keene, NH

Claim Representative - Commercial Property & Homeowners

The Main Street America Group || National Grange Mutual - Auburn, MA

Customer Experience Director, Unitrin Direct

Unitrin Direct - Chicago, IL

Customer Experience Analyst, Unitrin Direct

Unitrin Direct - Chicago, IL

Web Application Developer II, Unitrin Direct

Unitrin Direct - Plymouth Meeting, PA

Specialty

Unitrin Specialty - Dallas, TX

SAP FICO Analyst

USI Insurance Services - Briarcliff Manor (Westchester County) NY

Business Systems Analyst

USI Insurance Services - Philadelphia, PA

Insurance

Insurance Administrative Assistant

NAS Insurance Services, Inc. - Encino, CA

Loss Control

Senior Loss Control Consultant

Chartis Insurance - San Francisco, CA

Safety, Loss Control / Prevention Consultant

Consolidated Risk Management Inc. - Long Island, NY

Safety / Loss Control Consultant

Consolidated Risk Management Inc. - Central NJ and surrounding area

Safety Consultant

Consolidated Risk Management Inc. - Greater New York area

Entry Level Programmer Analyst

Consolidated Risk Management Inc. - Central NJ and surrounding area

Safety Control Consultant - Kansas

United Heartland - Field Position

Loss Control Consultant - South of Chicago

United Heartland - Field Position

Loss Control Consultant - Nebraska

United Heartland - Field Position

Information Technology

Loss Prevention

Loss Prevention Specialist

Carolina Casualty Insurance Group, LLC - Dallas/Austin TX area

Management

Personal Lines Inside Sales

Al Boenker Insurance Agency, Inc. - Fort Worth, TX

Claims Examiner - Auto

Alliance Member Services - East Coast

Auto Insurance Product Manager

Empower Insurance - Fort Worth, TX

Claims Manager

FARA - Baton Rouge, LA

Commercial Customer Service Manager

Farmers Insurance - Grand Rapids, MI

Commercial Service Manager

Farmer Insurance Group - Austin, TX

Personal Lines Underwriting Manager

Grange Insurance Association - Seattle, WA

Assistant Vice President/Assistant Branch Manager

NIF Group, Inc. - Warwick, RI

Loss Control Director

Sequoia Insurance Company - Monterey, CA

President of a Nationally Recognized Insurance Association

The Jacobson Group - Midwest

President

The Jacobson Group - San Antonio, TX

Claims Field Unit Manager - Casualty

The Main Street America Group - National

Grange Mutual - Auburn, MA

Sr. Vice President of Product Development & Actuarial

Virginia Farm Bureau - Richmond, VA

Marketing

Regional Marketing Manager

BancorpSouth Insurance Services, Inc.

- Houston, TX

Marketing Representative - Medical

Malpractice

CJ Walsh Group - MRI Network - Boston, MA

Marketing and Sales Assistant

Dawn L McIntosh Insurance Agency Inc

- Portland, ME

Marketing Specialist

Elephant Insurance Services - Glen Allen, VA

State Specialist (Market Researcher)

Elephant Insurance Services - Glen Allen, VA

Commercial Wholesaler

Farmers Insurance - Seattle, WA

National Marketing Manager

Federated National Insurance Company (subsidiary of 21st Century Holding Company)

- Fort Lauderdale, FL

Industry Marketing Manager, Insurance

Hyland Software, Inc. - Westlake, OH

Binding Authority / Program Developer

International Insurance Consultants, Inc.

- Baltimore, MD

Marketing Representative

Kemper - Long Island, NY

Director of National Accounts, Kemper

Preferred - Jacksonville, FL

Commercial Lines Territory Manager

Liberty Mutual Agency Corporation

- Warrenville, IL

Property/Casualty Wholesale Broker

Mercator Risk Services a Division of Preferred Concepts LLC - Preferred Concepts, LLC

Marketing Representative

Multi-State Insurance Services, Inc.

- Houston, TX

Marketing Executive Assistant

NAS Insurance Services, Inc. - Encino, CA

Personal Lines Account Manager

Prentiss Insurance Services - Anaheim Hills, CA

Administrative Assistant

RLI Insurance company - Atlanta, GA

Marketing/Claims Specialist

Roeding Insurance - Crestview Hills, KY

Assistant Vice President of Marketing

Unitrin Direct - Chicago, IL

Operations

See full detailed job descriptions and more at ijmag.com/jobs

Operations Analyst

AXIS Specialty US Services Inc. - St. Paul, MN

Other

Head of Predictive Analytics

ACE - Philadelphia, PA

Senior Product Analyst

Everest Security Insurance Company

- Alpharetta, GA

Commercial Product Manager

Farmers Insurance Group - Independence, OH

Product Manager - General Liability

Liberty Mutual Agency Corporation

- Seattle, WA or Cincinnati (Fairfield), OH

Business Analyst II

Liberty Mutual Insurance Group - Seattle, WA

Product Analyst

Liberty Mutual Insurance Group - Seattle, WA

Product Management

Merchants Insurance Group - Buffalo, NY

PT IT Customer Support Representative

Merchants Insurance Group - Buffalo, NY

Rate Analyst

MutualAid eXchange (MAX) - Overland Park, KS; Anywhere

Vice President of Product Management -

Personal Lines

The Jacobson Group - Northeast

Pricing

Pricing Manager

Elephant Insurance Services - Glen Allen, VA

Product

Insurance Product Analyst

Farmers Insurance Group - Woodland Hills, CA

Commercial Product Manager

Farmers Insurance Group - Woodland Hills, CA

Director of State Operations

Safeco - Seattle, WA

Product Development

Regional Product Director, Kemper Preferred

Kemper Preferred - Jacksonville, FL

Senior Product Analyst, Kemper Preferred

Kemper Preferred - Jacksonville, FL

Actuarial Analyst II, Kemper Services Group

Kemper Services Group - Chicago, IL

Product Regulatory Counsel

- Auto, Property & Package

Kemper Services Group - Jacksonville, FL

Product Analyst / Sr. Product Analyst

Unitrin Direct - Tampa, FL

Product Manager, Unitrin Direct

Unitrin Direct - Chicago, IL

Product Management

Product Manager, Workers' Compensation

ICW Group - San Diego, CA

Vice President, Commercial Lines Product

Management

Liberty Mutual Agency Corporation

- Seattle, WA

Project Management

Project Manager - Property and Casualty

Insurance Innovation Group - United States

Regional Leadership

Regional Vice President

Montgomery Insurance, a Liberty Mutual

Company - Nashville, TN

Regulation

Part-Time Life & Health Actuary

Arianna Department of Insurance - Phoenix, AZ

Worker's Compensation Associate Product

Manager

ACE Group - Philadelphia, PA

Risk Management

Risk Management Services Supervisor

Berkley Mid-Atlantic Group, LLC

- Harrisburg, PA

Risk Manager

Confidential - Northern CA (Sacramento area)

Loss Control Representative

United Fire Group - St. Cloud / Minneapolis,

Risk Management Director

USI - Woodland Hills, CA

Risk Management/Consulting

Risk Consultant

Federated Mutual Insurance - Great Lakes, USA

Sales

Commercial Lines Property & Casualty

Producer A.E. Barnes & Co. Insurance Agency, Inc.

- Weymouth, MA

Property & Casualty Insurance Sales Agent

AAA NCNU - Las Vegas, NV area

Seeking Licensed Agents to Work Existing

Major Accounts

ACE Benefits Group Retirement and Insurance Services - Los Angeles, CA

Territory Manager - ACE Small Commercial

Insurance Chicago ACE Group - Chicago, IL

Territory Manager - Small Commercial

- Philadelphia ACE Group - Philadelphia, PA

Account Managers/CSRs Needed

Acentria, Inc. - FL

Producers

Acentria, Inc. - FL

Personal Lines

The Jacobson Group - Northeast

Insurance Agent

Advance Insurance - Las Vegas, NV

Allstate Exclusive Agency Owner

Allstate Insurance Company - Denver, CO;

Kansas City, KS; Overland Park, MO; St Louis, MO; Des Moines, IA; Lincoln, NE

Wanted - Million Dollar P&C Producer

American Agency Insurance Services Inc.

- Pennsauken, NJ

Inside Sales Associate

Ameriprise Auto & Home Insurance - Phoenix, AZ

AZ Sales Agent - P&C Answer Financial

- Encino, CA or Oak Ridge, TN (Knoxville)

Personal Lines Sales

Arroyo Insurance Services - Pasadena /

Glendale, CA

Insurance Sales Producer

Arthur J. Gallagher Risk Management Services, Inc.

- Columbia, MD / Stamford, CT / Philadelphia, PA / Harrisburg, PA

Account Executive - Insurance Sales

Avalon Risk Management - New York City, NY

Commercial Property and Casualty Producer

BancorpSouth Insurance Services, Inc.

- Houston, TX

Commercial Insurance Sales

BJW - Oakland, CA

Life Insurance Financial Representative

Brooks Insurance Agency, Inc. - Phenix City, AL

Select Commercial Lines Account Manager

Business Career - Eugene, OR

Producer for Willamette Valley, OR

Commercial Construction Account Manager

Business Careers - Portland, OR

Small Commercial Account Manager

Business Careers - Medford, OR

Personal Lines Account Manager

Business Careers - Medford, OR

Independent Brokerage Sales Manager

Business Careers - Eastern WA area

Commercial Producer

Business Careers - Seattle, WA

Producer

Clark-Lami-Hembree Insurance - St. Louis, MO

Property & Casualty Broker - Commercial

Lines CMR Risk & Insurance Services, Inc.

- San Diego, CA (Mission Valley)

Life Insurance Agent

Community Insurance Services - Laurel, MD

Commercial P&C Producer

Confidential - Bakersfield, CA / Anywhere

Commercial Lines Producers

Confidential - La Quinta, CA

Personal Lines Producer

Confidential - La Quinta, CA

Commercial Lines Producer

Confidential - Concord, CA

Commercial Lines Producer

Confidential - Concord, CA

Personal Property & Casualty Producer

Confidential - La Quinta, CA

Commercial Lines Producer

Confidential - La Quinta, CA

Sales Professional - Southern California,

San Diego CRDN - San Diego, CA

Small Business Insurance Sales

CS Insurance Strategies - Chicago, IL

Commercial Appointment Setter

Douglas Seid Insurance Agency, Inc.

- Scottsdale, AZ

Independent Agent

Eastway Insurance Agency, Inc.

- Syracuse/Rochester/Buffalo NY

Truck Insurance Sales Producers

Easy Truck Insurance Services, Inc.

- CA and western states

Agent Opportunity

Farmers Insurance - Northern VA /

Washington, DC Metro

Agent Candidate

Farmers Insurance - East Palo Alto, CA

Agency Ownership Opportunity

Farmers Insurance - Cherry Hill, NJ

Sales Agency Manager - Insurance & Financial

Farmers Insurance - Silicon Valley District Office

- Palo Alto, CA

Insurance and Financial Services Agent

Farmers Insurance Group - Chicago, IL

Insurance Sales Agent

Farmers Insurance Group - Milwaukee

AgencyPoint - Milwaukee, WI

Insurance Sales Agent / Insurance Sales Representative

Farmers Insurance Minneapolis AgencyPoint

- Bloomington, MN

Insurance Sales Agent

Farmers Riverside AgencyPoint - Riverside, CA

440 Insurance Agent - Florida

Freedom Insurance Agency, Inc. - Plantation, FL

Insurance Producer Wanted for Harford

County Agency

Fuller & Associates Insurance - Harford, MD

Territory Manager

Gainsco Auto Insurance - Tampa, FL

Insurance Producer Personal Lines and

Marine

Hayden Insurance Services - Newport Beach, CA

Commercial Insurance Producer (P&C)

Heffernan Insurance Brokers - Petaluma, CA

Commercial Lines Sales Agent

Hotchkiss Insurance Agency LLC

- Carrollton, TX

Commercial Lines Sales Agent

Hotchkiss Insurance Agency LLC - Houston, TX

Commercial Lines Sales Agent

Hotchkiss Insurance Agency LLC

- San Antonio, TX

Insurance Agent - Commercial

Insurance Partners Inc - Orange County CA,

- Los Angeles County CA

Agent for Personal Line production

Insurance Plus Agencies Inc. - OH

Insurance Agent/CSR

Insure Link (subsidiary of 21st Century Holding Company) - Fort Lauderdale, FL

Agency Salesperson

Integrity Insurance of Florida - Bradenton, FL

Insurance Sales

ISU Insurance Services Thomas Bergin Agency

- Thousand Oaks, CA

Licensed Agent/Broker

MetLife Auto & Home® Insurance Sales - MA
 MetLife Auto & Home®
 - MA - multiple locations
 MetLife Auto & Home® Insurance Sales - RI
 MetLife Auto & Home® - RI - multiple loc
 MetLife Auto & Home® Insurance Sales - NH
 MetLife Auto & Home® - NH - multiple loc.
 MetLife Auto & Home® Insurance Sales - WI
 MetLife Auto & Home® - WI - multiple loc.
 MetLife Auto & Home® Insurance Sales - KY
 MetLife Auto & Home®
 - Northern KY - multiple loc.

MetLife Auto & Home® Insurance Sales - IA
 MetLife Auto & Home® - West Des Moines, IA
 MetLife Auto & Home® Insurance Sales - GA
 MetLife Auto & Home® - Marietta, GA
 MetLife Auto and Home - Lincoln, NE
 Auto and Home Insurance Sales

MetLife Auto and Home - Phoenix, AZ
 Auto and Home Insurance Sales
 MetLife Auto and Home - San Antonio, TX
 Auto and Home Insurance Sales

MetLife Auto and Home - Austin, TX
 Auto and Home Insurance Sales
 MetLife Auto and Home - Salt Lake City, UT
 Auto and Home Insurance Sales
 MetLife Auto and Home - Lincoln, NE
 Financial Representative

Modern Woodmen Fraternal Financial - Tampa Bay Area

Territory Sales Vice President
 Networked Insurance Agents - North/South CA
 and Salt Lake City, UT

CSR/Producer Personal Lines
 NewMark Insurance Services, LLC - Austin, TX

Contractor Bond Producer / Manager
 Pacific Recruiting - Anchorage, AK

Insurance Broker Producers
 Pacific Recruiting - 70 openings

Personal Lines Insurance Sales Rep.
 PCG Agencies, Inc. - Minneapolis, MN

District Sales Manager
 Phoenix Mutual Fire Insurance Company
 - Columbia - Greenville, SC

Commercial Producer
 Prentiss Insurance Services

- North Orange County CA

Commercial lines Account Manager
 Pro Network Group, Inc. - Gaithersburg, MD

Personal Lines Customer Service / Sales
 Associate
 Pro Network Group, Inc. - Pasadena, MD

Territory Sales Manager
 Pro Network Group, Inc. - Eastern PA

Broker
 Regional Excess Underwriters, LLC

- Richmond, VA

Property Casualty Commercial Producer
 Risk Management Council, Inc. - Towson, MD /
 Anywhere

Benefited Advisor, Salaried
 Roper Insurance - Denver, CO

Broker / Underwriter
 RSI International Inc. (Missouri) - Midwest

Private Client Insurance Sales Opening
 Seitin Insurance & Advisory Services
 - Miami, FL

Personal Insurance Salesperson
 Semion Insurance - Louisville, KY

Sales Specialist

Sentry Insurance - Bakersfield, CA;
 Santa Barbara, CA; San Luis Obispo, CA

Sales Specialist
 Sentry Insurance - Minneapolis/St. Paul, MN

Program Director, Small Commercial
 The Hartford - Hartford, CT

Marketing Underwriter Commercial Select
 Travelers Insurance - Colorado Springs, CO

Sales Producer

Treadway Insurance, LLC - Metairie, LA

Sales Agent

Unitrin Direct - Scranton, PA

Commercial P&C Producer
 USI Insurance - Fort Lauderdale, FL

Commercial P&C Producer

USI Insurance - Tampa, FL

Commercial P&C Producer

USI Insurance - Memphis, TN

Commercial P&C Practice Leader

USI Insurance - Falls Church, VA

Commercial P&C Producer

USI Insurance - Richmond, VA

Commercial P&C Producer

USI Insurance - Allentown, PA

P&C Producer

USI Insurance - Houston, TX

Senior Account Manager, Commercial Lines

USI Insurance - Dallas, TX

Employee Benefits Producer

USI Insurance - Houston, TX

Insurance Sales Agent/ Account Executive

Varsity Insurance Group - Houston/Austin TX

Underwriting

Commercial Lines Underwriting Assistant

Acadia Insurance Company

- Rocky Hill, CT

Senior Underwriter

Acadia Insurance Company LLC - Valhalla, NY

Underwriting Assistant

Accident Insurance Company - Kennesaw, GA

GL Underwriter

Accident Insurance Company - Kennesaw, GA

Assistant Vice President

ACE Foreign Casualty - San Francisco

Vice President, UW Regional Manager ACE

Foreign Casualty

ACE Group - Chicago, IL

Sr. Crop Insurance Underwriter

Agrilistic Insurance Services - Arlington, TX

Sr. Crop Insurance Specialist

Agrilistic Insurance Services - Omaha, NE

Underwriter

Alliance Member Services - East Coast

Underwriting Assistant

Alliance Member Services - Santa Cruz, CA

Inland Marine Sr. Underwriter

Allianz Global Corporate & Specialty

- Minneapolis, MN or Chicago, IL

Homeowners Claims Manager

American Claims Management - Carlsbad, CA

Multi-Line Underwriters

AmTrust Financial Services, Inc. - Cleveland, Chicago, Nashu (NH), Atlanta, New York (Albany), Florida (Boca), California (S.F, Irvine),

Underwriter Associate

Arthur J. Gallagher Risk Management Services, Inc. - Media, PA

Underwriter Assistant

Bass Underwriters, Inc. - Gainesville, FL

Underwriter Assistant

Bass Underwriters, Inc. - Mobile, AL

Life Science Associate

Berkley Life Sciences, LLC - Walnut Creek, CA

Admitted Underwriting Associate

Berkley Life Sciences, LLC - Ewing, NJ

Transportation Underwriter

Berkley Mid Atlantic Group, LLC - Richmond, VA

Underwriting Assistant

Berkley Mid-Atlantic Group, LLC - Harrisburg or Pittsburgh, PA

Senior Underwriter

Berkley Mid-Atlantic Group, LLC - Richmond, VA

Underwriting Supervisor

Berkley Mid-Atlantic Group, LLC - Pittsburgh, PA

Senior Underwriter

Builders Insurance Services, LLC - CA

Commercial Lines Senior Underwriter

California Capital Insurance Group

- Ventura, CA

Commercial Lines Underwriter

California Capital Insurance Group

- Bay Area, Campbell CA

Underwriter

Carolina Casualty Insurance Group, LLC

- Jacksonville, FL

Product Development and Government

Relations Analyst

Century Insurance Group a division of

Meadowbrook Ins. Group - Westerville, OH

Underwriter

Century Insurance Group a division of

Meadowbrook Insurance Group - Scottsdale, AZ

Senior Property Underwriter

Chartis - Los Angeles, CA

Senior Production Specialist

Chartis Insurance - San Francisco, CA

Assistant Vice President (Job

requisition #60216)

Chartis Insurance - San Francisco, CA

Senior Property Underwriter (Multi-National
 al Experience)

Chartis Insurance - San Francisco, CA

Medical Malpractice Underwriter

CJ Walsh Group-MRI Network-Philadelphia, PA

Marketing Underwriter

CJ Walsh Group - MRI Network

- Minneapolis, MN

E&S Property Underwriter

CJ Walsh Group / MRI Network - Denver, CO

Personal Lines Account Manager

Confidential - White Plains Area

- Westchester, NY

Commercial Senior Underwriting Service

Consultant

Farmers Insurance - Grand Rapids, MI

Commercial Underwriting Service Advocate

Farmers Insurance - Grand Rapids, MI

Commercial Underwriting Service

Consultant

Farmers Insurance - Grand Rapids, MI

Commercial Underwriter

Farmers Insurance Group - Austin, TX

Commercial Sr. Underwriter

Farmers Insurance Group - Hicksville, NY

Commercial Sr. Underwriter

Farmers Insurance Group - Atlanta, GA

Commercial Lines Underwriter

Founders Insurance Company - Des Plaines, IL

Wholesale Broker

FTP Inc - Old Bridge, NJ

Underwriting Specialist - Trucking and

Commercial Auto

Great American Insurance Grp - Cincinnati, OH

Assistant Underwriting Manager

Greater New York Mutual Insurance Company

- East Brunswick, New Jersey

Underwriter

Greater New York Mutual Insurance Company

- New York, NY

Production/Marketing Underwriter

Greater New York Mutual Insurance Company

- Albany, NY

Account Executive / Senior Acct. Executive

Guilford Specialty Group, Inc. - Hartford, CT

Underwriting Assistant,

Workers' Compensation

ICW Group - Pleasanton, CA

Environmental Underwriting

International Insurance Consultants, Inc.

- Dallas, TX / Houston, TX

Casualty Underwriting Officer

International Insurance Consultants, Inc.

- New York, NY

Auto Underwriting Executive

International Insurance Consultants, Inc. - New

York, NY

Business Opportunity

International Insurance Consultants, Inc.

- Location Open

CUO / Global Personal Lines Executive

International Insurance Consultants, Inc.

- New York, NY

Product Recall Officer

International Insurance Consultants, Inc.

- New York, NY

A&E / Misc. Professional Liability

Underwriting

International Insurance Consultants, Inc.

- Atlanta, GA

AVP/VP Professional Lines - Private Equity

Segment

International Insurance Consultants, Inc.

- New York, NY

Travel Underwriting Executive

International Insurance Consultants, Inc.

- Location Open

California Regional Executive

International Insurance Consultants, Inc. - CA

Workers Compensation Underwriting

Officer

International Insurance Consultants, Inc.

- New York, NY

Manager Regulatory Compliance

International Insurance Consultants, Inc.

- NJ, GA, TX

Chief Underwriting Officer - Workers

Compensation

International Insurance Consultants, Inc.

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News&Markets

Supreme Court to Hear Federal Healthcare Mandate

The Obama administration cleared the way for the Supreme Court to decide in its 2011-12 term the president's signature healthcare law that requires Americans to buy insurance or face a penalty.

A Justice Department spokeswoman said it decided against asking the full U.S. Appeals Court for the 11th Circuit to review

the August ruling by a three-judge panel of the court that found the requirement unconstitutional.

The decision not to seek review by the

full appeals court will likely speed up consideration of the matter by the high court in its 2011-12 term that begins in early October. A ruling could come by late June, in the middle of the presidential campaign.

The Supreme Court has long been expected to have the final word on the legality of the individual mandate, a cornerstone of President Barack Obama's healthcare law. A big uncertainty has been over when the

court would decide the issue.

The law's fate before the nine-member court, closely divided with a conservative majority and four liberals, could come down to two Republican appointees, Chief Justice John Roberts and Justice Anthony Kennedy, legal experts have said.

The 11th Circuit appeals court, based in Atlanta, ruled by a 2-1 vote last month in favor of 26 states and others who challenged the mandate for exceeding the power of Congress. The Obama administration could have asked the full U.S. 11th Circuit Court of Appeals to reconsider its decision. But that could have pushed back any Supreme Court ruling to its 2012-13 term.

The 2-1 ruling conflicted with other appeals courts that have upheld the law or have rejected legal challenges, including a lawsuit by the state of Virginia which was dismissed on procedural grounds.

A U.S. appeals court based in Cincinnati ruled Congress had the power to adopt the individual mandate, which takes effect in 2014. The losing side in that case, the Thomas More Law Center, already appealed to the Supreme Court in July. **W**

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Warning: Insecticides Can Be More Dangerous Than Bedbugs

Bedbugs don't make people sick. But the poisons used to kill them can.

A new government study has found that dozens of Americans have fallen ill from the insecticides, and a North Carolina woman died after using 18 cans of chemical fogger to attack the tiny blood suckers.

Because many of the cases, including the lone death, were do-it-yourselfers who misused the chemicals or applied the wrong product, federal health officials are warning consumers to be careful and urging them to call professionals.

The report by the Centers for Disease Control and Prevention counted 80 illnesses and one death linked to the insecticides over three years. Most of the cases were in New York City, the apparent epicenter of a recent U.S. bedbug comeback.

The CDC was able to get data from 12 states, and only seven had reports of such illnesses.

One was New York, where bedbugs have become a highly publicized problem and where health officials have also been extra vigilant about reporting unusual chemical poisonings.

Investigators were relieved to find a relatively small number of cases.

"At this point, it's not a major public health problem," said Dr. Geoff Calvert, a CDC investigator who co-authored the study.

Bedbugs are wingless, reddish-brown insects that bite people and animals to draw blood for their meals. Though their bites can cause itching and welts, they are not known to spread disease.

Researchers in the CDC study reviewed reports from California, Florida, Michigan, North Carolina, New York, Texas and Washington.

They counted 111 cases from 2003 through 2010. Most occurred in the last few years, when bedbug reports rose across the country. More than half were in New York City. **W**

Wells Publishing to Launch New Claims Journal Magazine

Wells Publishing Inc. has plans to launch *Claims Journal* magazine, a quarterly publication targeting claims professionals in the property/casualty insurance industry. The new magazine, scheduled to launch the first quarter of 2012, is an offshoot of the Web site *ClaimsJournal.com* also operated by Wells Publishing.

Claims Journal magazine will deliver news and analysis on a wide range of claims related topics. In addition, several regular features will provide ongoing reporting on fraud research and investigations, coverage analysis for claims personnel, management advice, and important statistics and trends.

Andrea Ortega-Wells, editor-in-chief of the award-winning *Insurance Journal* magazine, will assume the same title with the new *Claims Journal* magazine. She has headed

Insurance Journal magazine and been its national editor since 2003.

Denise Johnson, associate editor of *ClaimsJournal.com*, will assume the additional role of editor of *Claims Journal* magazine. Johnson joined Wells Publishing in May after 14 years working in the property/casualty claims industry and freelance writing.

"Claims departments and adjusters deliver services most critical to insureds. It is the claims professional standing there in times of crisis, representing to the public what our industry does best," said Ortega-Wells. "We look forward to delivering relevant and quality coverage that these professionals need most."

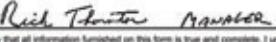
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Reflections on Recent Events and Implications for Catastrophe Risk Modeling



By Bill Keogh

At the recent Rendez Vous de Monte Carlo there was a lot of discussion about catastrophe risk models. How will the recent events in Japan and New Zealand impact risk models in the future? How will these events impact the way we think about and use models? A series of catastrophe events with significant surprises can create tension between modelers and their clients. But it also creates an opportunity to have a more open dialogue about models and how they fit in to a robust risk management strategy.

What we learn from Japan and New Zealand will be the result of a rigorous examination of lots of new data from these events. In the case of Japan, the Tohoku event produced a rich set of data on ground motion, acceleration and attenuation and tsunami risk. The physics of the mega-thrust fault rupture is also being studied. The many aftershocks are providing us with greater insight into the implications of aftershocks and clustering. This will take some time to understand and implement in models, perhaps several years. What we learn may have broad implications in how we perceive earthquake risk not only in Japan, but elsewhere.

In New Zealand the shallow depth of the events, the aftershocks, the significant liquefaction and the discovery of a heretofore unknown fault system will expand our learning about earthquake risk in New Zealand, and also improve our understanding of this hazard in other regions.

Despite that future models will better reflect our improved understanding of earthquake risk, it's important to remember

that even after all this new information is incorporated into risk models, they will still have a significant degree of uncertainty in the loss estimates they produce.

Which brings us to the second topic: how do these events impact the way we think about and use models? Here are some thoughts based on what we are observing as best practices in the market.

- Have a policy for vetting risk models, and acceptance criteria. Not just catastrophe risk models, but any model. Vetting for risk models should be conducted in the same way that an employer performs due diligence before hiring a key executive. Rip a model apart before you put it into production. Understand its assumptions, strengths and weaknesses and where the greatest uncertainties lie. This requires employing top notch talent in the physical sciences.
- Understand what a model does and what it doesn't do. There is significant "basis risk" between a catastrophe risk model and an "all risk" insurance policy. How are you quantifying and accounting for that basis risk?
- Modeling captures our understanding of the physical world and how frequently rare, but high consequence events will occur and what impact they will have on physical structures. This understanding is, and always will be incomplete.
- Exposure management and exposure analysis is an essential component of catastrophe risk management.

Understand what's going on with your underlying exposures — independent of models — provides insight into changes and developments in risk portfolios. How do changes in exposure compare to changes in modeled results? Does it make sense?

- Scenario/stress testing can account for non-modeled losses and help think through correlation across lines of business that might not be captured by risk models.
- Employ multiple models to access diverse views of risk. There is more than one way to view a risk and models are very sensitive to assumptions. When models differ that leads to an exploration of why they differ, and a deeper understanding of the risk.

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The best relationships between modelers and risk practitioners are based on mutual trust, honesty and transparency. Given all the uncertainties in quantifying and characterizing catastrophe risk, we strive to share our insights through a robust treatment of uncertainty.

As models evolve based on recent events, the level of dialogue and transparency will only increase as we engage with the market on these important developments. We'll always be surprised by events. With a commitment to better understand them, we should never be surprised by risk models. **IJ**

Keogh is president of EQECAT Inc., a catastrophe risk modeling firm that provides products and services to the global property/casualty industry.



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