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AIG LOOKING AT PLAN TO SPEED REPAYMENT OF BAILOUT / PAGE 3

SENATE OKS PROPOSAL TO ALLOW ROTH 401(K) ROLLOVERS / PAGE 3



VENEZUELA CRASH COVERAGE LED BY CHARTIS / PAGE 3

In Brief

Apollo, CVC Capital sweeten Brit offer

Private equity firms Apollo Management VII L.P. and CVC Capital Partners Ltd. made an offer to acquire Brit Insurance Holdings N.V., the Lloyd's of London and U.K. insurance and reinsurance group, for £10.75 (\$16.51) per share and an additional 25 pence (38 cents) per share, depending on the value of its shares by year-end. Apollo by itself made a £10.75 offer in July after two previous offers were rejected. Observers value the latest deal at about £871 million (\$1.34 billion). Brit said its directors expect to recommend the proposal provided other terms and conditions are acceptable.

P/C reserve releases a concern: Analysis

The U.S. property/casualty insurance industry's reserves are

See **IN BRIEF** page 26



SPOTLIGHT

HEALTH CARE REFORM

Rules raise questions; health care reform law expected to survive court challenges; Q&A with consultant on new opportunities; employers assess financial impact of reform; ranking of largest case management providers. **PAGE 11**

EMPLOYMENT PRACTICES



Efforts to construct a Muslim community center near the former World Trade Center site have sparked controversy.

Anti-Muslim bias expected to rise

Employers urged to use training, strict policies to limit discrimination

By **JUDY GREENWALD**

Tension created by a plan to build a Muslim community center two blocks from New York's ground zero is spilling over to the workplace, observers say.

Charges of anti-Muslim discrimination filed with the U.S. Equal Employment Opportunity Commission already were increasing (see box, page 24). However, such complaints are expected to rise further because of the conflict created by the widely publicized plan to build an Islamic community center just blocks from the terrorist-destroyed World Trade Center. Plans reportedly call for a prayer

room within the facility.

A Florida pastor's recent threat to burn a Quran added fuel to the debate for and against the center near the Sept. 11, 2001, site.

Experts say the key for employers to avoid problems include a zero-tolerance policy on discrimination and employee training.

Workplace discrimination can include hiring, firing and promotions as well as hostile work environments and religious accommodation.

Two sources of EEOC charges, for instance, are conflicts over hijabs, the headscarves worn by Muslim women, and Ramadan, the Muslim holy month that requires fasting from sunrise to sunset (see story, page 24).

While not everyone has seen it, many say anti-Muslim discrimina-

See **MUSLIM** page 24

WORKERS COMPENSATION

Comp fraudsters working while collecting benefits

Investigators report rise in such activity amid down economy

By **ROBERTO CENCEROS**

As tough economic conditions continue, workers compensation fraud investigators say claimants increasingly are taking on jobs while collecting disability benefits for injuries they claimed left them unable to work.

Various forms of workers comp cheating—from employers falsifying worker classifications to several types of claimant fraud—have increased because of the recession, investigators across the country agree.

But some say they also are noticing an unusual rise in workers comp claimants illegally earning income—many at home-based businesses—while supposedly injured.

"The days of people filing a work comp claim and sitting at home watching 'Jerry Spalinger' are over," said Howard Schneider, president of

Schneider Associates, a private investigative agency in Thousand Oaks, Calif. "People are now filing claims and taking on jobs under the table" more often than was typical in the past.

Louis Rubio, general manager in Parkland, Fla., for DigStream Inc., an investigation and surveillance company, said the number of cases in which investigators he knows have found claimants working while collecting disability from a previous job has increased roughly 25% during the past year.

"When they are supposed to be resting at home, they are going out in the morning to do another job," Mr. Rubio said. "When they go to their doctors, they say they are still injured and recuperating."

Fraud committed by claimants who say they are unable to work is an age-old problem. But DigStream colleagues in other states also have noticed an increase recently, Mr. Rubio said.

Burbank, Calif.-based Frasco Inc., an investigative services company

See **CHEATS** page 26

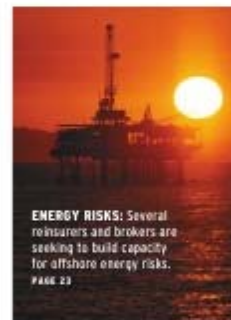
REINSURANCE

Reinsurers eye ways to boost oil rig capacity

By **REGIS COCCIA** and **SARAH VEYSEY**

MONTE CARLO, Monaco—Proposals to increase capacity for offshore energy risks, including up to \$20 billion in liability limits for oil-drilling projects, found support in principle among reinsurance executives last week during the annual Rendez-Vous de Septembre.

Munich Reinsurance Co. proposed a plan to provide up to \$20 billion in limits for oil-drilling projects. Also during the Monte Carlo, Monaco, gathering, Bermuda-based Torus Insurance Holdings Ltd. said it planned to offer \$1 billion in limits for drilling projects, using \$100



ENERGY RISKS: Several reinsurers and brokers are seeking to build capacity for offshore energy risks. **PAGE 23**

million in capacity from energy investment company First Reserve Corp., which helped fund Torus' 2008 startup, and others (see story, page 23).

The impetus behind both ideas was the Deepwater Horizon oil rig

See **ENERGY** page 23

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NEWSPAPER

INDEX	
Advertiser Index	25
Business Resources	22
Commentary	6
End Page	27
Market Moves	10
Opinions	8
Up Close	22

Symposium: Risk managers urged to query providers

CONTINUED FROM PAGE 4

relationship becomes too cozy, it is difficult in some cases to make decisions that are best for the risk manager's company, he said.

"The pressure is on the risk manager and the broker" to determine how friendly they can become without endangering their professional relationship, Mr. Good said. Risk managers must be comfortable telling the broker that changes are needed when the broker is doing a poor job.

"It can be a friendship, but make sure you keep that friendship and

'It can be a friendship, but make sure you keep that friendship and the business side separate because they really need to be.'

Henry Good, Wells Fargo Insurance Services Inc.

the business side separate because they really need to be," he said.

"Sometimes you can get too close for comfort," Mr. Ewing said. "That business relationship molds into a friendship relationship" that can become deeply ingrained, which

risk managers' bosses could see as a conflict of interest. "I've seen some of my risk management colleagues get too comfortable in that relationship...and it didn't go well for them in the long run," he said.

Risk managers need to make sure

their brokers have their clients' best interests, not their own commissions, as the top priority in placing coverage, the speakers agreed.

"Let's be very honest," Mr. Ewing said. "I think a lot of brokers, especially in today's tough economy and the soft insurance market, want what is best for you. Having said that, I also think that they are worried about their own situation because we are so flat right now."

While brokers want to do what is best for their clients, but they also want their own companies to perform well, Mr. Ewing said. "Sometimes that marriage doesn't

always line up."

Mr. Good told insurance buyers they should press their brokers for the names of underwriters who were given a chance to quote coverage and those who were not approached.

But no law requires a broker to "tell you who he did not take your risk to," Mr. Good said.

As a risk manager, an insurer once asked why he did not want to purchase coverage from the company, Mr. Good said. "I said that, 'I was always told you don't want to sell insurance to me.' And what we found out was that that insurer was not paying contingent commissions to the broker, so they never got an opportunity to see the risk."

LETTERS

CONTINUED FROM PAGE 8

patients. And when it comes to costs, preventing catastrophic side effects such as those you experienced can only help to make medicine more cost-effective.

Thanks for your piece, which sheds welcome light on the subject. Hopefully it will come to the attention of the government officials responsible for implementing reform.

Terry Nugent
Vp Marketing
Medical Marketing Service Inc.
Wood Dale, Ill.

Analyze those reams of health care data

TO THE EDITOR: This past week's editorial posited that "employers have it within their power to do more to hold down increases in health care costs" ("Health Plan Design a Way to Control Costs," *RI*, Sept. 6). That's absolutely right. But they need not rely on tired strategies like shifting costs to employees or switching to high-deductible plans.

Instead, employers should turn to technology to reduce health care costs. Company leaders have access to reams of data on how employees use their health plans.

By analyzing these data, executives can identify where they're spending the most—and work to rein in those costs.

For example, managers could consult the data to find out whether their employee populations have been getting their annual check-ups—and then correlate those figures with treatment data to ensure that their workers are following doctors' orders.

If it turns out that folks aren't taking their meds, then the employer could launch an incentive program to improve prescription-drug adherence.

Companies depend on technology to efficiently conduct customer relations and supply chain management.

Why not do the same for health benefits?

Keith Lemer
President
WellNet Healthcare
Bethesda, Md.

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