

## Insurance & HealthCare Tidings- 30<sup>th</sup> December, 2011

### **Auto Injury Claim Costs Rise as Declining Claim Frequency Trends Come to an End\***

New findings from an Insurance Research Council (IRC) study of auto injury claim trends indicate that insurance claim costs countrywide have recently increased, reversing previous trends of declining or relatively stable costs. The report, Trends in Auto Injury Claims, 2011 Edition, documents important auto injury claim trends, both countrywide and by state, using private passenger auto claim data from national and state-level statistical reporting agencies.

\*Source: <http://www.claimspages.com/news/auto-injury-claim-costs-rise-as-declining-claim-frequency-trends-come-to-an-end/>

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### **Catastrophes drop property/casualty insurers' net income by 70.5%: Analysis\***

U.S. property/casualty insurers' after tax net income dropped 70.5% to \$7.98 billion during the first nine months of this year compared with a year earlier, according to a survey by the Insurance Services Office Inc. and the Property Casualty Insurers Assn. of America. Inc. The survey found that P/C insurers' net underwriting losses grew to \$34.91 billion during the first nine months of 2011 from \$6.30 billion during the same period of 2010.

\*Source: <http://www.claimspages.com/news/catastrophes-drop-property-casualty-insurers-net-income-by-70.5-percent-analysis/>

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\*Source: <http://www.claimspages.com/news/auto-injury-claim-costs-rise-as-declining-claim-frequency-trends-come-to-an-end/>

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### **Allstate Files \$6.3 Million Fraud Case\***

Allstate Insurance Co. is seeking to recover \$6.3 million against 83 New York-area defendants in its seventh insurance fraud lawsuit of 2011. The complaint, filed under the Racketeer Influenced and Corrupt Organizations Act (RICO) and principles of common law, alleges that the defendants engaged in separate, but parallel, schemes in which fraudulent and misleading bills were submitted to Allstate for durable medical equipment, medical supplies and orthotic devices.

\*Source: [http://www.claimspages.com/news/allstate-files-\\$6.3-million-fraud-case/](http://www.claimspages.com/news/allstate-files-$6.3-million-fraud-case/)

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### **SC Gov Names Acting Director of Insurance Agency\***

Gov. Nikki Haley has named an acting chief of South Carolina's insurance agency following the director's abrupt resignation. Haley made Gwen Fuller McGriff acting director. Haley informed legislative leaders of her choice, soon after 54-year-old Director David Black resigned without explanation. He informed employees of his decision in an email. His resignation was effective immediately.

\*Source: <http://www.claimspages.com/news/sc-gov-names-acting-director-of-insurance-agency/>

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### **Top P&C Technologies Named\***

The top technologies in use today by P&C insurers today are portal technology, business process management and fraud scoring, according to a new report from Celent. The new study outlines all technologies being used by insurers and lays out their adoption rates. There were seven technologies overall cited as having high adoption rates: predictive modeling for underwriting, contact and customer management, business rules management and virtualization, as well as the aforementioned portal technology, BPM and fraud scoring.

\*Source: <http://www.claimspages.com/news/top-p&c-technologies-named/>

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### **Second Mile insurance seeks exemption\***

The insurance company for the charity runs by former Penn State assistant football coach Jerry Sandusky wants to be excused from paying any legal defense bills linked to the child sexual abuse charges against him. Federal Insurance Co. filed a lawsuit in federal court arguing that paying for legal costs "arising from sexual assault, molestation" or abuse is "repugnant to Pennsylvania public policy" and should therefore be barred, The Philadelphia Inquirer reported.

\*Source: <http://www.claimspages.com/news/second-mile-insurance-seeks-exemption/>

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### **Claims against Fla police add up to more than \$1M\***

Records show that more than a \$1 million has been paid out since 2005 in claims against a South Florida police department. The city of Fort Lauderdale released a list of claims and payouts in response to a public records request by the Sun Sentinel. The newspaper reports that since 2005, more than 300 claims have been filed about Fort Lauderdale police officers losing or damaging property, improperly towing vehicles or making frivolous and illegal arrests.

\*Source: [http://www.claimspages.com/news/claims-against-fla-police-add-up-to-more-than-\\$1m/](http://www.claimspages.com/news/claims-against-fla-police-add-up-to-more-than-$1m/)

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### **Pricing Power Evades Insurers Despite Losses\***

Despite more than \$100 billion in disaster losses around the world this year, insurers are not yet experiencing a broad and sustained increase in pricing power, defying predictions from a year ago that even half those losses would be enough to turn the industry around.

\*Source: <http://www.claimsjournal.com/news/national/2011/12/30/197889.htm>

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### **Shelter Insurance Names Means President Elect\***

As a result of current president and chief executive officer David Moore's retirement announcement effective August 1, 2012, Shelter Insurance Companies named Rick Means, executive vice president and chief operating officer, president elect effective January 1, 2012. Means will become president and CEO on August 1, 2012. He will become immediately involved in all aspects of Shelter management during the transition process.

\*Source: <http://www.claimsjournal.com/news/national/2011/12/29/197776.htm>

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### **Auto Injury Claim Costs Rise\***

New findings from an Insurance Research Council (IRC) study of auto injury claim trends indicate that insurance claim costs nationwide have recently increased, reversing previous trends of declining or relatively stable costs.

\*Source: <http://www.claimsjournal.com/news/national/2011/12/29/197773.htm>

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### **Obama Signs extension of NFIP\***

The Independent Insurance Agents & Brokers of America (IIABA or the Big "I") commended President Barack Obama for signing H.R. 2055, the "Consolidated Appropriations Act," (known as the mini-bus) which extends the National Flood Insurance Program (NFIP) until May 31, 2012, into law. The NFIP was set to expire tonight at midnight without this legislation. "The Big 'I' is grateful to Congress and President Obama for making sure this latest extension became law," says Charles E. Symington Jr., Big "I" senior vice president for government affairs. "It is important to note that our work on this important issue is far from over and the next few months provide ample opportunity for Congress to pass long-term extension and reform legislation that provides the necessary certainty for consumers."

\*Source:

[http://www.iiaba.net/na/02\\_News/02\\_PressRelease/NA20111224042744?ContentPreference=NA&ActiveState=0&ContentLevel1=NEWS&ContentLevel2=NEWSPRESS&ContentLevel3&ActiveTab=NA&StartRow=0](http://www.iiaba.net/na/02_News/02_PressRelease/NA20111224042744?ContentPreference=NA&ActiveState=0&ContentLevel1=NEWS&ContentLevel2=NEWSPRESS&ContentLevel3&ActiveTab=NA&StartRow=0)

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### **Top 10 States for Dog Bite Claims\***

State Farm Insurance Co. has released its top 10 states for claims involving dog bites, with California on top in number of claims and Florida recording the highest cost per claim. The Bloomington-based State Farm reported that California led the nation in dog bite claims at 369 in 2010, which represented a total payout of \$11.3 million. Ranking second on the list is Illinois with 317 claims for a total cost of \$9.7 million.

\*Source: <http://www.insurancejournal.com/news/national/2011/05/11/197832.htm>

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### **Court OKs AIG's \$450M Settlement Over Underreported Workers' Comp Premiums\***

A federal judge has approved American International Group Inc.'s \$450 million settlement with rival insurers to end litigation accusing AIG of underreporting premiums on workers' compensation policies. AIG will make the payment after rivals accused it of understating its market share in workers compensation to state insurance regulators, allowing it to shortchange state insurance pools by making lower contributions. Rivals claimed the understatements dated back to the 1980s.

\*Source: <http://www.insurancejournal.com/news/national/2011/12/28/228821.htm>

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### **MetLife to Sell Bank Unit to GE Capital\***

General Electric Co. jumped into the retail deposits business, buying the online bank from life insurer MetLife Inc. in a deal that will let GE's capital arm expand its funding base and lessen reliance on wholesale markets. MetLife has been trying for months to sell MetLife Bank, its online retail arm, which was a small part of its overall business but which also led to bank holding company oversight from the Federal Reserve. In October the Fed blocked the company from paying a dividend or buying back stock.

\*Source: <http://www.insurancejournal.com/news/national/2011/12/27/228789.htm>

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### **Allstate Revises Agent Compensation Plan\***

Allstate's captive agents have been spared part of a planned cut in their commissions as the insurer has revised its compensation strategy. The Illinois-based insurer confirmed that it would cut its base commission to its agents to 9 percent of the auto and home premiums they write, down from the current 10 percent, beginning in 2013. It had previously said it would cut the base to 8 percent and restructure compensation to reward its larger and the most successful agencies.

\*Source: <http://www.insurancejournal.com/news/national/2011/12/27/228775.htm>

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### **Catastrophes Erode P/C Insurers' Results for 9 Months of 2011\***

Private U.S. property/casualty insurers' net losses on underwriting grew to \$34.9 billion in nine-months 2011 from \$6.3 billion in nine-months 2010. The combined ratio deteriorated to 109.9 percent for nine-months 2011 from 101.2 percent for nine-months 2010, according to ISO and the Property Casualty Insurers Association of America (PCI).

\*Source: <http://www.insurancejournal.com/news/national/2011/12/27/228731.htm>

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### **Despite Losses, Insurers Not Hiking Prices Broadly\***

Despite more than \$100 billion in disaster losses around the world this year, insurers are not yet experiencing a broad and sustained increase in pricing power, defying predictions from a year ago that even half those losses would be enough to turn the industry around.

\*Source: <http://www.insurancejournal.com/news/national/2011/12/29/229121.htm>

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### **BanInsure Partners with KnightBrook for Financial Institutions\***

BanInsure has partnered with KnightBrook Insurance Co. to provide coverage for financial institutions. The BanInsure Program will issue KnightBrook policies for its core products. "KnightBrook is an ideal partner for BanInsure and will provide additional resources and options to our customers and business partners as we launch the program in the first quarter of 2012," said Cara Byrne, BanInsure's president and CEO.

\*Source: <http://www.insurancejournal.com/news/national/2011/12/29/228997.htm>

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### **Publishing Association Launches Insurance Product for Members\***

Members of the Evangelical Christian Publishers Association (ECPA) will be able to access a new insurance program at the start of the new year. The ECPA has partnered with Ministry Service Group, a division of Market Financial Group, to offer the all-lines insurance coverage to members.

\*Source: <http://www.insurancejournal.com/news/national/2011/12/28/228902.htm>

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### **Telemedicine Can Save \$186 Million In Medicaid Expenditure\***

A new legislative proposal by The American Telemedicine Association (ATA) aims to expand the use of telemedicine for Medicaid enrollees with high-risk pregnancies and neonatal care needs. If the plan should be adopted, it would mean an improvement in providing care for people who are at-risk, whilst creating substantial long-term savings for the government as well as taxpayers.

\*Source: <http://www.medicalnewstoday.com/articles/239678.php>

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### **LIC fares better than private insurers\***

Life Insurance Corporation of India has performed better in terms of claims settlement ratios as compared to private life insurance companies, according to the IRDA annual report. "The claims settlement ratio of LIC was better than that of the private life insurers. Settlement ratio of LIC increased to 97.03 per cent during the year 2010-11 when compared to 96.54 per cent during the previous year," the IRDA said in the report.

\*Source: <http://www.thehindubusinessline.com/industry-and-economy/banking/article2758537.ece>

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### **Life insurance: Battling against the odds\***

The life insurance sector has witnessed robust growth in the past decade with private players entering the fray. But rapid changes in the regulations and highly volatile equity markets were duly mirrored in the new business premium for the industry in the last one year. According to the Insurance Regulatory and Development Authority (IRDA), the first-year new-business premium (single and regular) underwritten by the life insurance companies declined on an average by 40 per cent in the last seven months.

\*Source: <http://www.thehindubusinessline.com/industry-and-economy/banking/article2761264.ece>

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### **Sachin Tendulkar buys Rs 100 cr cover\***

Having moved into his "dream house", ace cricketer Sachin Tendulkar has now secured his five-story Bandra residence with a staggering Rs 100 crore insurance cover, one of the biggest insurance deals by an individual. The cricket icon has bought the insurance from a consortium of general insurers, according to industry sources.

\*Source: <http://www.financialexpress.com/news/sachin-tendulkar-buys-rs-100-cr-cover/893588/>

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### **Underwriting losses of non-life insurers surge 68%\***

The underwriting losses of the non-life insurance companies increased 68 per cent to Rs 9,969 crore in 2010-11 compared with Rs 5,944 crore in the year-ago period. "The increase in underwriting losses was observed in both public and private sector non-life insurers, impacted by the provisioning requirements in the third party liability segment," the Insurance Regulatory and Development Authority said in the annual report 2010-11.

\*Source: <http://www.thehindubusinessline.com/industry-and-economy/banking/article2755223.ece>

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### **IndiaFirst ties up with Vidharbha Kshetriya Gramin Bank\***

Private insurer IndiaFirst Life Insurance said it has tied up with Vidharbha Kshetriya Gramin Bank - a regional rural bank sponsored by Central Bank of India, to reach out to its customers in the hinterland of Maharashtra.

\*Source: <http://www.financialexpress.com/news/indiafirst-ties-up-with-vidharbha-kshetriya-gramin-bank/893551/>

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### **Travel insurance premiums may rise with falling rupee\***

Travellers may have to shell out more for their outbound travel expenses as travel insurance bills may rise due to the sliding rupee. The claims for outbound travel insurance are paid out by general insurance companies in foreign currency while the insurance companies collect premium in rupees. The record decline in the value of the Indian rupee has hit the travel portfolio of travel insurance companies, said experts in the insurance industry.

\*Source: <http://www.thehindubusinessline.com/industry-and-economy/banking/article2752565.ece>

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### **General insurers' gross premium collection surges 29%\***

General insurers' gross premium collection surges by 29 per cent in November. General Insurance companies reported a surge in gross premium collection by 29 per cent to Rs 4,313 crore in November 2011, compared to Rs 3,345 crore, in the same month a year ago, according to the latest data released by the Insurance Regulatory and Development Authority (Irda).

\*Source: <http://www.thehindubusinessline.com/industry-and-economy/logistics/article2750009.ece>

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### **Motor insurance premiums set to rise from April\***

Your insurance costs for cars, bikes and trucks are set to rise. They could go up from anywhere between 20 per cent and 70 per cent. This follows the Insurance Regulatory and Development Authority's (IRDA) move to replace the third party motor pool arrangement. This is being replaced by a 'declined pool' where premiums are likely to go up because of risk-based pricing.

\*Source: <http://www.thehindubusinessline.com/industry-and-economy/banking/article2747429.ece>

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### **Rough patch for life insurance industry\***

The Indian life insurance industry has been on a roller-coaster ride in this past year and since financial services in general have been under tremendous pressure, the insurance industry has also witnessed its fair share of downfalls. Deterred due to the regulatory changes, low margins and lack of a policy road map, the life insurance industry today is reeling under the effect of negative growth.

\*Source: <http://www.financialexpress.com/news/rough-patch-for-life-insurance-industry/891945/>

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### **IRDA dismantles motor third party pool\***

The Insurance Regulatory and Development Authority have created a Motor Third Party Declined Risk Insurance Pool. It provides mandatory third party cover for commercial vehicles. The existing motor third party pool will be dismantled with effect from March 31, 2012. The motor third-party pool was created in 2007.

\*Source: <http://www.thehindubusinessline.com/industry-and-economy/banking/article2742217.ece>

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### **Fidelity to Sell Majority of Personal Lines Business\***

Fidelity National Financial Inc. (FNF) agreed to sell an 85 percent interest in its personal lines business to WT Holdings Inc. for approximately \$119 million. Under the terms of the definitive agreement, WT Holdings will acquire Fidelity National Insurance Company, Fidelity National Property and Casualty Insurance Company and FNIS Insurance Services. FNF will retain a 15 percent minority ownership position in the personal lines business.

\*Source: <http://www.insurancenetworking.com/news/Fidelity-personal-insurance-29642-1.html>

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### **Progressive's Website Garner's Top Honors\***

In its most recent Insurance Carrier Scorecard, Keynote Competitive Research, the industry analysis group of Keynote Systems Inc., named Progressive Insurance's website the top website in the car insurance industry. The scorecard, which is part of Keynote's Online Excellence Competitive Research Study, rates companies on nine categories. Progressive has received top honors on 18 of the last 19 scorecards, dating back to 2000.

\*Source: <http://www.insurancenetworking.com/vwc/progressive-website-rankings-29645-1.html>

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### **45% of Retirees on Medicare Said the Economy Beats National Debt\***

A survey of 337 retirees on Medicare revealed that 45%1 believe the economy is the most critical issue facing America in 2012 – beating out the national debt; jobs; and health care for the top spot.

\*Source: <http://www.medicarenews.net/extend-health-survey-45-of-retirees-on-medicare-said-the-economy-beats-national-debt-jobs-and-health-care-as-most-12-2011.htm>

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### **Medicare pulls funding for Maryville nursing home, residents being relocated\***

A Maryville nursing home will have to find new homes for around 100 residents after the Center for Medicare and Medicaid services decided to end its contract with the facility.

\*Source: <http://www.medicarenews.net/medicare-pulls-funding-for-maryville-nursing-home-residents-being-relocated-12-2011.htm>

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### **Medicare expands savings initiative in Louisiana\***

Program, which features a 'health coach' to help senior citizens avoid readmissions, is expanding from the Baton Rouge area to Lafayette, Hammond and Covington. A program designed to help some senior citizens avoid quick return trips to the hospital is expanding from the Baton Rouge area to Lafayette, Hammond and Covington. The Advocate reports the federally funded program is aimed at reducing Medicare costs by stopping revolving door hospital admissions. The idea is to curb health care spending and keep chronically ill patients.

\*Source: <http://www.medicarenews.net/medicare-expands-savings-initiative-in-louisiana-12-2011.htm>

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### **Doctors' Medicare Pay Cut Won't Be Unlinked From Tax Bill\***

House Republicans have no plans to move a stand-alone bill to reverse a 27-percent cut in Medicare fees to doctors that's set to go into effect Jan. 1, a spokesman for Speaker John Boehner said.

\*Source: <http://www.medicarenews.net/doctors%e2%80%99-medicare-pay-cut-won%e2%80%99t-be-unlinked-from-tax-bill-3-12-2011.htm>

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### **A Campaign to Draw Doctors to a Weight-Loss Program\***

With Medicare set to start reimbursing physicians for obesity treatment in January, a new campaign is directing ads both at patients and at physicians.

\*Source: <http://www.medicarenews.net/a-campaign-to-draw-doctors-to-a-weight-loss-program-12-2011.htm>

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### **Medicare 'doc fix' debate in Congress less predictable this year\***

It's become an unpleasant ritual for doctors who see patients with Medicare. Every so often, they are threatened with a devastating cut to their Medicare reimbursements mandated by a rate-setting formula that leaders of both parties agree is flawed but would cost nearly \$300 billion to permanently repeal.

\*Source: <http://www.medicarenews.net/medicare-%e2%80%99doc-fix%e2%80%99-debate-in-congress-less-predictable-this-year-12-2011.htm>

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### **Medicare Passes On Big Profits To Insurers\***

This has been a volatile year for the stock market. But one sector has been consistently earning a windfall for investors: health insurers who provide private Medicare plans to seniors.

\*Source: <http://www.medicarenews.net/medicare-passes-on-big-profits-to-insurers-3-12-2011.htm>

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### **How to File an Auto Insurance Claim\***

The Consumer Federation of America estimates that more than 325,000 auto accidents will occur during this year's holiday travel period, resulting in more than 200,000 claims filed with the nation's insurance companies.

\*Source: <http://bucks.blogs.nytimes.com/2011/12/28/how-to-file-an-auto-insurance-claim/?scp=3&sq=insurance&st=cse>

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### **Magma Fincorp hopeful of getting insurance licence next year\***

The Kolkata-based retail finance player Magma Fincorp is hopeful of getting general insurance licence in the first half of the next year. There are three stages of approval that a company requires before entering into general insurance business. In the first stage or R1, Irda assesses the promoters and in the second stage or R2, the sectoral regulator investigates the business model of the company. In the final stage or R3, the watchdog checks into the constitution of the company.

\*Source: <http://economictimes.indiatimes.com/personal-finance/insurance/insurance-news/magma-fincorp-hopeful-of-getting-insurance-licence-next-year/articleshow/11281837.cms>

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