

Link to Lloyd's

ALB Association of Lloyd's Brokers

Linking Lloyd's to Illinois www.aolb.org info@aolb.org

ALB member spotlight on York Claims Service

Issue 1 February 2007

York Claims Service, an affiliate of York Insurance Services Group, offers a full menu of Third Party Administrative services through its 24 service centers located across the United States. Complimenting these services is their Specialized Loss Adjusting Division which has 29 highly skilled General Adjusters located strategically across the country.

York focuses on market segments which are more complex, involve touch points with multiple constituencies and allow them to deliver a value proposition that concentrates on protecting their clients' assets, reputation and relationships.

York understands that the Lloyd's syndicates and underwriters and the US brokers who work with them make up a very personalized marketplace with unique needs.

Recognizing that the market is deep in tradition and places a high value on relationships, York made a commitment in 2002 to be more visible in London, to build

new relationships and expand existing ones.

During the past four years, Tom Simoncic, Vice President, and ALB IA member Holly Jurek, Director of Sales have coordinated several visits to London with York's Executive Management, Specialized Loss Adjusters (SLA), and Sales Team to visit with syndicates, London brokers and insurance companies.

These efforts have resulted in the appointment of York to handle program business and several high profile one-off losses.



York focuses on protecting their clients' assets, reputation and relationships

YORK

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SAVE THE DATES—ALB SEMINARS 2007

Tuesday Feb 6 2007
Tuesday May 8 2007
Tuesday Aug 7 2007
Monday Nov 5 2007

Claims
State of the Market
Surplus Lines
Seminar and Annual Meeting

Chicago Cultural Center | Claudia Cassidy Theater | 78 E Washington Street

Insurance Associates

IA brings together young professionals from all insurance industry disciplines to establish peer networks for increased business opportunities and educational advancement.

IA kicks off 2007 with a fundraiser for the St. Baldrick's Foundation on Friday, March 16, 2007 at Fado Irish Pub, 100 W. Grand. The mission of St. Baldrick's is to cure kid's cancer by supporting cancer research and fellowships. The IA team hopes to raise \$10,000 in sponsorships by shaving their heads to support kids undergoing chemotherapy. If you would like to be a shavee, a shaver, or a sponsor for this important cause, visit the IA pages on aolb.org or go to www.stbaldricks.org and search for the Insurance Associates team.

After a term of outstanding service with IA that saw a dramatic rise in membership and participation, Mike Kohlhase of AJ Renner & Associates/Vista Insurance Partners stepped down as IA president at the beginning of the year. IA officers for 2007 are Matt Prewitt of All Risks—President, Jody Oster of AVRECO—PR and Education, Sarah Stephens of Aon—Social, and Dan Freyer of Swett & Crawford—Communications.

IA membership in 2006 topped 140 people. The 2007 membership drive is underway. You can renew your membership or join for the first time online at www.aolb.org/joinia.html—and you can now pay your dues online with PayPal. Visit the **NEW IA Member Profiles** page to learn fun facts about individual IA members.



Join or renew
online
and pay with
PayPal
at
[www.aolb.org/
joinia.html](http://www.aolb.org/joinia.html)

Visit the
NEW
IA Profiles
page
to learn more
about
IA members



Patty Salazar

Lloyd's Illinois transitions

Patty Salazar retires

Patty Salazar, Lloyd's Illinois compliance analyst, took retirement in January 2007. Patty worked on Lloyd's surplus lines binding authority business for CRC, the Buschbach Agency, Burns & Wilcox, Lockton and many others. Her accounts are being taken over by Christina Georgakopoulos, Stella Ybarra and Kim LaBrec. "We'll all miss Patty—she was our processing bulldog—and we wish her well," said Elham Abdishi of Lloyd's Illinois.

Diana Thomas, new Executive Assistant to Maryanne Swaim

Also in January, Diana Thomas joined Lloyd's Illinois as Executive Assistant to Maryanne Swaim. Diana takes over for Christina Georgakopoulos, who has transitioned to full-time binding authority policy processing duties and paralegal responsibilities.

Diana's business background includes working as a staff member to Alaska Senator Ted Stevens, managing her own aviation consulting business, and working with the Navy as a program analyst for a major weapon system acquisition program. While living in Europe, Diana served as a Tour Director for various NATO communities.

Diana received a Bachelor of Business Administration degree from National University and holds certification for Level III Financial Management for government acquisition programs and an Acting Masters in Child Proceedings for the State of Alaska. She resides in Geneva, Illinois.

You can contact Diana at (312) 407-6209 or diana.thomas@lloydsillinois.com



Diana Thomas

Structured claims settlements—Pere Wroth, Cambridge Galaher

Simply stated, a structured settlement is a legal promise by which a defendant agrees to make periodic payments to an injured party over a number of years in accordance with an agreed payment schedule. The future periodic payments are paid in addition to an initial cash lump sum received at the time of settlement.

The future “structured” payments are funded by an annuity purchased by the defendant from a life insurance company generally maintaining an A.M. Best rating of A+ or higher.

While the defendant makes the purchase of the annuity to produce the future periodic payments for the benefit of the claimant, the defendant retains no liability for the payments, since these are assumed by a third party associated with the life insurance company.

During settlement discussions, each party may identify the cash needed to reach settlement and at the same time identify the future needs of the claimant which may be specifically met by the periodic payments and purchased as part of the settlement by the defendant.

What types of claims should be structured?

Certain claims automatically lend themselves to structured resolutions. For example, catastrophic personal injury with reduced life expectancy and substantial ongoing medical care; long-term salary replacement, medical care and future education for children; indigent, mentally disabled or addicted claimants; minor children; claimants incapable of handling large sums; wrongful death; specialized training or physical rehabilitation; high value claims; claims that result in a settlement impasse.

Some claims do not lend themselves to a structured resolution. Adult claimants who recover from their injuries and have the ability to manage large lump sum payments or who have special immediate financial needs may be better suited to accept an all-cash settlement. However, the many claimants who may benefit from receiving all or a portion of their settlement in the form of defendant-purchased annuity-driven periodic payments far outweigh the small group who won't.

Structured settlement advantages

Structured claims settlements offer numerous advantages. The annuity provides a predictable stream of income in return for a single premium paid up front. Annuities offer flexibility in terms of the timing and amounts of payment, including scheduled increases and lump sum payments.

Importantly, periodic structured settlement payments are free of income tax and are guaranteed to be paid to the claimant by the annuity owner. These two factors represent a strong incentive for the claimant to review and take advantage of a structured settlement.

Spendthrift protection

Most people are not adept at managing large sums of new-found money—it's not uncommon to read about a lottery winner who is now bankrupt due to financial mismanagement. In order to comply with the tax code, structured settlement payments must be fixed, and so the possibility of mismanagement of the funds by the claimant does not exist. This “spendthrift” protection is invaluable when the claimant's future needs will continue for his lifetime.

Structured settlements enhance settlement negotiations

Cash settlements still represent the basis upon which most settlements are made. However, utilizing “cash only” necessarily results in limited flexibility available to the settling parties and restricts the parties' ability to produce creative settlement solutions to long-term issues. As a settlement tool, cash is not flexible—it is merely expensive.

However, the annuity product is flexible enough in its design to specifically target almost any future need set forth by the claimant—including future access to lump sums of cash—and can have a favorable impact in a settlement based upon financial security and the satisfaction of being able to plan for the future.

Flexibility, security and savings

It is the flexibility and security of structured settlements for the claimant and the savings and release from liability for future payments entailed in the purchase of an annuity for the defendant that makes the structured settlement option so advantageous for all parties concerned in claims settlement negotiations.



Peregrine Wroth, Esq., CSSC

Pere is an attorney at law and a structured settlement specialist with Cambridge Galaher, a nationally recognized structured settlement firm with headquarters in Chicago, supported by 26 offices located strategically around the US.

Prior to entering the structured settlement business in 1984, Pere practiced law in St. Louis as General Counsel for a large general contractor.

Pere has special expertise with aviation work, and was uniquely involved in 9/11 World Trade Center airline claims.

Pere now specializes in the settlement of complex product liability claims for large corporate defendants, including the City of Chicago and the major airlines.

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See ALB member firms, their specialties and contact information at
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Linking Lloyd's to Illinois

The Association of Lloyd's Brokers provides information, education and business contacts to Lloyd's Correspondents and Coverholders in Illinois. ALB has a close historic tie to Lloyd's and provides an important and necessary commercial partnership with Lloyd's that strengthens the competitiveness of the Lloyd's market and Lloyd's Illinois Correspondents and Coverholders.

ALB elects a Board of Directors at its annual meeting in November. The Directors meet monthly and Members meet at the annual meeting and for educational seminars which address major issues in the insurance industry. The ALB also distributes a quarterly newsletter, *Link to Lloyd's*.

ALB has served Lloyd's Illinois Correspondents and Coverholders as a professional organization since 1945.

Illinois Compliance—from Tom Oberwetter



Lloyd's Illinois Standard Operating Procedures for Risk Purchasing Group and Association Programs

1. The US broker must be an approved Lloyd's Coverholder with a territorial extension to include Illinois.
2. The Lloyd's broker must submit complete details of the program to the law firm of LeBoeuf Lamb in London for approval.
3. A copy of the LeBoeuf approval letter must be submitted to Lloyd's Illinois.
4. The master policy and certificate wording and any standard endorsements to the program must be submitted to Lloyd's Illinois for review. Forms for licensed programs must be filed with the Illinois Division of Insurance.
5. A copy of the Binding Authority Agreement or Placing Slip must be submitted to Lloyd's Illinois.
6. Once issued, the fully claused master policy or certificate with all endorsements must be submitted to Lloyd's Illinois at mail@lloydsillinois.com for countersignature.
7. Lloyd's Illinois can only countersign insuring documents adding individual insureds AFTER items 1 through 6 have been completed.

NOTE

- Any changes to countersigned master policies or certificates must be done by endorsement.
- The endorsement must be submitted to Lloyd's Illinois at mail@lloydsillinois.com for countersignature.

QUESTIONS?

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ALB Seminars

Tuesday February 6 2007—Claims
Tuesday May 8 2007—State of the Market
Tuesday August 7 2007—Surplus Lines
Monday November 5 2007—TBA

9:00 am to Noon
Chicago Cultural Center 78 E Washington

FREE for employees of ALB member firms and IA members. IDOI CE credit hours offered.

ALB Annual Meeting

Monday November 5 2007 Noon to 2pm
Chicago Cultural Center GAR Hall