

Business Insurance

June 29, 2009

www.businessinsurance.com

WILLIS SELLS GRAS SAVOYE SHARES TO IMPROVE LIQUIDITY FOLLOWING HRH BUY / PAGE 3

EUROPEAN UNION APPROVES CHANGES FOR OVERSIGHT OF INSURERS / PAGE 4

In Brief

Panel OKs 401(k) fees bill, adds DB funding relief

Legislation the House Education and Labor Committee approved last week to improve disclosure of fees and other information to 401(k) plan participants became a vehicle for temporary relief from tough funding rules for defined benefit pension plans. Provisions added to the bill include giving employers with defined benefit plans more time to amortize plan losses incurred in 2008 and temporarily providing employers with more flexibility in valuing liabilities. The legislation also would require service providers for 401(k) plans to disclose all fees assessed on participants' accounts.

Former Gen Re exec gets probation in finite case

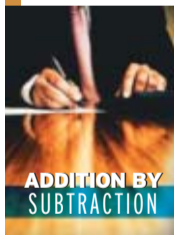
A former General Re Corp. executive who pleaded guilty to

See **IN BRIEF** page 22

BENEFITS MANAGEMENT

BENEFITS ON A BUDGET

DENTAL BENEFITS UPDATE



Employers turn to health plan audits as part of effort to remove ineligible members and cut costs; experts

advise companies to tread carefully when announcing cuts in benefits programs to workers; dental benefits utilization holds steady despite impact of recession.

PAGE 10

Berkshire sharply cuts cat capacity

By **JUDY GREENWALD**

STAMFORD, Conn.—Berkshire Hathaway Inc. has drastically reduced its property catastrophe reinsurance capacity because of concerns that large losses could lead to liquidity problems or put more pressure on its ratings, sources say.

In April, New York-based Moody's Investors Service cut its credit ratings on Berkshire Hathaway from Aaa—its top rating—to Aa2. In March, New York-based Standard & Poor's Corp. revised its rating outlook to negative from stable while leaving the company's AAA rating unchanged.

Omaha, Neb.-based Berkshire Hathaway reported a \$1.53 billion loss for the first quarter of 2009,

due mainly to losses related to its investment in ConocoPhillips Co.

The Berkshire Hathaway Reinsurance Group reported \$3.09 billion in revenues for 2009's first quarter, compared with \$984 million for the comparable period a year ago.



According to several brokers, Warren Buffett's Berkshire Hathaway is seeking to relieve pressure on its ratings by reducing cat capacity.

Berkshire Hathaway "effectively pulled out of the property cat market in June and July. They're keeping their powder dry," said John Daum, New York-based executive director of Lockton Re, a unit of Kansas City, Mo.-based Lockton Cos. L.L.C.

"Pretty much the sentiment within Berkshire...is not to have any catastrophic claims, particularly for the wind peril. We really saw

See **BERKSHIRE** page 22



JOHN M. MANTEL/SIPA PRESS

Former AIG chief Maurice R. Greenberg exits a New York federal court where he took the witness stand in a trial to determine who owns a large block of AIG shares held or sold by Starr International, a company he currently heads.



REUTERS

Pop icon posed huge risk

By **ROBERTO CENICEROS**

LOS ANGELES—Insurance underwriters considered the late pop music icon Michael Jackson "fragile" and a difficult risk, which likely influenced the availability of coverage for a sold-out 50-concert stand in London, several entertainment insurance observers said.

"It was well-known that he was quite fragile," said David Foreman, group director of underwriting at Ark Syndicate Management Ltd. in London. "It

would be very difficult for him (or the producers of his concerts) to buy insurance. We all know how fragile, physically and otherwise, he was."

Ark did not provide limits for Mr. Jackson's planned shows, which were set to begin July 13 at the O2 Arena in London. But Mr. Foreman participated in providing coverage for a past Michael Jackson show and was among thousands of people holding tickets for the shows.

See **JACKSON** page 20

AIG, Starr shares fight plays out in courtroom

By **COLLEEN MCCARTHY**

NEW YORK—Former American International Group Inc. chief Maurice R. Greenberg was grilled on the witness stand for seven days over the past two weeks in a dispute over the ownership of a large block of AIG shares controlled by Mr. Greenberg's Starr International Co. Inc.

The outcome of the case, which was brought by AIG and is being heard in U.S. district court in New York, hinges on AIG's ability to prove that the two firms, which were once tied closely, had a trust agreement in place, despite the absence of a legal document, experts say.

The block of shares at issue in the case was used to fund a well-known deferred compensation program for select AIG employees until the program was canceled in 2005.

In sometimes testy exchanges

with attorneys representing AIG, Mr. Greenberg, who headed both companies for more than three decades and is the key witness in the case, rejected suggestions that his forced 2005 resignation from AIG was the reason he canceled the program.

U.S. District Judge Jed Rakoff previously ruled that the U.S. government bailout of AIG and the circumstances surrounding Mr. Greenberg's forced resignation cannot be brought up during the trial.

AIG argues the shares were set aside in a trust to back the executive compensation program and sued SICO, alleging SICO improperly converted, or took, the shares and breached its fiduciary duty. The New York-based insurer is seeking \$4.3 billion in damages, representing the sale of millions of AIG

See **SICO** page 22

crain Entire contents copyright © 2009 by Crain Communications Inc. All rights reserved.

INDEX

Advertiser Index	19
Business Resources	16
Commentary.....	6
End Page.....	23
Opinions	8
Products & Services	19
Professional MarketPlace	16
Up Close	16

NEWSPAPER