

FOCUS

a publication of the american equity underwriters, inc.

SPRING
2011

ALMA Conference Coming Soon

Savings Add Up for ALMA Members

Safety Committee Meeting

Mike Lapeyrouse Shaves His Head for Charity



Safety Committee Meeting
Charleston, South Carolina
April 6 - 7, 2011

AEU THE AMERICAN EQUITY
UNDERWRITERS, INC
An AmWINS Group Company



Photo by: Alan Anderson



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A NOTE FROM THE PRESIDENT



We are excited to share with you the enclosed news from AEU. 2011 is proving to be another busy year as we continue to look for new ways to bring down claims costs through proactive claims handling and helping to create safer work environments, thereby lowering premium for our members.

We are very proud of the awards earned by our members and highlight some of them in this publication. This is a reflection on their commitment to quality and safety.

We are looking forward to hosting the fourteenth annual ALMA Conference, which will be held July 14 - 17 at the Montage Deer Valley in Park City, Utah, and expect it to be our best conference yet. It's a great opportunity for our members and brokers to gain valuable industry knowledge while having an opportunity to relax and participate in activities at a beautiful mountain resort destination.

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**Remember to check out
Jack Martone's blog posts
on amequity.com**

SAVINGS ADD UP FOR ALMA MEMBERS



AEU reduces claims costs, driving down premium for ALMA members, which ultimately retains long-term clients. Look at these impressive figures:

Since 2003:

\$11,886,439

Savings (Subrogation Recoveries and Reserve Eliminations) on USL&H claims with subrogation

\$73,000,000

Total Medical Bill Review Program savings

Since 2005:

28.7%

Total Pharmacy Benefit Manager Program savings on prescriptions

\$54,000,000

Returned premium to ALMA members on loss sensitive plans for outstanding loss experience

ALMA CONFERENCE 2011 COMING SOON!



MILES ABOVE EXTRAORDINARY

AEU is excited to host the 2011 ALMA Conference at the **Montage Deer Valley** in Park City, Utah on July 14 - 17, 2011!

Set against the backdrop of the Wasatch Mountains with striking mountain craftsman-style architecture, the Montage Deer Valley features the unparalleled amenities of a destination resort. Whether you are white water rafting, horseback riding, playing golf, or just shopping on Main Street you are sure to find something you enjoy. The vibrant and historic town of Park City is just minutes away from the resort offering boutique shopping, art galleries, winter and summer festivals in addition to world-class dining.

The conference includes informative industry speakers as well as interactive discussions. There are also nightly dinners and entertainment, fun activities and networking with other attendees. Hope to see you in Park City!

Invitations to the ALMA Conference are sent to members whose annual USL&H premium exceeds \$100K and their brokers.

AEU SPEAKING ENGAGEMENTS

Maritime industry groups frequently call on the knowledge and experience of AEU staff to speak at their conferences and association meetings.

LARP 2011 Annual Conference

The Louisiana Chapter of the International Association of Rehabilitation Professionals (LARP) was held March 17 – 18, 2011 at the East Jefferson General Hospital Conference Center in Metairie, Louisiana. The theme for the conference was “Navigating Current Issues in Vocational Rehabilitation”. A. J. Montalbano, AEU Senior VP, and Will Scheffler, AERS Claims Manager, were participants on the longshore panel discussions along with local area defense and plaintiff attorneys.

International WorkBoat Show

Jack Martone was invited to be a guest speaker at the International WorkBoat Show, held December 1 – 3, 2010 in New Orleans. Touted as the largest maritime trade show in North America, the three-day event drew more than 13,000 visitors from around the world to the Ernest N. Morial Convention Center and had over 1,000 exhibitors showcasing their products and meeting with clients and vendors. Jack’s topic was “The Jones Act”.

Gulf States Shipbuilders Consortium

Jack Martone participated in the Gulf States Shipbuilders Consortium held March 24 - 25, 2011 at the Beau Rivage in Biloxi, MS. His presentation was titled “Jones Act Primer”. The Gulf States Shipbuilders Consortium (GSSC) was formed in 2006 to provide a forum for interaction among the shipbuilding industry in the Gulf states.

SAFETY COMMITTEE MEETING

Charleston, South Carolina

April 6 - 7, 2011

The AEU Safety Committee held its thirteenth meeting April 6 – 7, 2011 at the Charleston Historic District Embassy Suites in Charleston, South Carolina. It was chaired by Mr. Steve Morris, AEU Senior Loss Control Manager. The meeting was the most well attended of any AEU Safety Committee meeting, which is an indication of how valuable the Committee is to ALMA members.

The Committee is working on a strain injury prevention safety guidance document for ALMA members. The Committee reviewed a draft of the document and offered practical tips on prevention of strain injuries in their operations. Next, Raphael Barrera with Esco Marine and Darren Warren with ICS Logistics provided updates of successful safety programs in place at their companies.

The Longshore claims section focused on multi-employer worksites. The discussion was presented in a live skit written by AEU Senior Vice President, Jack Martone. The skit highlighted steps employers should take to guard against Longshore claims from employees of sub-contractors working at their facility.

Roy Martin from Jeffboat and Mona Dixon from VT Halter Marine reported on recent OSHA inspections at their shipyards. Both speakers shared information learned from their experience with the OSHA inspection process.

Elizabeth Luzuriaga and Kevin Mims from the law firm Luzuriaga Mims, LLP discussed occupational exposure claims and how safety professionals in marine cargo handling firms and shipyards can minimize risk.

The Shipyard and Marine Cargo Handling Sub-committees met the remainder of the afternoon. Both had productive break-out sessions.

SHIPYARD SUB-COMMITTEE

- Shipyard Tool Box Safety Meetings
- Shipyard Small Business Plan
- Safe Ship Fitting Practices
- OSHA Inspections in Shipyards
- Bridging Documents between Shipyard Labor Providers and the Primary Shipyard Contractor

MARINE CARGO HANDLING SUBCOMMITTEE

- Gangway Talks for Marine Cargo Handling
- OSHA Inspections in Marine Cargo Handling
- Job Observation Forms for Stevedoring
- Forklift and Yard Tractor Inspection Program
- Stevedoring Safety Scoring System
- AEU Terminal Traffic Safety Program

To conclude the meeting, Chairman Morris thanked everyone for participating and reminded the committee to submit ideas for the next AEU Safety Committee Meeting. We look forward to the next committee meeting, which will be held October 11 - 12, 2011 in Mobile, Alabama.



ALMA Members Recognized in WorkBoat Magazine

Each year, in connection with the International WorkBoat Show, the editors of WorkBoat Magazine choose ten boats built during the previous twelve months for special recognition. The ten awards presented at the International WorkBoat Show 2010 featured five shipyard members of the American Longshore Mutual Association, Ltd. (ALMA). In other words, one half of all the awards went to ALMA members.

This is not unusual for ALMA. It seems that whenever awards are handed out in the ship building and ship repair industries ALMA members predominate, and the 2010 WorkBoat awards are no exception.

This is no accident, since ALMA is the nation's largest provider of workers' compensation insurance to shipyards under the Longshore and Harbor Workers' Compensation Act.

CONGRATULATIONS TO THESE AWARD WINNERS!

Kvichak Marine Industries

Patti Marine Enterprises Inc.

Derecktor Shipyards

Chesapeake Shipbuilding Corp.

John Bludworth Shipyard LLC

2010 AEU Customer Service Survey "Distinction Matters"

The Mission of The American Equity Underwriters, Inc. is not only to drive down the frequency and cost of claims, but also to be *Distinctive* among Longshore markets. We at AEU want our brokers to think of us first, and we want our members to know that they have a long term partner. We see things differently at AEU and we believe that *Distinction Matters*.

The annual AEU Customer Service Survey was completed in October 2010 and the results are in. Our thanks to all who participated! Your feedback helps us better serve you.

Member and Broker winners were drawn for two round trip tickets and registration to the ALMA Conference 2011, which will be held July 14 – 17 at the beautiful Montage Deer Valley in Park City, Utah. Congratulations to the two winners:

Craig Masse
Masse Contracting, Inc.



Ross Laris (Laris Insurance Agency), Craig Masse (Masse Contracting, Inc.) and Tim Finnorn (AEU)

Faye Coleman
Cecil W. Powell & Company



Faye Coleman (Cecil W. Powell & Co.) and Lesley Stocker (ICS Holdco, Inc.)

Comments about AEU from some of the returned surveys

AEU Accounts Win National Awards for Safety Excellence The Shipbuilders Council of America (SCA)

The Shipbuilders Council of America (SCA), a national trade association representing the U.S. shipyard industry, announced the winners of the 2010 Safety Awards. The winners were announced at the SCA's General Membership Meeting held on April 6, 2011.

SCA members build, repair and service America's fleet of commercial vessels and midsize vessels for the U.S. Coast Guard, U.S. Navy and other government agencies. The Council represents 43 companies that own and operate over 100 shipyards, with facilities on all three U.S. coasts, the Great Lakes, the inland waterways system and Hawaii.

The awards were given to SCA members who participated in the 2010 Quarterly Injury and Illness Survey distributed by the Council. The shipyards that had the lowest OSHA total recordable injury incidence rate and no work related fatalities for the year were given the awards.

Several AEU accounts received safety awards.

Award for Excellence in Safety

Austal USA
Signal International, LLC
Conrad Industries, Inc.
Chesapeake Shipbuilding Corporation

Award for Improvement in Safety

Detyens Shipyards, Inc.
Conrad Industries, Inc.



The SCA Award for Improvement in Safety was given to shipyards who demonstrated improvement in reducing their OSHA total recordable injury incidence rate by 10% or more and had no work related fatalities for the year.

AEU client companies continue to demonstrate excellence in safety improvement. The high standards set for safety at these companies have resulted in performance that is recognized as the best in the shipyard industry. Congratulations to all the award winners for the efforts put forth in winning these outstanding national awards.

"The best marine insurance facility you could ask for."

"We greatly appreciate the "team" environment that AEU has fostered with us."

"Very pleased with all aspects of our AEU experience."

"Very professional group that provides efficient organization which achieves cost savings goal."

"I find the AEU employees very approachable and responsive - very nice to work with people like this!!"

AEU IS BIG ON littles

AEU Encourages Corporate Partnerships

Since 2008 AEU has committed to make BBBS their community service outreach of choice by giving not only money and time but promoting the corporate partnership philosophy in the community. AEU has hosted two receptions in their Mobile office to discuss this unique partnership and recruit other area businesses. These local business leaders joined the BBBS staff, BBBS Board and AEU Bigs to hear how the AEU partnership is structured and how it can work for them.

As a result of these meetings, in addition to AEU there are now six corporations in Mobile participating in the Corporate Sponsorship program with a total of 70 Bigs signed up. Mike Lapeyrouse has joined the BBBS Board of Advisors and is spearheading a Corporate Big Committee to get the message out to the community. As AEU continues its partnership with BBBS in the 2010-2011 school year, the hope is that more companies will partner with BBBS to mentor more children and help turn them into community minded adults who continue to spread the influence.

The following is the impact the Corporate Bigs had on their Littles (based on the BBBS Program Outcome Evaluation):

- 92% showed increased confidence
- 88% have improved attitudes toward school
- 90% improved academic performance
- 89% improved relationships with others
- 100% reported having an increased sense of the future



Big Brothers Big Sisters



Shaving the Way to Conquer Kids' Cancer

Mike Lapeyrouse Shaves His Head for Charity

Mike Lapeyrouse, President and CEO of The American Equity Underwriters, Inc. (AEU), recently participated in a competition for the St. Baldrick's Foundation, the world's largest volunteer-driven fundraising program for childhood cancer research. As one of five AmWINS volunteers nationwide, the 'winner', as determined by the most funds raised, agreed to have their head shaved on January 19 at their national corporate conference in Scottsdale, AZ.

The competition was close, and in a show of support for the cause, all of the volunteers joined together on stage at the conference and had their heads shaved in front of over 250 coworkers. As Mike put it, "I had a close friend and uncle die recently of cancer. Shaving my head was a good way to make a statement and honor them."

Over \$103,000 was donated during the conference dinner alone, which brought the total amount raised for St. Baldrick's to a whopping \$258,000 since the partnership began in October 2010.



Before

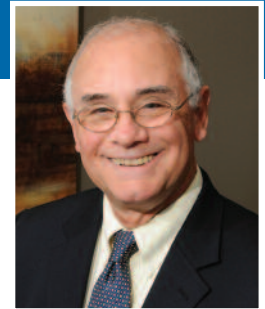


After



ANYTHING BUT AVERAGE

by Jack Martone



Did you hear the story about how disappointed (insert name of politician of choice) was when he found out that approximately one-half of the U.S. population was below average in intelligence? Or the one about the fellow who drowned while attempting to cross a river that had an average depth of three feet? Or the one about the buyer of workers' compensation insurance who felt reassured about the rating system that proved that most insurance carriers are above average?

Now, these are amusing, and not so subtle comments on the nature of "average". But there is a point. Be skeptical of any system that purports to rank subjects in terms of comparative relative merit. If you're a buyer of USL&H coverage, you don't want below average, you don't want average, and you don't want above average. In fact, you don't want anything that's described in relative terms. You want an analysis that stands on its own.

So, forget about average or anything described in similar terms unless you're telling a joke. When it comes to USL&H, you absolutely want the uniquely best.

And as intangible as concepts such as "quality and effectiveness of service" sound, there are objective methods of measuring such features. For example, elsewhere in this FOCUS, we point out how much premium has been returned to ALMA members based on loss experience improved by ALMA loss control services, how much money is saved for ALMA members through subrogation, and how much is saved through the Medical Bill Review and

Pharmacy Benefit Manager Programs. These are direct, demonstrable, and measurable results of AEU services.

If you are familiar with workers' compensation exposures, and specifically USL&H exposures, you know that claims must be handled expertly for the benefit of all parties or they will get very expensive for all concerned, not just financially for the employer, but in terms of quality of life for the injured worker. Add in the federal versus state concurrent coverage problems, compensation versus Jones Act liability coverage uncertainties and overlaps, and the other unique features of a law that has not been significantly amended since 1984, and it is clear that you need the best people handling your workers' compensation business.

By the way, American Equity Risk Services (AERS), AEU's claims unit for ALMA members, in July 2009 was named the inaugural winner of the Hartford Award for Outstanding Performing Third Party Administrator on a Single Account.

I don't have nearly enough space here to tell you all the rest of the ways that the credentials and experience of AEU's staff make ALMA the best market for USL&H. Check it out for yourself.

Just don't settle for above average.

Subrogation Corner

USL&H Subrogation Recoveries Top One Million Dollars in 2010

Last year was historic for ALMA in the area of subrogation. I am thrilled to report that in 2010 ALMA received **\$1,065,139** in USL&H claim subrogation recoveries, the largest dollar amount of recoveries ever received by ALMA in a single calendar year! I am equally thrilled to report that 2010 is the first year in ALMA's history that USL&H subrogation recoveries topped the one million dollar mark in a single calendar year. To put the 2010 recoveries number in a slightly different perspective, \$1,065,139 amounts to \$20,483 per week in recoveries for each week of 2010.

While I am the Director of Subrogation at AEU, rest assured that I am only partially responsible for achieving this ALMA subrogation recovery milestone. It truly was a team effort, but the entire AEU/AERS claims team deserves the primary credit. Indeed, the AEU/AERS claims team deserves an "attaboy" for their hard work, dedication and focus on increasing subrogation recoveries for our members. It takes an enormous amount of hard work and lots of patience to reach such a significant level of subrogation recoveries. We could not have accomplished this without everyone pulling together towards the common goal of driving down ALMA members' claim costs through subrogation. I am proud and honored to be affiliated with the finest group of Longshore Act claim professionals in the Country.

Obtaining good subrogation results starts with an early investigation. In fact, as I have said many times, that is the single most important ingredient to uncovering subrogation. An early investigation will yield the best evidence and maximize the chances of revealing a subrogation opportunity worth pursuit. Our ALMA members are usually the first to know of an incident and, consequently, are in a unique position to investigate and safeguard any machinery or equipment that is involved before it is lost or discarded. I would be remiss if I did not thank all of our members who regularly conduct early and thorough incident investigations. So, thank you! You are a very important part of our team's subrogation successes.

So, where do we go from here? We will continue to work harder than ever to drive down claim costs for our members through subrogation. You have my word that we will not rest on our laurels. It's a new year and as far as I am concerned, the sky is the limit when it comes to increasing recoveries. My sincere hope and expectation for 2011 is that we will far exceed last year's results. We are off to a good start this year. We shall see.....

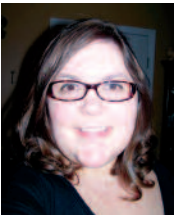


Royce Ray, JD, CSR

AEU

NEW FACES

AERS



UNDERWRITING

Crystal Jones

Crystal joined AEU in January 2011 as State Act Underwriting Assistant. Crystal has worked as a CSR in the Mobile insurance industry for the past five years and is a graduate of the University of South Alabama. Crystal is working with the State Act team. Her knowledge of State Act rating has already proven to be a big asset for the underwriting department.



CLAIMS

Rich Mahoney

Rich joined AEU in January 2011 as a Claims Account Manager. He works out of the AERS office in Metairie, Louisiana. Rich comes to AEU with over 30 years of insurance and claims experience which includes working for several large insurance companies as well as prior experience as a Claims Account Manager with FARA. He has led many longshore and workers' compensation seminars in the state of Louisiana and has been a speaker at the Loyola Maritime Seminar in New Orleans. Rich is a great addition to the AEU/AERS team and his experience will provide a real benefit for our ALMA members.



LOSS CONTROL

Marty Gaspard

Marty is the newest member of AEU's Loss Control Staff. Marty has worked in safety in the shipyard and oil exploration industries since 1993. Prior to 1993 he was a Command Specialist in the U.S. Air Force. Before coming to AEU he worked as the human resource and safety manager for a large oil service shipyard in south Louisiana. He ensured compliance with local, state and federal labor and safety laws and implemented programs to manage the safety program. He also has experience in Minerals Management Service (MMS) requirements and U.S. Coast Guard vessel safety inspections. Marty will primarily handle loss control for accounts in southern Louisiana. Marty's work experience and education will bring even more industry specific loss control expertise to AEU.



Chelsea Moore

Chelsea joined AERS in October 2010 as an adjuster. Chelsea handles longshore and California state workers' compensation claims. Prior to joining AERS, Chelsea worked as an adjuster with FARA following completion of the company adjuster training course. Chelsea has been a panelist at the Longshore Claims Association Seminar and is a great addition to our team.



Alma Fuentes-Khorvash

Alma joined AERS in January 2011 as an adjuster. Alma's experience includes 15 years in the insurance industry handling claims in various jurisdictions including longshore, California state workers' compensation and Jones Act. She is a specialist in longshore claims and is a Licensed California Workers' Compensation Claims Administrator. Alma has been an active member, board member and officer in the Longshore Claims Association serving as Vice President from 2008 - 2010. Her expertise will provide real value for our members.