

Link to Lloyd's

ALB Linking Lloyd's to Illinois

Association of Lloyd's Brokers www.aolb.org info@aolb.org

ALB member spotlight on Alexander J. Wayne & Associates

Just about 17 years ago, Lloyd's tribunized a brand new downtown Chicago specialty broker called Alexander J. Wayne & Associates. Today, AJ Wayne is nestled in Lincoln Park close to De Paul University where its founder, Al Wayne, and several key staff members were once students. Many of the eleven who work at AJ Wayne live in the neighborhood, giving this family owned firm a distinctive local character while plying its trade across the US in almost every state.

AJ Wayne's repertoire is heavily weighted to professional liability. The biggest segment of this class is agent and broker E&O, owing to arrangements between

AJ Wayne and state independent agent associations throughout the country.

Like most intermediate brokers, AJ Wayne handles all classes of miscellaneous E&O, EPL and D&O. Unlike some of its bigger competitors, AJ Wayne has geared itself to handle smaller risks of this type.

Going in this direction necessitated an efficient, cost effective operation, accomplished by a commitment to automation and modern systems. Most of these systems were developed internally from scratch.

Beyond professional liability, AJ Wayne has placed and serviced the reinsurance account for a

large municipal pool for property and casualty.

Even further beyond its staple class of professional coverages, AJ Wayne is about to launch an association program with Lloyd's providing accident and health coverage for pets. This program will be mass marketed via the web by Embrace Pet Community. This venture can be previewed at www.embracepetinsurance.com

A program of this nature and scope demonstrates the flexibility of Lloyd's and would not have been possible without the assistance of Lloyd's Illinois, Inc. who was there to help in the creation process each step along the way.

Issue 3 September 2006

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L-R: David Wavak, Alex E. Wayne, Debra Debow, Doug Skall, Vladimir Antos, Al Wayne, Lidia Wayne and Andrew Kelly

Visit
www.aolb.org
for ALB news
and information

SAVE THE DATE

ALB Seminar and Annual Meeting Luncheon

November 7, 2006

Chicago Athletic Association, 12 S. Michigan Avenue



SLA announces E-File initiative

At the August 8, 2006 ALB Surplus Line Seminar, SLA Assistant Executive Director Richard Dunlap demonstrated a proposed web-based platform for filing Illinois surplus line information. Pending approval by the Illinois Division of Insurance, the SLA E-File would introduce a paperless alternative to the current system of submitting hard-copy policies and endorsements, along with the SLA verification slip, for recording and countersignature.

With SLA E-File, the surplus line producer can log on to the secure website and key in certain policy and premium data. E-File will then assign an automatic countersignature number that can be affixed to the policy or endorsement. The system is loaded with drop-down menus and custom options to make it easy to use and prevent mistakes.

SLA is currently testing the system and hopes to go live with it shortly after DOI approval.

For more information on SLA E-File, contact Rich Dunlap at (312) 263-1993 or rdunlap@slai.org or visit the SLA website at www.slai.org.



Kathryn Brudnicki joins Lloyd's Illinois, Inc. Accounting Analyst

LII has hired Kathryn Brudnicki to assist John O'Hara and Keith Wenckowski with financial data collection, analysis and reporting for Lloyd's Illinois business. She will be responsible for applying London premium settlements against LII recorded balances; she will assist in the preparation of Illinois compliance and regulatory financial filings; and she will work on strategies to improve the flow of financial data into the Lloyd's Illinois financial tracking system.

Kathryn is a recent graduate of Loyola University, with a concentration in accounting. She was born and raised on Long Island, New York, but has come to think of Chicago as her home, and Kathryn plans to build her career here. She looks forward to learning more about the insurance industry and the Lloyd's market through her work at LII.

You may contact Kathryn at (312) 407-6212 or kathryn.brudnicki@lloydsillinois.com

Lloyd's A ratings affirmed

A.M. Best and Fitch have recently affirmed Lloyd's "A" financial strength ratings.

A.M. Best announced on July 31, 2006 that Lloyd's central solvency capital is likely to stay strong through 2006 at approximately \$3.2 billion, and that the more extreme performance downside from which Lloyd's suffered in previous cycles has been curtailed as a result of enhanced management of risk and performance. A.M. Best anticipates a combined ratio of approximately 98% for Lloyd's in 2006 and reports that Lloyd's continues to benefit from excellent market access worldwide and a high level of brand recognition. A.M. Best says that Lloyd's will maintain its strong market position in the United States.

The Fitch A rating announced on August 17, 2006, reflects Lloyd's strong capital position, enhanced risk management framework, prospective strong earnings and strong franchise. The establishment of the Franchise Board in 2003 has led to significant improvements in the market's risk management framework and a focus on franchise performance. Tangible benefits from this were seen in 2005 following the introduction of the Gulf of Mexico Realistic Disaster Scenario (RDS), which was successful in reducing Lloyd's loss exposure to the 2005 hurricanes. Fitch views the 2005 hurricanes as an earnings event for Lloyd's and expects Lloyd's to report strong results for 2006, forecasting the market's aggregate combined ratio to be below 95%.

Visit www.lloyds.com for more information on Lloyd's ratings.

AM BEST
A (EXCELLENT). STABLE OUTLOOK

FITCH RATINGS
A (STRONG). STABLE OUTLOOK

STANDARD & POOR'S
A (STRONG). STABLE OUTLOOK

Visit www.lloyds.com
for more information
on Lloyd's ratings

Submit documents for electronic countersignature to LII via email to
mail@lloydsillinois.com

Insurance Associates

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



Get more IA info at
www.aolb.org

IA Summer Cruise

Friday, July 21, 2006 marked another successful IA summer boat cruise. More than 100 new and existing IA members and friends boarded the yacht Valara VI at Burnham Harbor to enjoy an ample buffet, delicious cocktails and a leisurely lake-shore cruise.

Although the water could get a bit choppy, a great time was had by all. And after the boat docked, the afternoon of peer networking continued at the Wabash Tap.

Photos of the cruise are online

at www.aolb.org

Thanks to everyone who helped make this summer cruise such an outstanding success.

Join IA Today

IA now has 121 members and is still growing! If you know anyone interested in joining please contact Matt Prewitt at mathew.prewitt@ajrenner.com.

IA has more events in store for the coming months, including a gala holiday luncheon, so please be sure to visit the IA website at www.aolb.org for more details.



ALB E&O Seminar and Annual Meeting Luncheon Tuesday, November 7, 2006—Chicago Athletic Association

Broker E&O Seminar

The final 2006 ALB seminar will focus on the topic of Broker Obligations and Due Diligence. The speakers will include Londoners Nick Leighton of Omega Underwriting and Jason Collins, Managing Director of Arch Intermediaries, and Chicago attorney Larry Heollwarth of Karbal Cohen Economou Silk Dunne.

The seminar will be from 8:30 am to 11:30 am at the **Chicago Athletic Association**, 12 S. Michigan Avenue, Chicago. Three hours of Illinois Division of Insurance continuing education credit will be offered.

ALB seminars are FREE for employees of ALB member firms and IA members. \$30 for non-members.

Annual Meeting Luncheon

Following the seminar, ALB will conduct its annual meeting at a luncheon in the Main Dining Room of the **Chicago Athletic Association**, overlooking Millennium Park. The keynote speaker will be Johnny Rowell, Head of Specialty Lines for the Beazley Group.

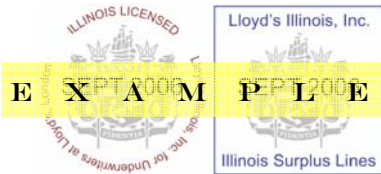
Attendance at the Annual Meeting luncheon is free for three employees of ALB member

firms, \$30 for additional attendees and non-members. If you plan to attend, please coordinate with your ALB member representative.

Visit www.aolb.org to register or for more information.

Register for the
ALB Seminar or the
Annual Meeting
at www.aolb.org





LHA/World designs LII e-signature stamps

Leslie Harrod of LHA/World in Elmhurst, Illinois, provided the design for the new LII electronic counter-signature stamps. LHA/World specializes in marketing communications and advertising and is recognized for its top quality and outstanding creativity.

LHA/World clients range from start-up companies to national and international firms, including DMS Pharmaceutical and GMAC Insurance.

Visit www.lhaworld.com to learn more about LHA/World.



Wellington is offering a new product to cover the costs of an outbreak of avian flu in the US.

Lloyd's offers US farmers Avian Flu cover From lloyds.com

A Lloyd's insurer has launched a new product to cover the business costs of an outbreak of Avian Flu in the US.

Wellington Underwriting Agencies Limited (WUAL), manager of Wellington Syndicate 2020 at Lloyd's, is to offer Avian Influenza business interruption cover to farmers in America.

The product will cover business interruption for broiler farmers, who farm a particular type of young chicken. The coverage kicks in should the government slaughter their poultry following an outbreak of the H5N1 strain of Avian Influenza on their farms.

The program will be underwritten within Syndicate 2020's livestock disease portfolio which covers risks such as aquaculture, the breeding and transport of bloodstock and livestock, and pet insurance.

Nigel Guillaume-Smith, Underwriting Director of WUAL said: "We have been monitoring Avian Flu for some years. This knowledge has enabled us to create a unique product, providing coverage to US broiler farmers which supplements US government Avian Flu response plans."

He added that the new product reinforced "the creative environment fostered within the Lloyd's market and particularly at Wellington".



Lloyd's Illinois, Inc. working open house

Lloyd's Illinois, Inc. will conduct a working open house during the week of the NAPSLO conference in Chicago to showcase LII capabilities and technological innovations.

Lloyd's market participants are invited to visit LII to gain first hand knowledge of Illinois procedures, LII capabilities and the opportunities for conducting both Lloyd's admitted and surplus lines business in Illinois.

Thursday, September 14, 2006 2:00 pm to 6:00 pm—181 W. Madison, Suite 3870, Chicago

Contact Mark Rector at LII for information at (312) 407-6214 mark.rector@lloydsillinois.com

WHAT'S THE STORY?

Visit the news center at www.lloyds.com – a comprehensive resource of the latest Lloyd's news, information and events

**KATIE
SCHOOL**

OF INSURANCE AND
FINANCIAL SERVICES

ILLINOIS STATE UNIVERSITY

ILLINOIS STATE
UNIVERSITY



ILLINOIS STATE UNIVERSITY COLLEGE OF BUSINESS

Katie Insurance School / ALB summer interns at Lloyd's

A report from interns Katie Flack and Nicole Pfeiffer

Risk and Opportunity

Navigating "The Room" of legendary Lloyds of London is much like navigating life; risk and opportunity abound at every corner, and friendly faces are willing to offer a guiding hand to lead you in the right direction when lost. Plotting a career route is difficult for anyone, let alone college juniors. If it were not for the kindness and mentorship of sponsoring organizations and individuals, the journey we make as we transition from student to proper adulthood would be more treacherous and uncertain. Armed with insurance information and newly-found confidence, our voyage is more certain and a little bit brighter.

We were taken under the wing of experienced underwriters, brokers, and claims adjusters, and learned everything from the layering system to syndicate strategy. Helpful professionals from the market kindly explained every action and satisfied our every question.

A Day at Lloyd's

Our typical day started with a short commute on the tube to one of the syndicate buildings where we witnessed underwriters making preparations for the transactions of the day.

The market begins trading at

eleven o'clock, and the underwriters take their positions in their respective "boxes." From this vantage point on the trading floor, we were able witness firsthand how business is conducted in the Lloyd's market.

Relationships are the Key that Opens the Box

The London market is a very social place, and much time was spent between underwriter and broker discussing personal matters. If networking is important in the United States, it is imperative in London. Each particular risk, from insuring school children in District 300 of Illinois against injury to a man's private L-39 Albatross aircraft, was explained to us in full detail. Although some risks and rating systems were too complex for us to understand, we came away with a profound knowledge of the diversity and strategy involved in reviewing lines.

Although the marketplace was spectacular, we particularly enjoyed our candid conversations over lunch. The English have brilliant social graces, skills, and a wicked sense of humor! Our networking skills have moved to the next level as a direct result of these exchanges. (As a splendid little by-product we are also much more well versed about football and the World Cup!)

After lunch, we returned to the boxes and rotated among underwriters and areas so as to be exposed to as much as possible. Each professional gave us their card at the end of the day for any questions or guidance we might need. The majority of our time was spent with underwriters, but we also learned the trades of brokers and claims adjusters.

The Mystery of Lloyd's Revealed

Our internship experience has benefited us tremendously. Lloyd's of London remains slightly mysterious to the outside world, and a glimpse inside its modern, metal doors has opened our eyes to many different possibilities. As a direct result of this internship and its job-shadowing aspect, we now know what careers we wish to pursue. We have made friends, and have had fun times we will never forget. London may not be the prettiest city, the sunniest, or the cheapest, but it will always occupy a special place in our hearts.

Thanks to ALB!

We would like to extend a very warm thank you from the bottom of our hearts to the members of the ALB who have made all this possible for us. It has changed our lives dramatically.



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Learn more about the Katie School at www.cob.ilstu.edu/katie

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See more about ALB member firms, their specialties and
 contact information at www.aolb.org

ALB Association of Lloyd's Brokers www.aolb.org info@aolb.org

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 (usually a luncheon with a keynote speaker) 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.

Lloyd's Illinois, Inc. Processing Tips

LII E-Processing—mail@lloydsillinois.com

LII can receive and countersign documents electronically via mail@lloydsillinois.com.

Send Lloyd's documents by email to mail@lloydsillinois.com as either PDF, TIF, rich text format (RTF) or Microsoft Word.

E-countersigned documents will be returned as secure PDF files. Please be sure to send each document as a separate file.

Documents submitted electronically receive priority over hard-copy submissions.

Binding Authority Processing

Please reference the binding authority contract number on all policies and endorsements.

For policies under multiple binding authorities, please list the premium broken down by binding authority number, class of business and premium dollar amount.

LII Webinars—schedule one now!

Get hands-on training for processing Lloyd's Illinois business—at your own desktop computer! LII Webinars are internet-based interactive training sessions that allow real-time contact between your staff and the training staff at LII.

QUESTIONS?

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Link to Lloyd's is published quarterly by ALB. Distributed to all ALB members, this publication is intended to keep members up-to-date on ALB activities and news from Lloyd's. The views expressed do not necessarily reflect the opinions of Lloyd's underwriters, the Council or Corporation of Lloyd's.

ALB Seminars 2006

Broker Obligations and Due Diligence
Tuesday, November 7, 2006

8:30 am to 11:30 am
Chicago Athletic Association
12 S. Michigan Avenue, Chicago

FREE for employees of ALB member firms and IA.
\$30 for non-members.

ALB Annual Meeting

Tuesday, November 7, 2006

11:30 am to 2:00 pm
Chicago Athletic Association
12 S. Michigan Avenue, Chicago