

Letter from the ALB Chairperson Allison Firth, Director/SVP, Aon Risk Services

Welcome to summer, everyone! There is no better place to be in summer time than Chicago!

ALB has an exciting summer and fall planned with important upcoming seminars for our members and guests to enjoy. Keep in mind that Illinois Division of Insurance continuing education credits are offered at each ALB seminar.

On Tuesday, August 9, 2005, we are delighted again to be working with the Surplus Line Association of Illinois (SLA) and Lloyd's Illinois, Inc. (LII) to present a combined seminar on processes and updated information regarding TRIA and the Lloyd's perspective on terrorism coverage. David Ocasek of SLA and Tom Oberwetter of LII will be the speakers at this event, along with special guest James Walmsley, Senior Manager, Lloyd's International Compliance.

On Tuesday, November 8, 2005, ALB will conduct its Annual Meeting at the Union League Club, preceded by the fourth and final ALB educational seminar of the year at the Harris Bank Auditorium. The seminar will consist of a panel discussion of current insurance marketplace issues, with an emphasis on contract certainty and business transparency from a marketplace, broker and client perspective. We are in the process of lining up an exciting array of keynote speakers for the Annual Meeting.

During the second week of July, the Katie School of Insurance hosted their London Market Study Tour, a week long seminar of London insurance marketplace participants. ALB hosted two days of the seminar in Chicago at the Aon Center, including a day long seminar and panel discussion by the Property and Casualty Institute of America,

LII and SLA. The London Market Study Tour allows London marketplace participants to obtain knowledge of how insurance transactions are done in the US. ALB vice-chairperson Linda Deiss and I attended on behalf of the ALB Board of Directors.

In addition to the two upcoming ALB seminars mentioned above, Insurance Associates will host a boat cruise of Lake Michigan on August 12, 2005. Alex Wayne of Insurance Associates previews the event on page 4 of this newsletter.

We look forward to seeing everyone at these exciting, fun and important ALB events. Thank you and enjoy your summer!

Allison Firth
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Inside this Issue

<i>Letter From the President of LII</i>	3
<i>Insurance Associates Summer Cruise!</i>	4
<i>Upcoming ALB Events</i>	5
<i>John O'Hara Joins LII</i>	6
<i>Katie School London Market Study Tour</i>	6
<i>Visitors From Lloyd's</i>	7
<i>Florida Likely to Pay More for Hurricanes</i>	9
<i>US Treasury Report on TRIA</i>	15

Extras!

- ALB Board Directory
- ALB Member Directory
- LII Staff Directory
- IA Directory
- Membership Information

Lloyd's Illinois, Inc. is Moving September 1, 2005!

LII is moving to new office space near LaSalle Street, just a few blocks from their current location, on September 1, 2005. The new LII offices are located at 181 W. Madison, Suite 3870, Chicago, IL 60602. The new general office telephone number will be (312) 407-6200. See the Illinois page at www.lloyds.com and www.aolb.org for updates on the LII office move.

ALB

Association of Lloyd's Brokers

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See our updated website!

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

The Association of Lloyd's Brokers, a professional organization begun in 1946, provides information, education and business contacts to Lloyd's Correspondents in Illinois. The ALB, which has a close historic tie to Underwriters at Lloyd's, provides an important and necessary commercial partnership with Lloyd's of London to strengthen the competitiveness of the Lloyd's market and Lloyd's Correspondents for the future.

ALB elects officers and directors at its annual meeting held in November. The Directors meet monthly and members meet at the annual meeting (usually a luncheon with a keynote speaker) and for quarterly seminars which address some of the industry's major issues.

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From the President of Lloyd's Illinois, Inc. Maryanne Swaim, CPCU, ARM

First, let us have a moment of remembrance for the innocent victims of the recent London bombing tragedy and wishes of condolence for their families. There are and will continue to be such "risks" throughout the world. Here in the US, the Terrorism Risk Insurance Act (TRIA) is set to expire on December 31, 2005. The US Treasury report released on June 30 (*see page 15*) recommended not renewing TRIA in its current form, while suggesting the act could be renewed with certain changes. In light of global events, the outcome of this issue is of paramount importance for our industry, and we at LII will continue to closely monitor developments and communicate them to you.

Please join the ALB on Tuesday, August 9, 2005 for an educational seminar held jointly with the Surplus Line Association of Illinois and Lloyd's Worldwide Markets. Our guest speaker from London will be James Walmsley, Senior Manager, Lloyd's International Compliance. Mr. Walmsley is LII's London liaison and represented Lloyd's during the US Treasury evaluation of TRIA. Accordingly, Mr. Walmsley will address key points relating to terrorism and TRIA from the Lloyd's perspective.

LII Efficiencies

In August, LII will initiate a program for electronic processing of US Broker Binding Authority Bordereaux. The program will allow for secure electronic transmission of information on enrollees, premiums, certificate numbers, etc. that LII is required to maintain. The Binding Authority Bordereaux program represents a substantial step forward in our efficiency. LII will be able to transact our large Binding Authority business much more quickly and authorize Lloyd's to release UK Broker Binding Authority funds sooner.

Please contact James Nygaard at LII to discuss signing up for the Binding Authority Bordereaux program at (312) 443-0385 or james.nygaard@lloydsillinois.com.

LII Customer Service

During the past few months our LII office and you, our US Brokers, have exchanged much more information than ever before. This has enabled LII to serve you better and faster. Collectively, we will continue to improve the ways in which we communicate and conduct business.

Please remember to send LII a copy (electronically,

if possible) of (1) your CURRENT Lloyd's Undertaking contract, (2) your Illinois producer licenses, (3) applicable Binding Authorities, (4) Lloyd's Broker covernotes and/or placing slips for Open Market business (please note that the Lloyd's Syndicate numbers and their signed down percentages of participation must be provided as well).

Lloyd's and LII require this documentation from our US Brokers in order to comply with Illinois insurance statutes and regulations. Please send this information to LII via email at mail@lloydsillinois.com as soon as possible. LII will maintain the necessary information on file. Then, when your next transaction takes place, LII can readily access your administrative records and promptly process your client's documentation.

Good News!

LII processing time is down! Efficiencies are up! Having been an insurance broker the majority of my business life, I know how important it is to provide clients with their policy documents quickly and correctly. Collectively, we can do this! Let's all continue to be aware of what needs to be done and do it.



Maryanne Swaim
President, LII

"We will continue to improve the ways in which we communicate and conduct business."

To quote Winston Churchill, "It is no use saying 'we are doing our best.' You have got to succeed in doing what is necessary." Please send your complete and correct documentation to LII and we will review the documents for Illinois compliance, record the necessary information and get the documents back to you promptly.

In spite of a backlog of legacy items that LII is working diligently to resolve, I'm proud to say that "clean and correct" documents which currently arrive at LII are generally in- and-processed and returned with a two week time period. Some transactions are fast-tracked and handled in one or two days!

Continued on page 5

Insurance Associates Cruise into Summer!

Alex E. Wayne, Alexander J. Wayne & Associates, Inc.

Anchors Aweigh!

It's time for the Insurance Associates Summer Cruise! We set sail aboard the *Star of Chicago* on Friday, August 12th from 2:00 pm to 5:00 pm. Boarding begins at 1:30 pm at the Ogden Slip at the entrance to Navy Pier. You don't want to miss this event.

One of Shoreline's premier vessels, the *Star of Chicago* was custom built along the traditional lines of the classic French and Belgian canal boats that have cruised Europe's romantic waterways for centuries.

The fee for the boat cruise is \$30 for IA members and \$60 for non-members. Soft drinks and liquor will be included along with food and appetizers catered by Connie's Pizza. This is a pre-paid event. **Payment must to be received prior to August 12th.** Payment will not be accepted on the boat.

Join IA and Save

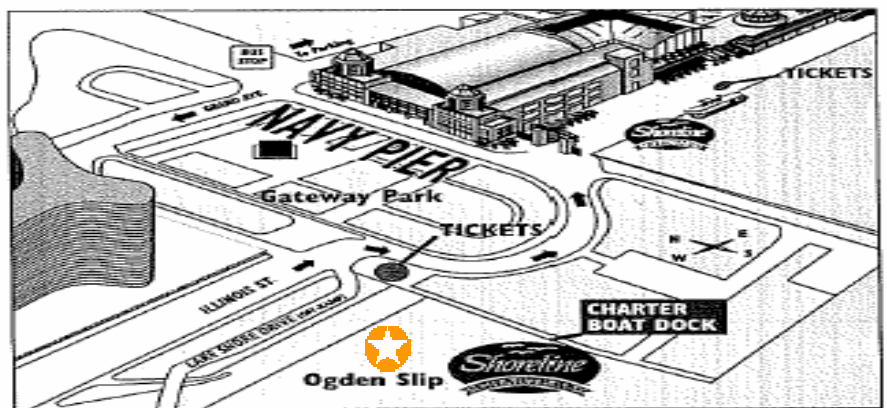
As a special promotion, you can go on the boat cruise and become a member of Insurance Associates for the low cost of \$80. If you are interested in becoming a member, or if you only want to join us for the cruise, please contact Michael Kohlhase michael.kohlhase@ajrenner.com or (312)755-0084.

IA Happy Hour

The next IA Happy Hour event will be on Thursday, September 8, 2005. Past events have been extremely popular and provide IA members with the opportunity to network in a fun and informal social setting. See www.aolb.org for more information on this upcoming event.

Membership in IA continues to grow. The group is closing in on 100 members! Insurance Associates brings together young professionals from all insurance industry disciplines to establish peer networks for increased business opportunities and educational advancement.

**See pages 10 & 11
for more information on
Insurance Associates**



UPCOMING ALB EVENTS

ALB Seminar—TRIA, Surplus Line & Lloyd's in Illinois

Tuesday, August 9, 2005 8:30 am to 11:30 am at the Harris Bank Auditorium, 115 S. LaSalle Street, Chicago.

The Seminar will focus on processes and updated information regarding TRIA, the Lloyd's perspective on terrorism coverage and processing Surplus Line business in Illinois. The speakers will be James Walmsley, Senior Manager, Lloyd's International Compliance, David Ocasek of the Surplus Line Association of Illinois and Tom Oberwetter of Lloyd's Illinois, Inc.

6 hours of Illinois Division of Insurance continuing education credit will be offered to qualified attendees.

Admission to the Seminar is free of charge to employees of ALB member firms (see page 13 for a list of ALB members). Non-members may attend for a fee of \$30.

Register by email at info@lloydsillinois.com or contact Christina Kollias at christina.kollias@lloydsillinois.com or (312) 443-0425. Visit www.aolb.org for more information.

ALB Annual Meeting, Tuesday, November 8, 2005

The 2005 ALB Annual Meeting and Luncheon is scheduled for Tuesday, November 8, 2005 at the Union League Club at 65 W. Jackson Boulevard in Chicago. Up to three people from ALB Member firms may attend the Annual Meeting and Luncheon free of charge.

The Annual Meeting will be preceded by an educational Seminar in the Harris Bank Auditorium at 115 S. LaSalle Street, Chicago. The seminar will consist of a panel discussion of current insurance marketplace issues, with an emphasis on contract certainty and business transparency from a marketplace, broker and client perspective.

From the President of Lloyd's Illinois, Inc. *continued from page 3*

DIRTFT

As an industry, let's not tolerate delays. Let's understand what it takes to "Do It Right the First Time" and increase the reputation of the insurance industry by providing our customers with the highest quality service.

On behalf of my LII team colleagues here in Chicago and our Lloyd's colleagues in London, we all want your Lloyd's business experience to be one that is professionally handled and that exceeds your expectations. After all, Lloyd's is the world's leading specialist insurance market. If you have any questions or concerns about your Lloyd's business, please contact us at LII. Please feel free to contact me directly about issues that LII may be able to help you with. Together, we will succeed in doing what is necessary!

Maryanne Swaim, CPCU, ARM
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John O'Hara Joins Lloyd's Illinois, Inc.

John W. O'Hara has been appointed Vice President of Finance & Administration for Lloyd's Illinois, Inc.

John is responsible for the financial and statutory reporting requirements for LII as well as office administration, HR and employee benefits. John will also be participating in Lloyd's initiatives across North America.

John is a CPA with more than 25 years of experience. He spent six years in public accounting with Arthur Andersen & Co. and has extensive experience in retail finance management, including risk management and treasury responsibilities. John's experience extends to senior finance and administration responsibilities in global HR consulting firms. John has a Bachelor of Science from DePaul University and has done graduate work at Northwestern University's Kellogg School of Management.



John and his wife Mary Lou are native Chicagoans and reside in River Forest where they raised their daughter Katie, a Tulane graduate, and their sons, Charlie, a DePaul junior, and Jack, a second year student at Triton College.

Katie School of Insurance London Market Study Tour

The Katie School of Insurance & Financial Services London Market Study Tour on the US Property/Casualty Insurance Industry was held on July 10-16, 2005. The seminar was hosted by Deborah A. Babcock, Associate Director of the Katie School of Insurance, and Terry Hayday of Lloyd's Market Association.

ALB sponsored the seminar for two days in Chicago at the Aon Center, featuring a panel discussion by representatives of the Property and Casualty Institute of America, LII and SLA.

The London Market Study Tour is an international seminar designed to benefit underwriting and claims personnel, brokers, capital providers, auditors and others engaged in the international market to expand and develop new business in the US insurance market. The one-week course covers such topics as regulation, catastrophe exposures, demands & expectations of firms, intellectual capital, e-commerce, loss mitigation, alternative risk transfer, surplus lines, customer-focused marketing, professional indemnity, and directors and officers liability.



Debbie Babcock & Terry Hayday



Julian James visits LII

Julian James, Director of Lloyd's Worldwide Markets, visited the LII offices in Chicago on June 27, 2005. Julian is responsible for all Lloyd's commercial activities outside the UK, including the management of its 60 trading licenses. He also oversees Lloyd's global marketing and communications including international advertising, media relations and political lobbying.

Meeting with Julian from the ALB Board of Directors were Linda Deiss, Chris Gaddis, Greg Grodecki and Bill Wroblewski.

Julian and Lloyd's Worldwide Markets are deeply engaged in developing industry efficiencies to better benefit our brokers, our clients and our industry. For Julian, service is a top priority, especially the timely and accurate preparation and delivery of policy documents. Lloyd's has made

a significant investment in technology to streamline the process. Web-based tools are being employed, such as Kinnect (www.kinnect.com). Julian is a fervent advocate of Contract Certainty – providing definite answers on the placing slip (in lieu of “to be agreed”), enabling all parties to the policy contract to know what has been agreed to at the inception of the policy. This clarity of coverage will enable policy documents to be delivered more quickly to the recipient and should result in a dramatic reduction in brokers' Errors & Omissions areas since all parties to a policy will be able to immediately verify the scope of coverage and the costs involved.

Julian is a strong supporter of Lloyd's Illinois, Inc. operations and of Lloyd's activities in North America. Before joining Lloyd's, Julian



was a Marine and Energy broker for Sedgwick, representing North American risks.

We were pleased to welcome Julian, with his positive leadership style and vision for change in the insurance industry, to LII and to Chicago.

Nick Gammage and Thor Valdmanis visit LII

Nick Gammage, Head of Communications for Lloyd's, and Thor Valdmanis, newly-appointed Vice President of Communications for North America for Lloyd's, visited the LII offices on July 18, 2005. Nick and Thor discussed how they are working diligently to communicate information to Lloyd's offices worldwide and developing strategies for conveying media and news quickly and efficiently.

Nick joined Lloyd's in 2003 from the London Stock Exchange where he was Director of Communications. He began his career as a newspaper journalist. Nick is married with three children and lives in Buckinghamshire.

Thor is based in Lloyd's New York office and reports to Wendy Baker, Presi-



Nick Gammage, Maryanne Swaim, Thor Valdmanis

dent of Lloyd's America. Before joining Lloyd's, he was a senior Wall Street reporter and foreign correspondent for *USA Today*. Thor has made frequent guest appearances on CNBC's *Kudlow & Cramer*, and on CNN, Fox News, CNBC and *The News Hour with Jim Lehrer* on PBS.

Lloyd's Illinois, Inc.

Protecting and developing Lloyd's business interests in Illinois

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NEW LII ADDRESS as of September 1, 2005

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Hurricane-prone Floridians likely to pay more in home insurance

John Pain, AP Business Writer

21 July 2005

Associated Press Newswires, Miami

The insurance industry has a message for the millions of homeowners in hurricane-prone areas like Florida: You're still not paying enough in premiums to cover the risks that insurers face with storms that cause billions of dollars in damage.

Insurance bills are likely to go up even more, and in Florida that would come on top of the rate hike requests already made after four hurricanes hit the U.S. last year. While the monster storms also plague states like Texas and Louisiana, half the insured hurricane losses in the 20th century were incurred in Florida.

But consumer advocates and homeowners say insurance companies are getting greedy. They contend that steep rate increases since 1992's Hurricane Andrew, the most expensive natural disaster in U.S. history, and other changes since then are more than enough.

"You said that would do it, now you're coming back for another bite of the apple. Why?" asked Bob Hunter, the director of insurance for the Consumer Federation of America.

The tensions between homeowners and insurers were aggravated by last year's record hurricane season, which caused \$22 billion in insured wind damage alone in the U.S., more than Andrew when adjusted for inflation.

Florida Gov. Jeb Bush and state lawmakers stepped in to give some relief to both sides this year, such as only one deductible per hurricane season for homeowners and ensuring that policies against wind damage don't also have to pay for damage caused by flooding. But problems still remain.

Insurers have asked for statewide rate increases averaging from 5 percent to nearly 30 percent since last hurricane season, although state officials must

still approve some of them. Another 6.8 percent increase is also expected this summer to pay for the deficit of the state-backed insurer of last resort.

"It's unlikely that increases in 2005 are going to be sufficient," said Bob Hartwig, chief economist of the Insurance Information Institute, an industry group.

While other states may also need higher homeowners insurance rates, none will see increases on par with Florida's, he said.

"Florida is the most at-risk state for hurricanes. Homeowners insurance is going to be expensive there. It's inescapable," he said. Florida is "a constant drag on earnings. It needs to become more self-sufficient."

Forecasters have been warning for years that hurricane activity is going to be higher, perhaps for decades. Less than two full months into the current season, there have already been a record five named storms, including two major hurricanes -- Dennis and Emily. Dennis hit the Florida Panhandle and Alabama and caused between \$1 billion and \$4 billion in insured wind damage, according to preliminary estimates, while Emily dealt a glancing blow to Texas on Wednesday.

While many homeowners bemoan higher rates, some grudgingly understand that their insurance bills will go up because of Florida's risk. But they complain that insurance companies try to skimp when it comes to paying out claims.

Diane Thompson's premiums were \$5,616 this year, up from \$4,519 last year, but she still is suing her insurance company to get more than \$500,000 in damage claims from Hurricane Ivan in September. The Pensacola resident thinks insurers are too focused on making profits and not enough on helping their customers.

"I don't mind paying the money, but it's the game they play with you. You

question: 'Why did I bother to get insurance?'" Thompson said.

But industry officials defend their performance. They say rate increases are needed to make sure that insurers will be able to pay for damage when it occurs.

"The thing for customers to remember and our primary point is protecting customers is our No. 1 priority," Allstate Corp. spokesman Mike Siemienas said. "We need to make sure we have adequate capacity to cover customers."

Hartwig said the insurance industry overall is well prepared financially. Only one insurer went bankrupt after last year's four storms, compared to 11 after Andrew.

But Fitch Ratings said another serious storm could make more insurers insolvent.

"Severe back-to-back storm seasons could also be the catalyst needed to raise premium rates to adequate levels and attract better capitalized insurers to the state," the credit rating agency said last week.

Major insurers such as Allstate are also dropping some homeowners because they live in areas where the risk of hurricane damage is too high. Those residents then have to try to find other insurers willing to take them on. If they can't find a willing company, Floridians can sign up with Citizens Property Insurance Corp., the state-backed insurer of last resort that gives coverage to those who can't get it from private companies.

But Citizens charges higher rates than other companies to deal with the increased risk. The company's average annual premiums for single family homes are now \$1,858, up \$202, or about 12 percent, from last year.

"That is the price of living in paradise," Hartwig said of rate increases.

IA Membership Application 2005-2006

Name _____ Title _____
 Company _____
 Business Address _____ City, State Zip _____
 Business Phone _____ Fax _____
 E-mail _____

Your Concentration of Insurance Work (choose one): Underwriter _____ Broker _____ Other _____

Class (choose one) Property & Casualty _____ Claims _____ Professional Liability _____
 Directors & Officers _____ Life & Health _____ Other _____

Occupation other than Insurance _____

Are you interested in joining a committee? Which one?

Membership _____ Social _____ Education _____ Communications _____ Public Relations _____

Annual Dues are \$50 per member. Please make checks payable to the Association of Lloyd's Brokers
 Please send to: Michael Kohlhase, A.J. Renner & Associates, 6 W. Hubbard, 4th Floor, Chicago, IL 60610

IA Cruises into Summer!

Annual Boat Cruise Aboard the *Star of Chicago*
Friday, August 12, 2005 from 2:00 pm to 5:00 pm

- ☞ Member Fee: \$30 Non-Member Fee: \$60
- ☞ Includes liquor, soft drinks, food & appetizers catered by Connie's Pizza
- ☞ Boarding begins at 1:30 pm at Ogden Slip at entrance to Navy Pier. Departs 2:00 promptly!
- ☞ Please RSVP to Mike Kohlhase by AUGUST 1, 2005 with your Member fee, Non-Member fee, or New Member fee — michael.kohlhase@ajrenner.com (312) 744-0084

Become a Member NOW for \$80 and enjoy the Summer Cruise!

Please note this is a prepaid event.

Payment must be received prior to August 12, 2005. Payment will NOT be accepted on the boat.

Insurance Associates Directory

President	Kevin Pollard	Colemont Insurance Brokers
Social Chair	Erik Carlsen	Lemme Insurance Group
Communications/PR Chair	Michelle Fesi	Arch Insurance Group
Membership Chair	Michael Kohlhase	A.J. Renner & Associates

Ronald Keller	Advanced E&S of IL	Rebecca Brown	Donohue Brown Matthewson & Smyth
Christa Ferris	AIG	Laura Zaroski	Donohue Brown Matthewson & Smyth
Allison King	AIG	Rebecca Dorsey	Draper & Kramer
Julie McGrath	AIG	Katie Hanson	Draper & Kramer
Jamie Stafseth	AIG	Julie Kruger	Draper & Kramer
John Bogan	AJ Renner & Associates	Carly Abram	Firemans Fund
Paul Combs	AJ Renner & Associates	Blue Bettencourt	FPRS
Michael Kohlhase	AJ Renner & Associates	Christian Tietz	FPRS
Jody Oster	AJ Renner & Associates	Blake Townsley	FPRS
Patrick Nolan	AJ Renner & Associates	Steve Pfeiffer	General Star
Matt Prewitt	AJ Renner & Associates	Alan Lewis	Genesis
Mark Vandervelde	AJ Renner & Associates	Ryan Hornbeck	GenRe
Vladimir Antos	AJ Wayne & Associates	Carrie Petroff	GenRe
Andrew Kelly	AJ Wayne & Associates	Matthew Carpenter	Colemont Insurance Brokers
David Wavak	AJ Wayne & Associates	Madeline Doherty	Colemont Insurance Brokers
Alex Wayne	AJ Wayne & Associates	Stephanie Hayes	Colemont Insurance Brokers
Susan Donnelly	Aon	Kevin Pollard	Colemont Insurance Brokers
Lori Kaiser	Aon	Laura Purcell	Colemont Insurance Brokers
Krista Kearney	Aon	Andrea Watkins	Colemont Insurance Brokers
Sarah Stephens	Aon	Kim Stanton	Cunniggham Lindsey
Chris Sullivan	Aon	Kirk Chamberlain	JLT
Emily Truesdell	Aon	Tad Block	JP Morgan Chase
Michael Corken	APS Insurance Agency	Erik Carlsen	Lemme Insurance Group
Michelle Fesi	Arch	John Hecht	Lemme Insurance Group
Wanda Sample	Avalon Risk Management	Sam Rudman	Lemme Insurance Group
Trent Iliff	Avreco	Jennifer Morrill	Marsh
Ryan Smith	Avreco	Edward Kean	Markel Corp.
Karen Zyck	Avreco	Lorraine Buehler	Mesirow Financial
Megan Kamdar	Bankers Insurance Service	Evan Myers	Myers Briggs and Co., Inc.
Christopher Labelle	Bankers Insurance Service	John Alberts	Payan, Alberts & Thompson
Tony Fick	Benfield Group	Melissa Binotti	PRSIM
Tara Ryan	Benfield Group	Lisa Alley	Risk Placement Services
Chris Weber	Benfield Group	Jennifer Clifford	Risk Placement Services
Erica Sandner	BRPS	Shawn McGurn	Risk Placement Services
J. Winston Wilcox	BRPS	Sarah Musotto	Risk Placement Services
Kate Roskopf	Cambridge Integrated Services Group	Holly Doyle	Risk Placement Services
Rob Wilson	Corporate Risk Mgt.	Patrick Carolan	Scarborough
Sarah Rieger	CRC Insurance Services	Dan Labovitch	Swett & Crawford
Irene Balcazar	CRC Insurance Services	Elizabeth Wakolbinger	Swett & Crawford
Jennifer Davis	Crump	Christopher Dockery	Travis-Pedersen & Associates
Elizabeth Knuth	Crump	Matthew Gervin	Travis-Pedersen & Associates
Nicolle Olson	Crump	David Golnick	YMCA Services Corporation
Frederick Wezeman	Crump	Nick Nudo	Zurich

ALB MEMBERSHIP APPLICATION 2005-2006

Firm Name _____ Phone _____
Contact Person _____ Fax _____
Address _____ Email _____
City, State Zip _____

Type of Membership: Regular \$600 Corporate \$300 Insurance Associate \$50

Membership Options

REGULAR (Voting) Firms which have been approved as Lloyd's Correspondents.
Dues \$600 annually.

CORPORATE (Non-voting) Firms which provide services to the Lloyd's community and brokers.
Dues \$300 annually.

INSURANCE ASSOCIATES (Non-voting individual memberships) Any interested person who would like to network and join the Lloyd's community (no age limit).
Dues \$50 annually.

Benefits of ALB Membership

Member's entire office staff may attend ALB Seminars, which offer Illinois Division of Insurance continuing education credit, at NO CHARGE.

Up-to-date information on Lloyd's.

Networking within the insurance community.

Up to 3 people from Member firms may attend the ALB Annual Meeting & Luncheon at NO CHARGE.

Member Listing by specialization on the ALB website www.aolb.org.

Please make checks payable to the Association of Lloyd's Brokers.

Mail checks to: Association of Lloyd's Brokers
 c/o Lloyd's Illinois, Inc.
 115 S. LaSalle Street, Suite 2450
 Chicago, Illinois 60603

ALB Member Directory

A.J. Renner & Associates, Inc.	G.A. Mavon & Co.
Advanced E&S of Illinois	Geo. F. Brown & Sons, Inc.
Alexander J. Wayne & Associates, Inc.	Guild Insurance Agency
Aon Risk Services, Inc.	International Risk Placement, Inc.
AUSCO	Jack Nebel Companies
AVRECO	JMB Insurance Agency
Benchmark Management Group	Kelly & Elliott, Ltd.
BISYS Specialty Programs (Five Star Managers)	Lange & Company
BISYS Special Markets	Marsh USA Inc.
Brokers' Risk Placement Service, Inc.	Pro Financial Services, Inc.
Burns & Wilcox	Professional Liability Brokers & Consultants, Inc.
Buschbach Insurance Agency	Professional Underwriters Agency, Inc.
Cain Agencies/Rockwood Company	ProQuest
Colemont Insurance Brokers (Heath)	Risk Placement Services, Inc.
Complete Equity Markets, Inc.	Seabury & Smith
Crump Insurance Services of Illinois, Inc.	Swett & Crawford of Illinois, Inc.
Donald Gaddis & Co., Inc.	Travis-Pedersen & Associates, Inc.
FPRSI Bankers Insurance	Willis of Illinois

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A moment of silence at Lloyd's for the victims of the London terror bombings, 2005



Lloyd's underwriters continue working in an air-raid shelter during the London Blitz, 1940

Treasury Releases Report on TRIA

On June 30, 2005 the Treasury Department released a report on the Terrorism Risk Insurance Act of 2002 (TRIA), as required by Congress. The text of the letter sent by Treasury Secretary John W. Snow to Senate Banking Committee Chairman Richard Shelby and Ranking Member Paul Sarbanes and House Financial Services Committee Chairman Michael Oxley and Ranking Member Barney Frank follows. The full report may be viewed at www.ustreas.gov.

June 30, 2005

The Honorable Michael G. Oxley
House of Representatives
Washington, DC 20515

Dear Chairman Oxley:

The Terrorism Risk Insurance Act of 2002 (TRIA) required the Treasury Department, as administrator of the Terrorism Risk Insurance Program, to assess features of the program and its environment, and report to Congress on its findings by June 30, 2005. As required by law, I am submitting to you an assessment of TRIA.

President Bush signed TRIA into law to help safeguard America's economy in the wake of the terrorist attacks of September 11, 2001. TRIA established a temporary federal program of shared public and private compensation for insured commercial property and casualty losses resulting from foreign acts of terrorism.

The Treasury Department was required by TRIA to specifically assess the effectiveness of the program, the availability and affordability of such insurance for various policyholders, and the likely capacity of the property and casualty insurance industry to offer insurance for terrorism risk after the expiration of the program. The attached report, based in part on surveys of the insurers and policyholders that were developed after extensive consultations with the National Asso-

ciation of Insurance Commissioners, policyholders, the insurance industry, and other experts in the insurance field, evaluates the effectiveness of TRIA in the context of the purpose of the legislation. The report finds that TRIA has achieved its goals of supporting the industry during a transitional period and stabilizing the private insurance market.

While TRIA has been effective in achieving its temporary objectives, the economy is more robust today than when TRIA was enacted. GDP growth is up from 2.3 percent in 2002 to 3.9 percent in 2004 (fourth quarter over fourth quarter). Unemployment, which reached 6.0 percent in December 2002, is down to 5.1 percent in May 2005. Construction jobs, taking residential and non-residential together, now stand at a record high 7.2 million. Extending TRIA would have little impact on the economy given its current strength.

It is our view that continuation of the program in its current form is likely to hinder the further development of the insurance market by crowding out innovation and capacity building. Consistent with its original purpose as a temporary program scheduled to end on December 31, 2005, and the need to encourage further development of the private market, the Administration opposes extension of TRIA in its current form.

Any extension of the program

should recognize several key principles, including the temporary nature of the program, the rapid expansion of private market development (particularly for insurers and reinsurers to grow capacity), and the need to significantly reduce taxpayer exposure. The Administration would accept an extension only if it includes a significant increase to \$500 million of the event size that triggers coverage, increases the dollar deductibles and percentage co-payments, and eliminates from the program certain lines of insurance, such as Commercial Auto, General Liability, and other smaller lines, that are far less subject to aggregation risks and should be left to the private market.

It is also important to keep in mind that the program would cover damages awarded in litigation against policyholders following a terrorist attack. Current litigation rules would allow unscrupulous trial lawyers to profit from a terrorist attack and would expose the American taxpayer to excessive and inappropriate costs. The Administration supports reasonable reforms to ensure that injured plaintiffs can recover against negligent defendants, but that no person is able to exploit the litigation system.

We look forward to further discussions with the Congress on this very important issue.

Sincerely,

John W. Snow