

IS \$850 MILLION ENOUGH TO PUT A SHINE ON "SHAMEFUL" AND "UNLAWFUL" PRACTICES?

Marsh & McLennan Companies Inc., the nation's largest insurance brokerage firm and the former sales agent for POA's sponsored insurance plans (note the term "former") just agreed to pay \$850 million to put an end to an investigation into charges of bid rigging, price fixing and payoffs from insurance companies to steer clients their way rather than get the best deals for clients, as required.

The restitution will be paid to policyholders over four years. The company will also have to change its practices and issue a public apology admitting its conduct was "unlawful" and "shameful."

Eliot Spitzer, New York's Attorney General and an aspiring New York gubernatorial candidate, brought the suit against

Marsh & McLennan last October, just before POA was to begin its launch of several sponsored insurance plans. POA decided not to launch its plans through Marsh and is negotiating with others at press time.

This pound of flesh is the latest for Spitzer. He extracted nearly \$1.5 billion in settlements from Wall Street firms for conflicts of interest.

Spitzer said of the \$850 million agreement, "It is one of the largest restitution funds in history that we are aware of from a single company." Spitzer also made a somewhat veiled warning to others in the industry by adding, "We are establishing new ethical ground rules for this industry."

Several executives at Marsh and other insurance heavy-

weights have handed in their resignations or were given their walking papers amid the investigation; some 3,000 employees will be out of work and the company's stock took a nose dive in November.



Eliot Spitzer, NY Attorney General. Insurance in the crosshairs.