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New president

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Top seller

3 Brokerage Concepts honored as Pennsylvania's top small-group seller for Aetna. **Page 14**

Advisors peering over ledge of Bush-era tax cut cliff

Until the presidential election is resolved, Republicans, Democrats putting off any action

By Bob Graham

THE INABILITY of the U.S. House and Senate to decide on whether to extend Bush-era tax cuts, set to expire Dec. 31, puts financial services professionals in a precarious position with their clients.

Steve Spurrier, a partner at Synergy Financial Group in Towson, Md., said the uncertainty over the tax cuts, in place since 2001 and 2003, is changing what he is telling his clients.

"Because of the expected rates increasing for 2013, typically we would do typical year end planning by deferring income to the next year,"

Spurrier told IFA. "Well, that might not work because of the cuts going away. So I would be more likely to accelerate income for 2012 instead of deferring losses to 2013 and later years to escape the higher rates."

In the House, Republicans approved an extension of the tax cuts for all income levels through next year, minutes after rejecting a Democratic proposal to extend lower cuts **See "Taxes" on p 14**

// Health reform to spark 'tsunami' of med-mal suits

Increased number of patients expected to tax existing medical care facilities..

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Employer group not taking

18% fewer employees to their employees

By Bob Graham

THE NUMBER of small-business plans fell 18% in membership in dropped by 1.5% sis found.

David J. Var owner of Health in Westminster, numbers suggest vantage of the reform offers the

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FOR RENT

Property-Casualty Page 6
Most renters eschew insurance

Pa. Supreme Court extends arms of workers' compensation liability beyond employees

Court ruling provides some independent contractors with coverage for injuries at work

By Bob Graham

A PENNSYLVANIA COURT expanded the scope of statutory employer liability under the Pennsylvania Workers' Compensation Act.

The Pennsylvania Supreme Court ruled that Section 302(a) of the act is not limited in application only to injuries occurring on premises oc-

cupied or controlled by the statutory employer.

The court extended liability to any instance in which the entity subcontracts for services or work "of a kind which is a regular or recurrent part of the entity's business."

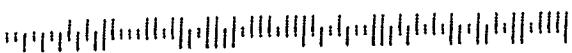
Based on the ruling, employers who use subcontractors could end up being the statutory employer, meaning secondary liability for benefits, even though they have no control or authority over those employees. **See "Ruling" on p 11**

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25% Yes



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Lump-sum workers' comp payments don't turn employees into slackers

Popular myth that employees' actions are unduly influenced by payout unfounded

LUMP-SUM SETTLEMENTS PAID in workers' compensation cases appear to encourage people to return to work, according to a new study.

The Workers Compensation Research Institute's (WCRI) study, based on the analysis of 2,138 workers in Michigan who were injured in 2004, found that 78% of those injured workers receiving lump-sum settlements did not change their work status. The study tracked them through 2008.

"This is an important study because we need to find out whether settlements discourage return to work for injured workers who want to return to work or assist them in closing this chapter of their life and moving on with their career," says Bogdan Savych, author and public policy analyst at WCRI. "My hope is this research will

help policymakers and other stakeholders understand how workers respond to receiving a lump-sum settlement."

Many of those who were employed at the time of the lump sum stayed employed and those who were not employed remained unemployed, researchers found.

Of those injured workers that did change their employment status, 30% who were employed at the time of the lump-sum settlement left work and 19% of those who were not employed at the time of the

lump sum attained employment.

On average, more injured workers returned to work after receiving a lump-sum settlement than exited. Average employment in the sample increased from 25% to 32% among workers one year after a settlement. The exception is older workers who experienced a decline in employment after a settlement, according to the WCRI. IFA

// IFA_FAST FACT

78% of injured workers receiving lump-sum settlements did not change their work status

Source: Workers Compensation Research Institute

// FINANCIAL SERVICES

Chamber of Commerce: Dodd-Frank hurts insurers, agency owners

DODD-FRANK INSURANCE regulations could have "potential adverse impacts" on the insurance industry's ability to act as an investor, which will have "serious consequences for Main Street businesses," according to a spokesman for the U.S. Chamber of Commerce.

Tom Quaadman, vice president with the Center for Capital Markets Competitiveness, spoke on behalf of the 3 million businesses in the chamber before the U.S. House Finance Committee's Subcommittee on Insurance, Housing and Community Opportunity about the effects of the Dodd-Frank Act on insurance.

"Common sense solutions—streamlining the number of regulators, hiring the expertise needed to understand the markets, making the regulators accountable, forward looking regulation—were not considered in the Dodd-Frank debate," Quaadman testified.

"Instead, Dodd-Frank creates more regulators, exponentially increases layering and overlap, and does not hold regulators accountable. The Dodd-Frank Act adds more floors to a building that

fied to members of the House.

He called insurers "key providers of capital for the long-term," making them important to businesses seeking capital to expand.

While the Volcker Rule offers an exemption for trading performed for the benefit of policyholders, it doesn't extend to insurers that own banks. He said the Volcker Rule makes insurers "less efficient."

He encouraged regulators to consider the cumulative effects of all of its regulations, saying it is the "interconnected nature" of the regulations will determine how the insurance industry and economy will operate.

"Failing to get this right will harm the insurance industry and American capital markets for the next generation," Quaadman said.

He renewed the group's support for the Federal Insurance Office, which will allow the insurance industry to offer one voice on international insurance agreements.

"There can be little doubt that the burden and uncertainty of these new regula-

Eastern Alliance adds part 'pay-as-you-go' workers' comp

New Jersey, Maryland firms among first to become insurer's ParallelPay partners

EASTERN ALLIANCE INSURANCE Group is expanding its "pay-as-you-go" workers' compensation solution through a new ParallelPay Partner program.


The Lancaster, Pa.-based regional insurer introduced the ParallelPay program in April 2009.

Two of EAIG's newest ParallelPay Partners are Primepoint in Mt. Holly, N.J., and Payce Payroll in Towson, Md.

The program enables EAIG policyholders to pay their workers' compensation premium one payroll period at a time, with

no down payment. Policyholders can avoid payroll census, current payroll Web-based solution through ParallelPay. EAIG's partnership with EAIG's partners allows EAIG to add compensation solutions said.

EAIG is a holding company with offices in Philadelphia, Pa.; Charlotte, N.C.; and Memphis, Tenn.; and



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