



National News

## The Hartford Settles for \$1.3M in Price-Fixing Suit

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The Hartford will pay \$1.3 million to settle allegations over its role in a scheme to improperly inflate insurance and reinsurance prices nationwide by more than a third, Connecticut Attorney General Richard Blumenthal said.

Blumenthal said the antitrust settlement is the first of its kind in the reinsurance industry. The allegations stem from [Blumenthal's ongoing litigation](#) against Guy Carpenter & Co. -- one of the world's largest reinsurance brokers and a division of Marsh & McLennan -- over practices like pay-to-play and price collusion between insurers and brokers.

Blumenthal says The Hartford's cooperation gives him greater ammunition in his [suit](#) against Guy Carpenter, which he calls the "ringleader."

"More than money, The Hartford has provided my office with critical cooperation and information necessary to stop a culture of collusion in the multi-billion dollar reinsurance industry," Blumenthal said. "The Hartford has cooperated with my industry-wide reinsurance investigation -- particularly involving Guy Carpenter."

The Hartford's reinsurance division, Hart Re, ceased selling reinsurance in 2003.

"The Hartford is cooperating to pursue money back from conspirators who raised premiums by up to 40 percent for thousands of consumers in Connecticut and nationwide," Blumenthal said. "The Hartford's settlement advances our action against the ringleader, Guy Carpenter, (which) masterminded and orchestrated a shifty coterie of more than 20 co-conspirator companies in illegal price-fixing."

The suit against Guy Carpenter was filed in 2007. Blumenthal alleges that the company conspired with dozens of reinsurers to illegally inflate costs for insurance companies and consumers nationwide over several decades. Blumenthal claimed that The Hartford actively participated in the scheme from 1986 until 2001.

The suit alleges that Guy Carpenter enlisted companies in a widespread pay-to-play scheme through which Guy Carpenter would funnel lucrative business to select reinsurers in exchange for excessive fees and other benefits from these reinsurers.

Reinsurers agreed not to compete against the prices and terms set by Guy Carpenter in exchange for highly profitable business, Blumenthal alleges. Reinsurers who refused to participate were foreclosed access to potential business.

Guy Carpenter maintains that the Blumenthal's suit is "unfounded" and that the companies who participated in the reinsurance facilities brokered by the firm did so lawfully.

"These facilities result in improved terms and pricing of reinsurance for small- and mid-sized clients," the company said in a statement issued yesterday.

It's an argument that the company has made since the suit was filed in October 2007.

At the time, Guy Carpenter issued a press release saying "the Connecticut Attorney General's complaint is based on a fundamental misunderstanding of reinsurance facilities that have been in operation for the benefit of small- and mid-sized clients for as long as 50 years. As many of our clients have confirmed during this investigation, these facilities result in improved availability and terms of reinsurance and ultimately benefit insurance buyers. Simply put, there is no basis for the Attorney General's lawsuit and we intend to defend ourselves vigorously."

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