MATTHIESEN, WICKERT & LEHRER, S.C.

A FULL SERVICE INSURANCE LAW FIRM

1111 E. Sumner Street, P.O. Box 270670, Hartford, WI 53027

(800) 637-9176 (262) 673-7850 Fax (262) 673-3766

www.mwl-law.com

MONTHLY ELECTRONIC SUBROGATION NEWSLETTER JANUARY 2012

TO CLIENTS AND FRIENDS OF MATTHIESEN, WICKERT & LEHRER, S.C.:

*This monthly electronic subrogation newsletter is a service provided exclusively to clients and friends of Matthiesen, Wickert & Lehrer, S.C. The vagaries and complexity of nationwide subrogation have, for many lawyers and insurance professionals, made keeping current with changing subrogation law in all fifty states an arduous and laborious task. It is the goal of Matthiesen, Wickert & Lehrer, S.C. and this electronic subrogation newsletter, to assist in the dissemination of new developments in subrogation law and the continuing education of recovery professionals. If anyone has co-workers or associates who wish to be placed on or removed from our e-mail mailing list, please provide their e-mail addresses to Jamie Breen at **jbreen@mwl-law.com**. We appreciate your friendship and your business.*

IN THIS ISSUE....

Texas Supreme Court Denies Writ in Controversial Case 1
Automobile Subrogation And The Fallacy Of No-Fault 2
Arbitrating Med Pay Carrier Still Subject To Common Fund Doctrine In Illinois:
***Wajnberg v. Wunglueck,* 2011 WL 6849685 (Ill. App. 2011) 4**
Mandatory Attendance At Mediations 6
Upcoming Events 7
Industry News 7

WORKERS' COMPENSATION SUBROGATION

TEXAS SUPREME COURT DENIES WRIT IN CONTROVERSIAL CASE

One year ago we reported on the peculiar Texas Court of Appeals decision in *Reliance Ins. Co. v. Hibdon*, 2010 WL 4132198 (Tex. Civ. App. – Houston [11th Dist.] 2010). Matthiesen, Wickert & Lehrer, S.C. filed an amicus brief on behalf of the National Association of Subrogation Professionals (NASP) in the event the case was taken up by the Texas Supreme Court. Part of the Court's holding in this case is that a waiver of subrogation endorsement in a workers' compensation policy by which the carrier agreed to waive subrogation as to any "person or organization the employer was required in writing to obtain a waiver of subrogation for" did not waive subrogation as to an individual employee of that particular company, because the contract merely required it to waive subrogation in favor of the company - not specific employees. This opened up subrogation possibilities in a large number of cases in which carriers might not have pursued subrogation because of the existence of a blanket waiver in their policy.

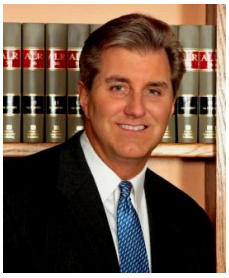
If you are overseeing any workers' compensation subrogation claims in Texas wherein the employer/insured has a large deductible, you might want to look carefully at the underwriting and reimbursement issues in the case, lest your subrogation rights be unknowingly destroyed.

Unfortunately, the case – which dealt with an employer with a $250,000 deductible – also declared that because the employer had reimbursed the workers' compensation carrier (Reliance Insurance Co.), Reliance no longer had any subrogation rights. Texas law provides a workers' compensation carrier with a direct right of subrogation, but does not grant a similar right to a self-insured employer or an employer with a large self-insured retention or large deductible. Unfortunately, Texas case law has pointed out that no direct subrogation rights are granted to employers under the Texas Labor Code – such rights are given only to their workers' compensation carriers. *Argonaut Ins. Co. v. Baker*, 87 S.W.3d 526 (Tex. 2002). Essentially, the Court said that if a carrier has already been reimbursed, it is not entitled to subrogation, punishing those insureds who promptly reimburse carriers and rewarding those who do not.

On October 21, 2011, the Texas Supreme Court inexplicably denied the petition for review in this case, leaving the Court of Appeals' ruling to stand as the law in Texas.

If you should have any questions regarding this article or subrogation in general, please contact Gary Wickert at **gwickert@mwl-law.com**.

AUTOMOBILE INSURANCE SUBROGATION



AUTOMOBILE SUBROGATION AND THE FALLACY OF NO-FAULT

By Gary L. Wickert

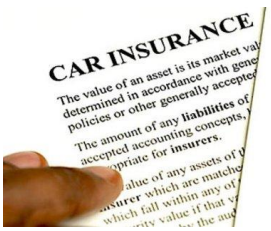
Despite the promises and utopian visions of proponents of the relatively-new concept of no-fault insurance, new findings from an Insurance Research Council (IRC) study of auto injury claim trends (click **HERE**) indicate that recently insurance claim costs countrywide have been increasing significantly, especially in the three most prominent states featuring no-fault insurance. The news underscores two important truths in the world of automobile insurance – (1) no-fault has failed to live up to its promises, and (2) aggressive subrogation of auto claims is now more critical than ever in improving an insurer's bottom line.

The report, *Trends in Auto Injury Claims*, 2011 Edition, reveals that, unlike states which do not feature no-fault insurance, Personal Injury Protection (PIP) claims in no-fault states have seen increased claim severity and a simultaneous increase in claim frequency. PIP claim costs per insured vehicle countrywide increased more than 18 percent from 2008 to 2010. Telling is the fact that much of this negative trend has been concentrated in three of the largest no-fault states - Florida, Michigan, and New York. Florida has witnessed an average PIP claim cost per insured vehicle of 62% in only two years (2008-2010). Michigan has seen a huge spike of nearly 120% in the last ten years. New York has seen a huge spike in both claim cost and claim abuse in the New York City area.

Today, state automobile insurance laws fall into four categories:

(1) traditional tort liability system;
(2) add-on states where the carrier pays no-fault PIP or Med Pay first-party benefits to insured, who retains the right to sue the third party;
(3) modified no-fault states where the carrier pays no-fault first-party benefits but the insured's right to sue the third party is restricted; and
(4) choice states where insureds are offered a choice between traditional tort system and a no-fault system.

Most states operate under a traditional tort liability system where there is no no-fault system in place and there are no limitations on the right to sue negligent third parties. The recent trend has steered away from no-fault systems. In a majority of states, statutes mandating PIP and UM coverage



typically specify that the "named insured" and "any insured named in the policy" has the right to reject such coverage. Twelve states have "modified" no-fault automobile insurance laws, where first-party economic benefits are provided regardless of fault, and the right to sue for non-economic damages is allowed only after satisfying a statutorily-defined monetary, verbal or combination of the two thresholds. Florida, Michigan, New Jersey, New York and Pennsylvania have verbal thresholds, one which defines in plain language the precise injury or a level of "serious injury" which must be met in order to sue. Hawaii, Kansas, Kentucky, Massachusetts, Minnesota, North Dakota and Utah have monetary thresholds, where a specific dollar amount of medical expenses must be reached before being able to sue. Nine states have automobile insurance systems which offer add-on no-fault benefits. They are Arkansas, Delaware, Maryland, Oregon, South Carolina, South Dakota, Texas, Virginia, and Washington. These states offer PIP or similar benefits in varied amounts and under varied conditions, but do not restrict third-party lawsuits.

Three states - New Jersey, Pennsylvania and Kentucky - have "choice" no-fault, which creates two classes of insured drivers by retaining parts of both the pure no-fault and traditional fault-based systems. Under choice no-fault systems, drivers have the option of being covered under either a pure, limited tort, no-fault policy, where you cannot sue third-parties for non-economic damages and are immune from such suits yourself; or a modified no-fault policy, where you can sue other drivers who have also chosen to retain their tort rights, and they can sue you.

Like socialism, the ideals and images envisioned by the early proponents of no-fault systems, although well-intentioned and desirable, are mainly illusions. The no-fault experiment has received mixed reviews over the past 30 years. There have been no states since 1976 who have adopted no-fault and several states have completely repealed their no-fault laws. Benefits of a no-fault system are supposed to include:

- Quicker payment of claims by eliminating costly and time-consuming litigation over liability.
- Accident victims no longer have to split fees with lawyers.
- Lower insurance rates because expensive non-economic damage awards and legal fees required to defend liability claims are eliminated—legal fees currently account for 12% of premium costs.
- Reduction in the number of lawsuits and an elimination of litigation costs.
- No subsidizing uninsured motorists; your insurer covers the cost of your medical bills.
- Lower rates mean that auto insurance is accessible to people of lesser means.

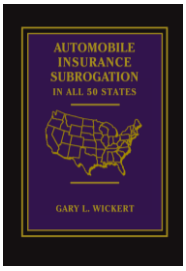
Opponents of no-fault and recent statistics, however, would indicate that the above benefits are mostly theoretical and that past performance has proven that no-fault has been ineffective in accomplishing its stated goals. Drawbacks of a no-fault system include:

- No or limited compensation for pain and suffering, paralysis, or other non-economic damages; arbitrary limits are imposed.
- Under pure no-fault and choice systems, bad drivers are protected because they cannot be sued for the damages they cause. The system does not reward a good driver.
- Rates are actually higher under no-fault. Regardless of theory, insurance premiums in no-fault states are on average 25% higher than in traditional liability states.
- There is no reduction in litigation costs under a no-fault system. The time and effort insurers once spent defending litigation claims is now spent defending lawsuits brought by their own insured for failure to pay no-fault benefits. In modified no-fault states, tremendous time and energy is spent litigating over whether or not the tort threshold requirement has been met.
- Even your economic damages are limited by the terms of the policy. In traditional tort states, you are fully compensated for your loss by suing the driver responsible for your injuries. No-fault states have limits on liability, even for your basic economic damages. These limits result in people being forced to pay for any unpaid medical bills without recourse against the driver who caused the injuries.

- As we learned in the first paragraph, PIP claims in no-fault states have continued to see increased claim severity and a simultaneous increase in claim frequency.

It appears that a movement away from the no-fault system is in full swing. The most recent state to convert from a no-fault system back to a traditional tort system is Colorado, which did so on July 1, 2003. Notwithstanding the ongoing debate over no-fault, one simple truth stands head and shoulders above all the noise. When we see increased claim severity or claim frequency, aggressive subrogation of auto claims becomes more important. When we see both, it becomes a necessity to survival in the crazy world of automobile insurance. Virtually all states allow and facilitate the subrogation of auto property claims. The vast majority allows subrogation of Med Pay claims and about half of states with PIP coverage allow subrogation or statutory reimbursement of PIP claims in one form or another.

There were nearly 6,420,000 auto accidents in the United States in 2005. The annual financial toll resulting from these accidents is more than $230 billion. Nearly three million people are injured and 42,636 people are killed every year. About 115 people die every day in vehicle crashes in the United States – at least two while you read this article. In the overwhelming majority of these accidents there is at least one party at fault. For virtually every one of these accidents, a policy of automobile insurance provides some sort of claim payments or benefits. In the vast majority of those claims, one or more insurance policies and/or applicable state law grants the insurer a right of subrogation against a negligent third party whose carelessness caused the accident or a right of reimbursement from the insured. Aggressively and relentlessly subrogating these claims – large and small, no-fault or not – not only makes tremendous economic and business sense, it has become an industry necessity. Matthiesen, Wickert & Lehrer, S.C. has authored a new subrogation treatise entitled *Automobile Insurance Subrogation In All 50 States*. To obtain information on this book and its content, click **HERE**. We also handle the national subrogation needs of several of the industry's largest auto insurers. If we can be of any assistance in energizing your subrogation program or maximizing auto recoveries (property, medical, no-fault, etc.), please contact Gary Wickert at **gwickert@mwl-law.com**.



HEALTH INSURANCE SUBROGATION

ARBITRATING MED PAY CARRIER STILL SUBJECT TO COMMON FUND DOCTRINE IN ILLINOIS

Wajnberg v. Wunglueck, 2011 WL 6849685 (Ill. App. 2011)

When subrogating in Illinois for Med Pay or other small liens, the last thing a subrogated carrier needs is to have its subrogation interest reduced by one-third as a fee payment to the insured's attorney who did little to recover your subrogation interest. With the newly enacted Illinois § 143.24d requiring mandatory arbitration of auto property subrogation claims under $2,500, carriers who aggressively recover their own subrogation interests could find their diminutive recoveries becoming even smaller once the insured's attorney is done picking it over. A new Court of Appeals decision has highlighted the Yin and the Yang of the Common Fund Doctrine in Illinois. While the Doctrine is the "settled law" in Illinois, this new decision in *Wajnberg v. Wunglueck* not only clarifies when and how an insurer can avoid its application, it illustrates how a subrogated insurer pursuing Med Pay subrogation via arbitration can wind up on the hook for Common Fund attorney's fees.

In *Wajnberg*, the plaintiff was injured in an October 2007 motor vehicle accident with the defendant. In April or May 2009, Erie Insurance ("Erie") made its final payment for medical services, totaling $10,000 of the plaintiff's $13,084.50 total medical expenses. On April 13, 2009, Erie sent a letter to Farmers Insurance ("Farmers"), stating:

Our investigation has revealed that your insured is responsible for the medical expenses resulting from the above accident. We are enclosing the proof necessary to support our subrogation claim. Please send your check in the amount of $10,000. Please protect the interest of Erie Insurance at the time of settlement with our insured.

On June 5, 2009, Erie filed a claim for damages against Farmers with Arbitration Forums, Inc. - both being members. As noted on its claim form, Erie filed its claim to satisfy the statute of limitations and preserve its right to medical payments reimbursement from Farmers. Erie submitted proofs necessary for adjudication of its claim. On October 2, 2009 (four months after Erie filed its claim with Arbitration Forums), the plaintiff filed a Complaint in Kane County against the defendant, alleging that the defendant's negligent driving caused the October 3, 2007 motor vehicle accident in which the plaintiff was injured. Farmers subsequently filed its response to Erie Insurance's arbitration claim, seeking a deferment because the plaintiff's lawsuit had been filed and was pending.

On February 17, 2010, Erie sent a letter to Arbitration Forums only challenging Farmers' deferment request. It claimed that it did not receive a copy of the deferment request and that it was *unaware* if a lawsuit had ever been filed by any of the parties. Further, Erie claimed that, if a lawsuit had been filed, its claim was protected under the arbitration agreement. Erie stated: *"We would request the attorney not include our recovery in his suit and request that [Farmers] pay us directly for our medical payments which were for treatment and paid policy limits."* On February 25, 2010, Farmers sent to Erie a copy of its deferment request, along with its acknowledgment that it would protect Erie's Med Pay subrogation rights at the time of settlement.

On April 3, 2010, Arbitration Forums granted Farmers' request for a deferment and scheduled a hearing for June 14, 2011. In the letter, Arbitration Forums stated that the matter was being *"deferred for one year due to companion claims and/or suits pending*." The plaintiff and defendant subsequently entered into settlement negotiations. During negotiations, the plaintiff's attorneys became aware of Erie's request to Farmers to protect Erie's interest at the time of settlement (Farmers provided the plaintiff's attorneys with a copy of Erie's April 13, 2009 letter). The plaintiff and defendant subsequently settled their dispute for $40,000 (which they understood as including Erie's Med Pay subrogation claim). Shortly thereafter, the trial court granted the plaintiff's motion to enforce the judgment and reduced Erie's subrogation interest by one-third for the attorney's fees under the Common Fund Doctrine. Erie appealed, arguing that the trial court erred in applying the Common Fund Doctrine and that Erie was pursuing its subrogation interest through arbitration on its own and never asserted a lien against the plaintiff's recovery. The Court of Appeals affirmed, but in the process, shed some much-needed clarity on the Common Fund Doctrine in Illinois, and gave subrogated carriers everywhere a clear recipe to follow if it wants to avoid the Common Fund Doctrine in the future.

When the Common Fund Doctrine is found to apply, the subrogated insurer must pay a proportionate share of the plaintiff's/insured's attorney's fees and expenses. *Lemmer v. Karp,* 371 N.E.2d 655 (Ill. App. 1977). Whether the Common Fund Doctrine applies to any particular case is always a question of law for the court to determine*. Linker v. Allstate Ins. Co.,* 342 Ill.App.3d 764 (2003).

Interestingly, Illinois state courts have been battling with their own federal courts over the Common Fund issue. The 7th Circuit, in which Illinois sits, does not allow an insurer's subrogation interest to be reduced by a pro rata share for attorney's fees and costs, if the policy language specifically disclaims the Common Fund Doctrine. *Admin. Comm. of the Wal-Mart Stores, Inc. Assocs.' Health & Welfare Plan v. Varco*, 1338 F.3d 680 (7th Cir. 2003). If the policy language does not say anything with regard to the Common Fund Doctrine, the 7th Circuit will allow a reduction of the subrogation recovery under the Common Fund Doctrine. *Id*. In addition, a Plan's participation in a third-party action may be sufficient to permit it to avoid paying fees. *Ritter v. Hachmeister*, 827 N.E.2d 504 (Ill. App. 2005).

The Common Fund Doctrine protects attorneys dealing with non-participating insurance companies. In order for the Doctrine to apply under Illinois state law, the attorney for the insured/plaintiff must show the following:

(1) The fund was created as a result of legal services performed by an attorney;
(2) The subrogee (insurer/Plan) did not participate in the creation of the fund; and
(3) The subrogee (insurer/Plan) benefited out of the fund that was created. *Johnson v. State Farm Mut. Auto. Ins. Co.*, 752 N.E.2d 449 (Ill. App. 2001).

There are two main issues courts look to in determining whether a subrogated carrier can avoid paying attorney's fees under the Common Fund Doctrine:

(1) promptness and clarity of an insurer's notice that it will represent its own subrogation interest; *Ritter*, supra.
(2) whether the insurer *meaningfully* participated in the fund's creation. *Ritter*, supra.

The promptness/clarity issue means that the Common Fund Doctrine applies where the insurer's "notification is equivocal" in that the insurer requests payment from the plaintiff upon settlement of its claim against the defendant. The meaningful participation issue is critical because the Common Fund Doctrine does not apply *(i.e.,* a plaintiff's attorney is not entitled to fees) when the attorney knowingly renders services for an unwilling recipient. *Tenney v. American Family Mut. Ins. Co.*, 470 N.E.2d 6 (Ill. App. 1984). When the insurer sends a proper *(i.e.,* prompt and unequivocal) letter to the plaintiff and/or their attorney, stating that the insurer desires to represent its own subrogation interest, it renders the insurer an unwilling participant. *Id*. Such a letter is known as a "*Tenney* letter."

Subrogated carriers who wish to take advantage of the opportunity Illinois affords them to avoid the Common Fund Doctrine must promptly send a clear *Tenney* letter to the plaintiff and/or his attorney expressly indicating that it wants to represent its own subrogation interest and does not want the plaintiff to do so for it. The Court made clear that an insurer doesn't necessarily have to actively participate in the plaintiff's suit in order to avoid paying fees. It announced that *Tenney,* which remains good law, says that when the insurer sends a proper (*i.e.,* prompt and unequivocal) letter to the plaintiff and/or his or her attorney stating that the insurer desires to represent its own subrogation interests, it renders the insurer an unwilling participant so long as equitable considerations do not mandate a different result.

If you should have any questions regarding this article or subrogation in general, please contact Gary Wickert at **gwickert@mwl-law.com**.

INSURANCE SUBROGATION

MANDATORY ATTENDANCE AT MEDIATIONS

By Eric J. Goelz

For decades, a passive philosophy toward subrogation was built into the mindset of trial lawyers that subrogated carriers were cavalier toward their rights of recovery who would routinely reduce or waive legitimate subrogation liens which should have more appropriately been fought for. The subrogation dollars lost during those Subrogation Dark Ages are incalculable, and the biggest losers were our insureds.

Times have changed. U.S. domestic carriers and most self-insured entities have, over the last decade, woken up to the tremendous benefits of subrogation. More and more, subrogation is aggressively sought out, religiously pursued, and legitimately protected from its natural predators. The insurance industry and the U.S. economy are better for it.

This enlightenment and its concomitant benefits do not come without a price. Zealously pursuing subrogation comes through education, dedication, and the willingness to make an investment of time and money in both subrogation files and recovery counsel. This cultural change within the insurance industry

has also had a favorable effect within the American civil justice system. Judges, mediators, and trial lawyers no longer find it astonishing that a carrier isn't willing to waive or significantly reduce its lien simply because it is asked to. Subrogated suffrage has resulted in carriers finding a place at the litigation table. This includes a prominent role in mediations, where we once were patted on the head and relegated to the back room until the process concluded.

More and more frequently, subrogated carriers are being required by court order and state statute to attend mediations in which they have an interest. More often than not, court-ordered mediations are requiring ALL parties to have designated representatives with settlement authority present at mediations. State law is changing in many states to require persons with "full authority" to settle to be present at mediations thus avoiding the excuse of not being able to get a hold of supervisors with authority from getting in the way of resolving cases during the mediation. As an example, the Florida Supreme Court, effective January 1, 2012, released an amendment to Rule 1.720 of the Florida Rules of Civil Procedure – Mediation Procedures, which reads as follows:

> *(c) Party Representative Having Full Authority to Settle. A "party representative having full authority to settle" shall mean the final decision maker with respect to all issues presented by the case who has the legal capacity to execute a binding settlement agreement on behalf of the party. Nothing herein shall be deemed to require any party or party representative who appears at a mediation conference in compliance with this rule to enter into a settlement agreement.*
>
> *(e) Certification of Authority. Unless otherwise stipulated by the parties, each party, 10 days prior to appearing at a mediation conference, shall file with the court and serve all parties a written notice identifying the person or persons who will be attending the mediation conference as a party representative or as an insurance carrier representative, and confirming that those persons have the authority required by subdivision (b).*
>
> *(f) Sanctions for Failure to Appear. If a party fails to appear at a duly noticed mediation conference without good cause, the court, upon motion, shall impose sanctions, including award of mediation fees, attorneys' fees, and costs, against the party failing to appear. The failure to file a confirmation of authority required under subdivision (e) above, or failure of the persons actually identified in the confirmation to appear at the mediation conference, shall create a rebuttable presumption of a failure to appear.*

We must all remember that subrogation is only as successful as it is cost-effective. Sending a representative to an all-day mediation involving $1,500 may not represent the best allocation of resources, and can turn a successful recovery into a loss. Still, the cost of gaining subrogation respect requires the investment of time and money necessary to communicate to every player in the civil justice system that we are serious about recovering all of our subrogation dollars.

Matthiesen, Wickert & Lehrer, S.C. routinely strives to obtain waivers for attendance at those mediations which have the earmarks of failure, while attending mediation as "company representative" when we believe the chances for recovery are the greatest. Armed with pre-authorized settlement authority in specific files, a presence at mediation allows our clients to fend off spurious and uninformed attacks on our recovery rights and provides us with the opportunity to fully assess the strengths and weaknesses of a particular case. It is never convenient, but mediation is here to stay and is often a very cost-effective tool in the world of subrogation.

If you should have any questions regarding this article or subrogation in general, please do not hesitate to contact Eric Goelz at **egoelz@mwl-law.com**.

UPCOMING EVENTS

January 2012 - MWL's *Automobile Insurance Subrogation: In All 50 States* is now available. It is the last and most anticipated of the subrogation trilogy, and a book which will serve as the "Bible" for any

insurance company writing personal lines or commercial automobile insurance. The myriad of subrogation topics addressed in this treatise were carefully selected by the author as the most frequently-asked-about areas of automobile insurance subrogation. MWL is very proud of the work which went into this book and looks forward to the feedback and symbiosis with the claims/recovery industry which has helped make its other subrogation resources the leaders in the industry. The publisher is offering a 20% discount that expires April 15, 2012. You can order the book or learn more about it from our publisher, Juris Publishing, Inc., or by clicking **HERE**.

February 8, 2012 – Gary Wickert will be presenting a live webinar on *"Automobile Subrogation In All 50 States*" from 10:00 - 12:00 p.m. (CST). This webinar is approved for 2.0 Texas CE credits and is free to clients and friends of MWL. A registration link is on our website homepage, but you can click on the "Register Now" button to the right to register now.

May 9-12, 2012 - MWL will be exhibiting at the *7th Annual Claims Education Conference* in Napa Valley, California. Jamie Breen will be at Exhibit Booth 12 so stop by our booth if you plan on attending this conference and introduce yourself. For more information on this conference, please go to **www.claimseducationconference.com**.

July 18-19, 2012 – MWL will be exhibiting at the *32nd Annual National Workers' Compensation and Occupational Medicine Conference* in Hyannis, Cape Cod, Massachusetts. Jamie Breen will be at Exhibit Booth 10 so stop by our booth if you plan on attending this conference and introduce yourself. For more information on this conference, please click **HERE**.

November 11-14, 2012 – MWL will be exhibiting at *NASP's 2012 Annual Conference, "Cirque du Subro",* in Las Vegas, Nevada. Jamie Breen will be at our Exhibit Booth so stop by our booth if you plan on attending this conference and introduce yourself. For more information on this conference, please go to **www.subrogation.org**.

INDUSTRY NEWS

MEMIC ACQUIRES GRANITE MANUFACTURER'S

The MEMIC Group (Maine Employers' Mutual Insurance Company MEMIC Indemnity) recently announced the purchase of Granite Manufacturers Mutual Insurance Company in Vermont and will rename it MEMIC Casualty Company. The company will operate under the parent brand MEMIC as part of The MEMIC Group. The acquisition will give MEMIC another vehicle to continue its growth in the commercial workers' compensation insurance market, according to MEMIC CEO John Leonard.

KEYSTONE ACQUIRES RSS INSURANCE

Keystone Insurance Group has acquired the Chattanooga, Tenn.-based RSS Insurance, making it their 14th franchise partner in the state. Founded in 1973, RSS is one of Chattanooga's largest locally owned independent agencies. It offers a full-range of insurance products to individuals and businesses, including commercial and financial products. The Northumberland, Pennsylvania-based Keystone boasts property/casualty premiums exceeding $1.6 billion and is ranked fifth on *Insurance Journal's* 2011 list of Top 100 privately held property/casualty agencies.