

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

BEFORE THE INDIANA
COMMISSIONER OF INSURANCE
CAUSE NUMBER: 6449-AG08-1218-298

IN THE MATTER OF:

Watson Wyatt Insurance Consulting, Inc.)
901 N. Glebe Road)
Arlington, Virginia 22203)
Respondent.)
License No.: 32698)
Type of Agency Action:)
Enforcement.)

FILED
APR 17 2009
STATE OF INDIANA
DEPT. OF INSURANCE

FINAL ORDER

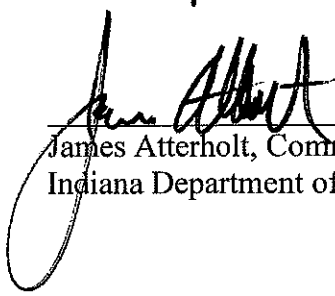
The Indiana Department of Insurance (“Department”) and Watson Wyatt Insurance Consulting, Inc., (“Respondent”) a non-resident producer duly licensed in the State of Indiana, signed an Agreed Entry (Attached hereto as “Exhibit A”) which purports to resolve all issues involved in cause number 6449-AG08-1218-298, and which has been submitted to the Commissioner of Insurance (“Commissioner”) for adoption.

The Commissioner, after reviewing the Agreed Entry, finds it has been entered into fairly and without fraud, duress or undue influence, and is fair and equitable between the parties. The Commissioner hereby incorporates the Agreed Entry as if fully set forth herein, and approves and adopts the Agreed Entry as a resolution of this matter.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED by the Commissioner of Insurance:

1. Respondent will refrain from the practice of rebating as that practice is defined by Indiana Code section 27-1-20-30(a) and as set forth in paragraph 6 of the Agreed Entry.
2. Respondent will remove from its Indiana marketing materials all references to the practice of rebating and as set forth in paragraph 7 of the Agreed Entry.
3. Respondent will pay an administrative fine in the amount of two thousand dollars (\$2,000.00) to the Department within sixty (60) days of the date of this Final Order.
4. Respondent's written service agreement submitted to the Department in conjunction with the Agreed Entry and pursuant to Indiana Code § 27-1-15.6-23 is hereby approved for use in the State of Indiana.

ALL OF WHICH IS ORDERED this 17 day of April, 2009.


James Atterholt, Commissioner
Indiana Department of Insurance

Distribution:

Nikolas P. Mann
Lisa Harpenau
Indiana Department of Insurance
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Indianapolis, Indiana 46204-2787

John Murphy
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James Minogue
Watson Wyatt Worldwide Inc.
901 N. Glebe Road
Arlington, VA 22203

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STATE OF INDIANA
DEPT. OF INSURANCE

AGREED ENTRY

This Agreed Entry is entered into by Nikolas P. Mann, Attorney for and on behalf of the Indiana Department of Insurance (the "Department"), and Watson Wyatt Insurance Consulting, Inc. (the "Respondent"), to resolve all issues regarding this matter. This Agreed Entry is subject to the review and approval of James Atterholt, the Commissioner of the Indiana Department of Insurance. This Agreed Entry supersedes any and all prior agreements or offers between the Department and Respondent.

WHEREAS, Respondent is a licensed non-resident insurance producer in Indiana holding license number 32698; and

WHEREAS, Respondent is an insurance consulting company offering consulting services for a fee to employers purchasing group insurance in connection with their employee benefit programs; and

WHEREAS, Respondent, if agreed with its client, could receive both a consulting fee for its consulting services and a commission from the client's purchase of insurance products; and

EXHIBIT

A

WHEREAS, the Department received a complaint from a non-resident producer alleging that Respondent was engaging in rebating by reducing its consulting fees by the amount of commission Respondent received; and

WHEREAS, the Department has alleged that this practice provided an unfair advantage to Respondent in the marketplace and is contrary to Indiana's rebating statute, Indiana Code 27-1-20-30; and

WHEREAS, upon investigation, the Department discovered that Respondent had not filed a service agreement with the Commissioner; and

WHEREAS, the Department has alleged that said failure of Respondent to file a service agreement is contrary to Indiana Code 27-1-15.6-23, which requires all consultants to file a service agreement that "outline[s] the nature of the work to be performed by the consultant and the method of compensation of the consultant;" and

WHEREAS, the Respondent has responded to the Department's allegations and denied any violation of Indiana law; and

WHEREAS, the Department and Respondent desire to resolve their differences and settle the issues contained herein without the necessity of a formal administrative hearing.

IT IS THEREFORE NOW AGREED by and between the parties as follows:

1. The Commissioner has jurisdiction over the subject matter and the Respondent in this administrative action.
2. This Agreed Entry is executed voluntarily by the parties.
3. Respondent enters into this Agreed Entry without admitting any violation or liability.

4. Respondent voluntarily and freely waives its right to a public hearing on this matter.

5. Respondent voluntarily and freely waives its right to petition for judicial review of this agreement and the Commissioner's Final Order adopting this Agreed Entry.

6. Respondent agrees to henceforth refrain from offering any Indiana client a reduction in Respondent's consulting fees by offsetting the amount of commissions that are received in connection with the purchase of insurance products by such client, provided, however, that (a) Respondent's compensation for its services may include fees and expenses to be paid by clients, and separate commissions or other amounts to be paid by insurance carriers or service providers, (b) Respondent may make full disclosure to clients of all commissions and any other third party compensation received by Respondent in connection with its services, and (c) Respondent and a client may renegotiate the agreed compensation arrangements in the event of any material change in the assumptions underlying a consulting engagement.

7. Respondent agrees to remove from its marketing materials distributed to clients or prospective clients in Indiana any and all references to the practice of reducing consulting fees by offsetting the amount of any commissions received by Respondent in connection with the purchase of insurance products by such client, provided, however, that Respondent's marketing materials may accurately describe the practices expressly permitted in paragraph 6 hereof.

8. Respondent agrees to pay an administrative fine in the amount of two thousand dollars (\$2,000.00) within sixty (60) days of the Final Order adopting this Agreed Entry.

9. Respondent has submitted a form of written service agreement to the Department in accordance with Indiana Code §27-1-15.6-23, and the Commissioner hereby approves the use

of such form by Respondent or any of its appropriately licensed affiliates that provide insurance consulting services to clients in Indiana.


10. The Department agrees to accept Respondent's compliance with the terms of this Agreed Entry as full resolution of the matters set forth herein and the complaint referenced above.

11. Respondent is aware that failure to comply with any terms of this agreement will result in the matter being set for hearing.

12. Respondent has carefully read this agreement and fully understands and accepts its terms, without admitting any violation or liability.


13. Respondent has been represented by counsel, John Murphy, of Ice Miller, LLP, throughout this matter.

4/13/09
Date Signed



Nikolas P. Mann, Attorney
Indiana Department of Insurance

3-30-09
Date Signed



Ted Nussbaum, President
Watson Wyatt Insurance Consulting, Inc.

STATE OF Connecticut)
) SS: STAMFORD
COUNTY OF Fairfield)

Before me a Notary Public for Fairfield County, State of Connecticut, personally appeared TED NUSSBAUM and being first duly sworn by me upon his/her oath, says that the facts alleged in the foregoing instrument are true.

Signed and sealed this 30th day of March, 2009.

Laurie A. Hilderbrand
Signature

Laurie A. Hilderbrand
Printed

My Commission expires: 8/31/09

County of Residence: Fairfield

