



## Hedge Funds' Health Insurance Premiums Rise While Coverage Gets Watered Down

### New York-based Benefits Advisory Firm SKCG Group Surveys 100-Plus Hedge Fund Clients

White Plains, NY - January 11, 2011 – A survey by SKCG Group, an independent U.S. insurance broker with a worldwide hedge fund practice, shows that the hedge fund industry is paying higher health insurance premiums but getting less for the money. Premiums for hedge funds increased between 6% and 18% in 2010, according to a survey of more than 100 SKCG Group hedge fund clients. The higher costs are attributable to the Affordable Care Act of 2010 and higher healthcare costs generally, according to SKCG. But as premiums continue to climb, coverage has become less comprehensive.

SKCG conducted the survey using proprietary, aggregated data on the health insurance premiums of a sampling of their hedge fund clients. The funds' assets under management (AUM) range from \$250 million to \$20 billion, with an average AUM of approximately \$2 billion. At the same time rates are soaring, the coverage is being watered down, according to David Parker, President of the Employee Benefits Division at SKCG Group. Typical of this trend is a schedule of benefits that was presented in recent weeks to a multi-billion dollar hedge fund by a large insurance carrier. This plan saw 300% year-over-year increases in out of network deductibles. Some line-items which had once been fully covered now also require deductibles. Moreover, these increases take place while services such as the maximum allowable number of home healthcare visits are being slashed in half.

Insurance companies say they must raise rates in response to rapidly-rising healthcare costs and other expenses relating to the new HRA / Patient Protection and Affordable Care Act (PPACA).

"What's really troubling is that some insurance companies are asking for rate hikes twice in one year. That's a huge break with tradition," says David Parker. Normally, rates are locked in for one year. "To reduce the impact of these rate hikes on their bottom line, hedge fund managers need to retain a firm that can use superior information and experience to construct fine-tuned, custom coverage and negotiate lesser increases on their behalf," Parker advised.

#### About SKCG Group

SKCG Group is one of the largest privately held insurance brokerage firms in the United States, with clients both nationally and internationally. For more than 100 years, SKCG has been structuring comprehensive, cost-effective coverage for businesses and individuals in the areas of Property and Casualty Insurance, Group Employee Benefits, Retirement Planning and Individual Product Lines. SKCG's many years of experience and cumulative knowledge give them the ability to anticipate how changes in the insurance industry will affect their clients and to advise them strategically. Each year since 1996, SKCG has been cited in the Independent Insurance Agents of America "Best Practices Study" as a Top Performer nationwide. SKCG has some of the best customer retention rates in the industry and represents businesses and individuals in real estate, financial services, manufacturing, retailing, entertainment, technology, non-profit organizations, import/export, law and medicine.

To learn more please visit [www.skcg.com](http://www.skcg.com).

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