Survey Finds Cost of Health Insurance for Hedge Fund Managers Rising at Slower Rate

SKCG Group's David Parker Says "Demographics" Biggest Factor

White Plains, NY – February 28, 2012 –The cost of providing health care insurance to the hedge fund community is rising at a slower rate for the first time in years, according to SKCG Group's Annual Hedge Fund Health Insurance Survey. According to SKCG's analysis, insurance carriers raised their rates between 2% and 8%, on average, for hedge fund managers and their employees in 2011. This represents a marked improvement from the 6% to 18% rate hikes that were reported in last year's survey of 2010 rates.

The survey, conducted by SKCG Group, the Risk Management and Employee Benefits Advisor to some of the world's largest hedge funds and one of the 15 largest insurance brokerages in the U.S., is based on the rates provided by insurance carriers to over 150 of its hedge fund clients at the time of policy renewals. While there are a number of factors such as geography or industry that can cause rates in the general population to vary widely, SKCG points out that the rate relief for hedge fund managers stands in contrast to the 9% national average rate increases for health care insurance as reported in a recent survey by the Kaiser Family Foundation.

"The most important factor is demographics," said Parker. "A lot of hedge fund managers and their employees are roughly between the ages of 23 and 50, and they tend to be fit and lead healthy life styles. This group of people typically costs less to insure and this allows the insurance carriers to become more aggressive in their pricing models," he added.

At the same time, however, Parker said it is difficult to make a true "apples-to-apples" comparison between last year's policies and this year's because, partly due to healthcare reform, many new health insurance packages often have less generous benefits than those in previous years.

"There is a 'good news, bad news' aspect to this," commented Parker. "While the rate relief is welcome, the benefits have been watered down. Co-payments and deductibles are higher and more prescriptions are required to be filled by generic drugs, for instance," he said.

Parker also cited the increasing tendency of state insurance departments to question or deny aggressive rate hike requests from insurance companies as another factor that could be pushing rates down.

About SKCG Group
SKCG Group is one of the largest privately-held insurance and risk management advisory firms in the United States. SKCG serves U.S. and international commercial and private clients who require sophisticated advice addressing multiple risk factors. SKCG's technical expertise in identifying and analyzing risk, coupled with its ingrained culture of senior-level attention and client service, results in high levels of customer trust and loyalty. From insurance and private client services to group benefits and retirement planning services, SKCG's marketplace success is due to its industry knowledge, analysis, experience and unique carrier relationships. Among SKCG's numerous disciplines are Real Estate Owners and Developers, Financial Service Firms including Asset Managers and high net worth individuals and families. SKCG is a subsidiary company of AssuredPartners, Inc. To learn more please visit www.skcg.com.

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