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Attorney General Martha Coakley Settles Bid Rigging Lawsuit Against Great American Insurance Company

BOSTON – Today, Attorney General Martha Coakley’s Office entered into a settlement with Ohio-based insurer Great American Insurance Company (“Great American”) resolving allegations that Great American submitted a fake and intentionally uncompetitive insurance quote to Norwood-based Analog Devices, Inc. (“Analog Devices”) as part of a scheme to ensure American International Group, Inc. (“AIG”) won Analog Devices’ 2004 insurance renewal.

“Rigging insurance bids is a serious offense that unfairly inflates insurance costs for consumers,” said Attorney General Coakley. “We believe this settlement will deter similar unfair behavior in the future.”

Under the terms of the settlement, which was filed today in Suffolk Superior Court, Great American is required to pay \$60,000 to Analog Devices and \$116,000 to the Commonwealth. The agreement also requires Great American to undertake conduct reforms aimed at preventing insurance bid rigging in excess casualty insurance. Among other things, Great American is specifically prohibited from colluding with brokers or other insurance companies to unlawfully fix insurance prices and is required to retain certain records concerning its bidding practices.

The complaint, filed in January 2008, alleged that in 2004, at the request of insurance broker Marsh & McLennan Companies (“Marsh”), Great American submitted a fake and intentionally uncompetitive quote to Norwood-based semi-conductor manufacturer Analog Devices. Great American allegedly submitted this fake bid to make AIG’s bid appear to be competitive. In return for this favor, Marsh allegedly steered another one of Analog Devices’ insurance policies to Great American at a pre-determined price. Insurers such as Great American and AIG paid Marsh & McLennan lucrative contingent commissions based on the volume of business Marsh placed with them. In January 2009, the Attorney General, along with eight other states, reached a \$7 million [settlement](#) with Marsh, resolving a four-year investigation by the states into Marsh’s role in the nationwide bid rigging scheme.

This matter was handled by Division Chief Glenn Kaplan, Assistant Attorney General Claire Masinton, Investigations Supervisor Arwen Thoman, and Legal Analyst Gina Masotta of Attorney General Coakley’s Insurance and Financial Services Division.

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