

# Seaboard Corp. lawsuit against Marsh Inc. and AIG alleges bid rigging

By DAN MARGOLIES

Seaboard Corp. has accused the country's largest insurance broker and insurance company of rigging bids for insurance quotes, inflating its premiums by millions of dollars over six years.

The lawsuit against Marsh Inc. and American International Group Inc., better known as AIG, alleges that Marsh "engaged in a comprehensive conspiracy with insurance companies such as AIG to increase the price of insurance paid by clients like Seaboard and deprive Seaboard of receiving insurance from the company that would best fit Seaboard's unique insurance needs at a fair market price."

The lawsuit, filed Friday in Johnson County District Court, does not list a damage figure, but an attorney for the company said it would seek more than \$66 million.

"We're going to seek the premiums that we paid during the relevant time period and the fees we paid to Marsh," said the attorney, Kansas City lawyer Pat Stueve.

The lawsuit is the latest outgrowth of an October 2004 complaint against Marsh brought by then-New York Attorney General Eliot Spitzer. The complaint accused Marsh of bid rigging and of steering business to insurers who paid Marsh the highest "contingent commissions."

Marsh later agreed to set up an \$850 million compensation fund to settle the case. About half of the 140,000 eligible policyholder clients accepted \$750 million from the fund, but Seaboard, among several dozen Marsh clients, opted out of the settlement and filed its own legal action instead.

"Because of the extent of Marsh's unlawful conduct and the volume of unlawful commissions, Seaboard opted not to participate in the global settlement and to pursue its own claims," Seaboard's lawsuit states.

Other cases resulting from the Spitzer probe were settled earlier this year.

In January, Marsh agreed to pay \$7 million to nine states to resolve allegations that Marsh entered into collusive arrangements with insurers.

And in February, a federal judge in New Jersey approved a \$69 million settlement that Marsh's parent company, Marsh & McLennan, reached with several property/casualty insurers. The insurers had filed a racketeering lawsuit alleging violations of antitrust law.

The Spitzer probe also led to criminal charges against numerous executives and employees of Marsh and AIG. In February 2008, two former Marsh executives were convicted of restraint of trade. Others are awaiting trial.

Some of the allegations in Seaboard's lawsuit draw on information obtained in the various lawsuits against Marsh and from the criminal litigation, Stueve said.

Seaboard, a public company based in Merriam, is an agribusiness and transportation company with diverse interests in pork production and processing, cargo shipping, commodity trading, flour and feed milling, sugar production and electric power generation, according to the lawsuit.

The company, No. 531 on the 2009 Fortune 1000 list, posted net sales last year of \$4.2 billion. It employs 6,000 people in the U.S. and about 8,000 more abroad.

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