

Business Insurance

Reporting weekly for corporate risk, employee benefit and financial executives / \$1.75 a copy; \$68 a year

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Union Carbide ordered to pay \$190 million to Bhopal victims

NEW DELHI, India—Without holding a trial, an Indian high court ruled last week that Union Carbide Corp. is liable for the December 1984 poison gas leak in Bhopal, India, and ordered the company to pay about \$190 million in compensation to victims, according to the company's attorney.

Judge S.K. Seth of the High Court of the Indian state of Madhya Pradesh said it was not necessary to hold a trial to determine damages for the 2,000 vic-

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Antitrust suits a political ploy: Ex-regulators

By MICHAEL BRADFORD

Several former state insurance commissioners who held office at the height of the liability insurance crisis roundly criticize the antitrust litigation filed by nine attorneys general against the property/casualty insurance industry.

The former regulators contend that fierce competition, not collusion, led to the liability insurance crisis in the mid-1980s and that the attorneys general filed charges only to further their own political careers.

Former Texas State Board of Insurance Chairman Lyndon Olson Jr. said he once told Texas Attorney General Jim Mattox that insurers "are too greedy to collude. The nature of the property/casualty industry is fierce competition."

Current insurance regulators in states that brought the actions, however, are staying tight-lipped, with the exception of Michael A. Hatch, Minnesota's commissioner of commerce, whose department oversees insurance regulation. He heartily endorses the actions.

But some of the regulators, caught off guard by the litigation, question why their attorneys general did not consult them before filing suit. Others say they cooperated with the investigation, though they did not know that lawsuits would be filed.

Antitrust suits against property/casualty insurers, reinsurers, brokers and trade organizations were brought in federal court in San Francisco late last month by the attorneys general of Alabama, Arizona, California, Massachusetts, Minnesota, New York, West Virginia and Wisconsin (*BI*, April 4; March 28).

A similar suit was brought by the Texas attorney general in Travis County District Court.

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Proposal would increase employers' COBRA costs

By JERRY GEISEL

WASHINGTON—The latest attempt in Congress to amend COBRA's health care continuation provisions would increase employers' costs and exacerbate their administrative burdens.

At the same time, the legislation leaves intact the onerous tax penalties for COBRA violations.

Legislation introduced in the House and Senate to correct drafting errors in the Tax Reform Act of 1986 includes an amendment that would allow COBRA beneficiaries to be covered simultaneously under two different employers' health care plans.

The amendment, attached to the Technical Corrections Act of 1988, would wipe out a provision in the Consolidated Omnibus Budget Reconciliation Act of 1985 that allows employers to automatically cancel COBRA coverage for former employees when the employees are covered under their new employer's health care plan.

Benefit lobbying groups say they are outraged by the amendment, which they contend is far beyond what is necessary to solve a potential problem: filling coverage gaps for COBRA beneficiaries with pre-existing medical conditions.

"This is an expansion of COBRA beyond what is reasonable," said Howard Weizmann, executive director of the Assn. of Private Pension & Welfare Plans in Washington.

"While on its face the provision would seem to be technical, the substance would enormously expand the scope and costs of COBRA for employers," he added.

The amendment was drafted by congressional tax committee staff members who heard horror stories about COBRA beneficiaries with pre-existing medical conditions who were hit with huge medical bills because their former employers canceled the employees' COBRA coverage when they became covered by a new employer-sponsored plan that excluded pre-existing conditions.

While that unintended result could be repaired by amending COBRA to allow former employees covered under a new employer's health plan to retain COBRA coverage for pre-existing medical conditions only, the new amendment goes much further, benefit experts say.

Observers point out that employees taking advantage of the "double coverage" allowed under the amendment could sock their former employers with big health care claims while paying little toward the cost of their COBRA coverage.

For example, an employee who needs major dental work could pay a COBRA premium to his former employer for only one month. After the employee receives the dental work and exhausts the dental plan limit, he or she would stop paying the COBRA premium.

The employee then could tap the entire dental plan limit offered by his or her new employer.

"You have a real adverse selection problem. Obviously, those selecting double coverage will be former employees who know they are going to use lots of benefits," said Gerald Uslander, a principal in the Louisville, Ky., office of William M. Mercer-Meidinger-Hansen Inc.

This double coverage, which would mean that COBRA beneficiaries would have better benefits than other employees, also would lead to big administrative hassles involving coordination of benefits, benefit experts say.

For example, if a COBRA beneficiary were covered under two plans with different deductible levels, it isn't clear from the amendment which plan would be primary and which would be secondary.

"The amendment does not explain how coordination of benefits would work for those who opt for (double) coverage," said Marjorie Kulash, a consultant in The Wyatt Co.'s Research and Information Center in Washington.

If the amendment is accepted, "Things will get a lot more complicated for employers," said Henry Saveth, a vp with A. Foster Higgins & Co. Inc. in New York.

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Penney health plan passes court test

By STACY ADLER

CINCINNATI—Employers will not rush to amend their health care plans to deny benefits to an employee's spouse who earns more than the employee even though a federal appellate court has ruled that such a plan is legal, benefit managers and consultants say.

Benefit experts say that while such a plan would be an effective way to avoid duplication of benefits, it also would damage employees' morale and violate their privacy.

The Equal Employment Opportunity Commission had challenged J.C. Penney Co. Inc.'s benefit program, under which an employee can obtain medical or dental care benefits for a spouse only if the spouse earns less than the employee. The EEOC charged that the so-called "head of household" provision discriminated against women employees, who are more likely to earn less than their husbands.

Penney defended the plan, arguing that a spouse who earns more than a Penney employee should be able to obtain health care coverage from his or her own employer.

The 8th U.S. Circuit Court of Appeals in Cincinnati backed Penney, ruling on April 4 that the plan did not discriminate against women because Penney had a "legitimate business reason" for adopting the plan.

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Photo: Washington Convention & Visitors Association

Fifth producer abandons asbestos claims facility
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Capital conference

When Risk & Insurance Management Society conference participants arrive in Washington, D.C., they will have an enormous array of RIMS events and national attractions at their reach. For a takeout guide, including updated conference schedules and travel suggestions, turn to page T-1.

Update

Carbide held liable for gas leak

Continued from previous page
 tims killed and the hundreds of thousand of victims injured during the gas leak, said Bud G. Holman of the New York law firm of Kelley, Drye & Warren.

The company in 1986 accepted a federal judge's ruling that dismissed the litigation from U.S. courts if the company agreed to submit to the jurisdiction of the Indian courts and satisfy any judgment rendered there (*BI*, June 16, 1986; June 9, 1986).

Danbury, Conn.-based Union Carbide has at least \$200 million of liability insurance that would respond to claims from the disaster (*BI*, Dec. 17, 1984).

Judge Seth's ruling, however, leaves open the possibility for a lower court to hold a trial on the company's liability for damage to livestock and to the Indian government, Mr. Holman pointed out.

A Union Carbide spokesman criticized the ruling, saying it was made "without any evidence of liability or damage" on the company's part. Union Carbide plans to study the 101-page decision before deciding whether to appeal, he said.

A trial date was never set in the case.
 Judge Seth's ruling came in an appeal by Union Carbide of a lower court's ruling that the company must pay \$270 million in interim relief to the gas leak victims (*BI*, Jan. 25; Dec. 21, 1987).

Judge Seth suggested that Union Carbide pay \$7,800 to each of the families of the dead or seriously injured; \$3,900 for those less seriously injured; and \$1,050 for those with minor injuries, the company spokesman said.

Judge OKs TMIC liquidation

LOS ANGELES—State Superior Court Judge Miriam Vogel approved TMIC Insurance Co.'s liquidation last week.

The California Insurance Department had moved to liquidate the mortgage insurer in February, after finding it had a 1987 year-end deficit of \$169.5 million and faced an estimated future deficit of close to \$350 million (*BI*, Feb. 29). The judge is expected to formally sign the order within about two weeks.

BF&M suspends dividend again

HAMILTON, Bermuda—Bermuda Fire & Marine Insurance Co. Ltd., Bermuda's largest domestic insurer, suspended payment of its first-quarter common stock dividend citing further deterioration in business written under a discontinued agency agreement with London-based H.S. Weavers (Underwriting) Agencies Ltd.

BF&M previously suspended its fourth-quarter 1987 dividend. Cyril Rance, BF&M's president and chief executive officer, notified shareholders that BF&M expects to substantially increase reserves for 1987. Results likely will be released in June.

The Weavers agreement was discontinued in December 1983. BF&M paid out \$3.3 million in 1986 for business written under the agreement with Weavers. It announced last summer that a further \$3.3 million had been reserved, increasing the total provision for the London market business runoff to \$21.7 million, net of reinsurance (*BI*, July 6, 1987).

The impact of Hurricane Emily, which struck Bermuda last September, also may have been a factor in the cancellation of first-quarter dividends. BF&M's net exposure to Hurricane Emily, which caused an estimated \$25 million to \$50 million in damage, is expected to total about \$1.3 million.

Academy buys Oscar coverage

NEW YORK—Chubb Custom Insurance Co. in Warren, N.J., will write event cancellation coverage for tonight's scheduled Oscar Awards ceremony, sponsored by the National Academy of Motion Picture Arts & Sciences.

The special policy covers all costs incurred for any reason beyond the control of the academy that prevents the ceremony from taking place today.

The coverage, which has a limit of \$10 million to \$20 million, cost the academy a premium of 1% to 2% of the limit, said A. LeConte Moore, vp of the entertainment and leisure group at Marsh & McLennan Inc. in New York, the academy's broker. He would not disclose the exact limit or cost of the coverage.

The policy was written before members of the American Writers Guild went on strike last month. An academy spokesman said the strike should not affect the ceremony.

Liability insurance coverage for the academy has been underwritten by an American International Group Inc. unit in New York, said Sal Nocifono, executive vp in AIG's entertainment division. "AIG insures the academy for all business claims on an annual basis and then extends the policy for the specific Oscar event," he said. He would not comment on either the cost or the limits.

Truck insurance fraud alleged

INDIANAPOLIS—Four insurers and two state commercial motor vehicle assigned risk plans are suing a group of 27 consultants, agents and brokers in federal court for \$13.5 million, charging that they defrauded insurers of premiums for long-haul trucking risks.

In a lawsuit filed last week in U.S. District Court in Indianapolis, the plaintiffs charge that 27 defendants collected cut-rate premiums from trucking firms if the firms leased a major portion of their fleets to an out-of-state trucking firm, which was to purchase coverage for the fleet. The consultant or agent then underreported the number of trucks in the "shell" company's fleet to the insurers in Indiana's and California's assigned risk plans for commercial motor vehicles, according to the suit (*BI*, April 27, 1987). The defendants pocketed the difference between the premiums collected and those charged by the insurers, the suit alleges.

Wilbur F. Piercy, general manager of Benchmark Insurance Services Inc., a Costa Mesa, Calif.-based agency that is named as a

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Fifth producer leaves asbestos claims facility

By STACY ADLER

NEW YORK—A fifth asbestos producer is abandoning the Asbestos Claims Facility and a reinsurer is suing a facility insurer member, both charging that the facility is not adequately handling asbestos bodily injury claims.

Toledo, Ohio-based Owens-Illinois Inc. announced on March 31 that it was withdrawing all of its claims from the facility as of that date, according to Lawrence Fitzpatrick, the facility's acting chief executive officer.

A spokeswoman for Owens-Illinois only would say that the asbestos producer does not feel the facility is the best means of handling asbestos claims.

And, Unigard Security Insurance Co. of Seattle, which wrote facultative reinsurance for facility member North River Insurance Co., has filed suit against the Morristown, N.J.-based subsidiary of Crum & Forster Inc., alleging the facility does not vigorously defend and investigate claims.

Owens-Illinois' departure from the facility follows the exodus earlier in March of Pittsburgh-Corning Corp. of Pittsburgh, Eagle-Picher Industries Inc. of Cincinnati and Fibreboard Corp. of Concord, Calif. (*BI*, March 14).

Eagle-Picher also filed suit in February against the Asbestos Claims Facility seeking to remove all of its pending claims (*BI*, March 7).

In October, Toledo-based Owens-Corning Fiberglas

Corp.—then the facility's largest member—withdrawed all of its future claims. And, in March, the company announced that it wants to withdraw all pending claims from the facility.

Also last month, Celotex Corp. and Carey Canada Inc., both units of Jim Walter Corp. in Tampa, Fla., expressed "an unwillingness to go forward with the facility as presently constituted."

Celotex and Carey Canada have not announced whether they will leave the facility, according to a Jim Walter Corp. spokesman.

All of the dissatisfied producers say the facility is flawed because:

- Claims are being settled without adequate investigation.

- The producers are paying an unfair share of claims resulting from products they did not manufacture.

- Large producers do not have enough governance under the facility's one vote per member rule.

The five producers that have fled the claims facility have been responsible for 75% to 95% of the facility's liability claims costs, according to several attorneys close to the facility.

Attorneys say that Owens-Illinois is not one of the facility's largest participants under the highly confidential liability allocation formula.

However, Owens-Illinois' withdrawal signals the facility's failure so far to solve the grievances of the

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BI to publish annual directory of agents/brokers

Business Insurance will publish its 17th annual directory of agents and brokers in the June 20 issue, which will contain a spotlight report on the commercial retail insurance brokerage business and profiles on the largest brokers in the United States and around the world.

The directory is published as an editorial service and there is no charge to be listed; however, to be included brokers must request and return a questionnaire supplied by *Business Insurance*.

If your company generates at least \$500,000 in gross revenues from commercial retail brokerage and you have not yet received a questionnaire, please request one by writing Marilou Jones, Directory Editor, *Business Insurance*, 740 N. Rush St., Chicago, Ill. 60611-2590; or by calling 312-649-5460.

The deadline for returning completed questionnaires to *Business Insurance* is April 29.

Comp insurers seek cost control tools

By MEG FLETCHER

NEW YORK—Workers compensation insurers will seek more power from state officials to impose medical cost-containment measures to better manage claims.

In addition, insurers are hoping to adjust rates to penalize employers that purchase their workers compensation insurance from the residual market, executives of the National Council on Compensation Insurance said at the NCCI's annual issues symposium last week in New York.

The NCCI is a workers compensation rating, research and statistical organization that files rates on behalf of its insurer members in 32 states, while providing similar assistance in half of the remaining states.

"One of the NCCI's objectives this year is the development of effective cost-containment measures for workers compensation," said John C. Morrison, outgoing board chairman, at the NCCI symposium.

Workers compensation "is about the last remaining public or private insurance scheme with few or no cost-containment provisions," Mr. Morrison pointed out. "The medical care system has spun out of control and we are among the principal victims of that chaos," he said.

Medical costs now comprise 40% of all workers compensation payments and are expected to rise to 50% by the year 2000, added NCCI President Kevin M. Ryan.

To curb costs, the NCCI suggests that more states adopt medical fee schedules capping the maximum charges for certain procedures.

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✓ The economic boom following Spain's entry into the European Community in 1986 is triggering new growth among Spanish property/casualty insurers. **PAGE 16**

✓ Examining four basic criteria can make shopping for a risk management information system easier, says David A. Tweedy in RMIS Commentary. **PAGE 27**

✓ A well-prepared risk management manual can remove much of the mystique associated with the risk management function, says Susan M. Werner, *BI*'s new Ask a Risk Manager columnist. **PAGE 28**

✓ Utilization review currently is the most effective antidote to employers' chronic employee health care inflation woes, several health care experts say. **PAGE 37**

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Vol.22, No.15—*Business Insurance* (ISSN 0007-6864) is published weekly at 740 N. Rush St., Chicago, Ill. 60611-2590. Second-class postage is paid at Chicago, Ill., and at additional mailing offices. Postmaster: Send address changes to *Business Insurance*, Circulation Department, 965 E. Jefferson Ave., Detroit, Mich. 48207; 800-992-9970 or 313-446-1611. Copyright 1988 by Crain Communications Inc.

French ponder election, trade barriers

By JOHN PARRY

PARIS—The French presidential election, uncertainty over the privatization of major French insurers and the elimination of insurance trade barriers in Europe are causing French underwriters to wonder about the future.

While the French insurance industry is still growing—members of the French Insurance Federation, or FFSA, reported revenues jumped 12% in 1986, the last year for which figures are available—uncertainty pervades the industry.

"The whole industry's on hold," said Jean-Jacques Bonnaud, managing director of Groupe des Assurances Nationales.

"Until we know who's going to be the next president of France and until we know how the proposed free market for non-life insurance is going to shake down, we're operating in an aura of uncertainty," Mr. Bonnaud said.

"There are just too many imponderables." The presidential election is very important to French insurers because it will decide whether the privatization of state-owned insurers, like GAN and Union des Assurances de Paris, will continue.

The government currently owns 85% of the stock in both

GAN and UAP.

The privatization process, which was begun under rightist Prime Minister Jacques Chirac when he took office in 1986, has ground to a halt during the presidential campaign. GAN and UAP had expected they would be privatized this year or in 1989, but the electoral uncertainty has stopped that.

"I don't think any president, whoever he is, will try to reverse the privatization that has begun," Mr. Bonnaud said. "In any case, it hasn't really touched the insurance industry yet, and if (current French President Francois) Mitterrand is re-elected, I think he'll leave alone what's been done. But, it could be that he would simply stop further privatization until some new system could be worked out."

Mr. Bonnaud said he can envision state-controlled companies like GAN reverting to majority ownership by the private sector, with the state retaining some kind of controlling interest for a period of time. Such a plan has been proposed by former Socialist Finance Minister Michel Rocard.

A spokesman for UAP pointed out that the delay in privatization might be a blessing in disguise for his company, because it coincided with last October's stock market crash. UAP, which is France's largest company, had declared an eight-for-one stock split before the crash to make the UAP stock that currently is publicly traded more appealing to the small investor, but the crash wiped out half of the extra capitalization.



Mr. Bonnaud

Now, the stock price is creeping back up. The stock stood at 286 francs (\$51) at the end of March after falling to 200 francs (\$35.60) in October.

"We could have gone private to 200 (francs) but that would have been under-selling the company," the spokesman said.

He, like GAN's Mr. Bonnaud, said he sees a compromise in the debate over privatization, regardless of whether Mr. Mitterrand, a member of the Socialist Party, or one of the rightist candidates, Mr. Chirac or Raymond Barre, win the final round of presidential balloting on May 15.

French insurers agree that if either Mr. Chirac or Mr. Barre is elected president, the privatization process will continue, with both UAP and GAN controlled by the private sector by next year.

So far, only a small mutual insurance company based in Le Mans has been privatized by the government.

Despite the uncertainty over privatization, both GAN and UAP, as well as other French insurers, are busy building operations in other European countries in preparation for 1992, when eight of the 12 European Community member countries will eliminate all barriers that block the purchase

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Mr. Mitterrand

Supreme Court to review liability limit for KAL crash

By STACY SHAPIRO

WASHINGTON—The U.S. Supreme Court will decide whether Korean Air Lines Co. Ltd. is only liable for \$75,000 per passenger in damages to the families of 18 passengers killed when Russian fighter jets shot down a KAL jetliner in September 1983.

The families allege that when KAL printed a notice of its limit of liability under the Warsaw Convention on tickets issued to passengers in eight-point type, instead of the larger 10-point type required under the agreement, it forfeited that limitation of liability.

The Supreme Court's decision could affect the enforcement of the limitation on airlines' liability for international flights under the Warsaw Convention, which was amended by the Montreal Agreement to limit claimants' recoveries to \$75,000 per passenger.

So far, eight U.S. appellate courts have overturned the Warsaw Convention/Montreal Agreement's liability limitation because of inadequate notification of the limitation.

However, the U.S. District Court for the District of Columbia, in hearing the KAL case, upheld the Warsaw Convention/Montreal Agreement's \$75,000 liability limit. And last September, the U.S. Court of Appeals for the District of Columbia Circuit upheld that lower court's decision.

The Supreme Court last week agreed to hear arguments in the case.

The dispute arises from the ill-fated KAL Flight 007 on Sept. 1, 1983, which was shot down by Russian fighter jets after the KAL Boeing 747 jetliner strayed into Soviet airspace en route from New York's Kennedy International Airport to Seoul, South Korea.

All 269 people on board were killed (BI, Sept. 12, 1983; Sept. 5, 1983).

KAL's combined single-limit hull and liability cov-

erage of \$400 million was written by the Oriental Fire & Marine Insurance Co. Ltd. of Seoul, South Korea, but was almost entirely reinsured by Lloyd's of London syndicates and in the British, French and U.S. aviation markets (BI, Sept. 12, 1983). The hull was insured for \$35 million.

Since the disaster, 95 claims have been settled for around \$9.5 million and 145 claims are pending. The majority of outstanding lawsuits are waiting to be heard in Japanese courts once U.S. litigation is completed, according to a source in London.

Although underwriters are reserving an additional \$75 million for unpaid liability claims, their liability could double depending on the outcome of the court cases in the United States and Japan, he said.

Seventeen wrongful death actions for the deaths of 18 passengers were filed in U.S. federal courts. Of those, 11 were filed in the Southern District of New York in Manhattan and the Eastern District of New York in Brooklyn; three in the Eastern District of Michigan in Detroit; two in the District for the District of Columbia in Washington; and one in the District of Massachusetts in Boston.

Despite the opposition of plaintiffs who commenced suits in both New York courts, the Judicial Panel on Multidistrict Litigation in Washington, D.C., granted KAL's motion to consolidate all cases arising out of the disaster in the U.S. District Court for the District of Columbia for pretrial discovery proceedings in 1983.

In February 1984, the plaintiffs moved for a partial summary judgment, declaring that KAL forfeited the \$75,000 damage limitation under the Warsaw Convention/Montreal Agreement "by delivering tickets with small-print warnings less than the required minimum."

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California studies work comp reform, benefit increases

By GLENN HUNTLEY

SACRAMENTO, Calif.—California legislators are attempting to hammer out significant reforms in the nation's largest workers compensation system that would increase benefit levels without increasing employers' costs.

A conference committee began meeting last week to address the workers compensation concerns raised by employers, insurers and a state commission that studied workers compensation problems in a single reform measure that could become law by the end of the legislative session in August.

The reforms under review include changing the inequities in weekly benefits paid to lower-paid and highly paid employees, defining what constitutes a stress-related claim and reducing delays in providing benefits to injured workers.

California employers' workers comp costs have skyrocketed in the past five years while benefits to injured workers have remained stable. And, weekly benefits paid to injured workers are among the lowest of all states, according to the Commission on California State Government Organization and Economy.

California employers paid \$5.3 billion in direct written work comp premiums in 1986, an 83% increase from \$2.9 billion in 1982, according to the commission.

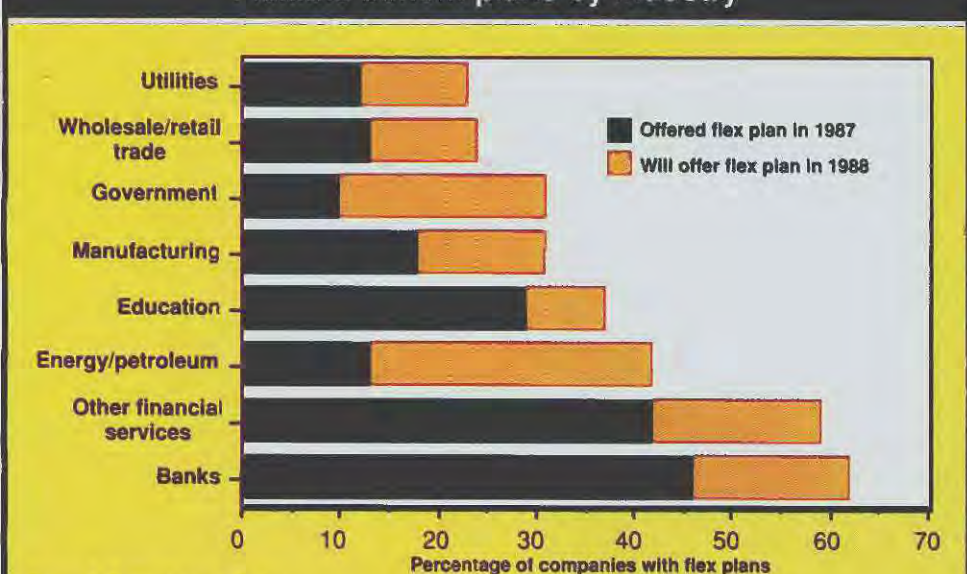
"Although comparisons between states are difficult to make, several recent studies indicate that California's premium rates for coverage in certain categories are among the highest in the country and have been increasing at a relatively faster rate than those of other states," the commission noted in a March report.

"The number of claims filed, number of claims litigated and administrative costs of operating the system have all increased in recent years, and have been passed on to employers as increased premiums."

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New survey documents flex plan boom

Flexible benefit plans by industry



Source: A. Foster Higgins & Co. Inc.

By ALISON KITTRELL

More employers in all industries plan to adopt flexible benefit plans this year following explosive growth in the number of flex plans in 1987, a recent survey says.

Employers are introducing flex plans in an effort to contain spiraling health care costs and to offer a benefit plan that meets the needs of a workforce whose demographics are diversifying, according to "A Survey of Flexible Benefit Programs" by New York-based consultant A. Foster Higgins & Co. Inc.

"We're seeing a fast-developing trend," said Frank DiBernardino, the Princeton, N.J.-based principal for Foster Higgins responsible for the survey.

The survey found that 18% of 912 responding employers nationwide with 1,000 or more employees had flexible benefit plans in place by the middle of 1987.

"Forty percent of the programs in existence by 1987 were less than a year old," Mr. DiBernardino pointed out.

In addition, another 15% of survey respondents said they would implement flex plans

by the end of 1988.

Only 55% of the surveyed employers without flex programs said they have no intention of adopting flex plans in the near future.

"The survey dramatically shows that flex is no longer the luxury of a few large, sophisticated and well-financed employers trying to enhance employee relations. Flex programs are found among organizations large and small, profitable and not so profitable," the survey authors say.

The survey defines a flexible, or cafeteria, plan as any plan that offers employees a choice among types and levels of benefits. The survey did not consider plans that offer supplemental life insurance, offer a choice between two medical options or that permit pretax employee contributions as flex plans.

The survey found that although employers nationwide have implemented flex plans, the plans are most common in the North Central states and on the West Coast.

Also, medium-sized employers are more likely to have flexible benefit plans than are small or large employers: The survey found

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Penney decision

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In upholding a 1985 U.S. District Court decision, the appeals court said Penney adopted the head of household requirement to provide the greatest benefits for those who needed coverage the most: workers without a more highly paid spouse.

"This is a legitimate business justification for choosing this method of supplying an insurance coverage benefit," said U.S. Circuit Judge Danny J. Boggs, who delivered the majority opinion.

"Any employer choosing a comprehensive fringe benefit package faces the challenge of maximizing employee satisfaction while minimizing or controlling costs," Judge Boggs ruled.

"Penney could legitimately conclude that insurance would be more likely to be valuable to a lower-paid spouse, and thus would engender more satisfaction in the employee."

Furthermore, "employers must be allowed reasonable latitude in determining fringe benefit packages," he ruled. "There was no evidence that Penney made its decision for discriminatory reasons or to impose any social judgments or patriarchal views on its employees."

"It wanted the biggest 'bang for the buck' with its benefit package, and adopted the plan for that reason," Judge Boggs said.

An EEOC attorney said the agency had not decided whether to ask the Supreme Court to review the decision.

Penney officials would not comment on the decision. However, an attorney for the New York-based retailer noted it is easy to misunderstand the purpose of the head of household provision.

Penney "intended to maximize benefits to those who need it the most," explained Robert Marsac, a partner with Dykhouse, Wise & Marsac in Detroit. He added that employees' children are eligible for

coverage no matter how much a spouse earns.

The provision, which was established in 1972, has been challenged through a string of lawsuits over the years. Mr. Marsac said, adding that the plan has been upheld by each court.

Penney contributes about 75% to the cost of its employees' health insurance plan, whether individual or family.

Despite the 6th Circuit's decision to uphold the Penney plan, other employers are not likely to quickly adopt a similar strategy, say benefit managers and consultants, who add they know of no other company that currently offers a plan resembling Penney's.

Don Fuerst, a principal in the Los Angeles Office of William M. Mercer-Meidinger-Hansen Inc., said he is "very skeptical" that other companies would implement a plan similar to the Penney plan.

"It will be brought up for discussion, but there will be employer re-

sistance," Mr. Fuerst said.

David Glueck, a vp with TPF&C in Chicago, the benefit consulting unit of Towers, Perrin, Forster & Crosby Inc., noted there are many other ways for employers to reduce duplicate coverage—including coordination of benefits provisions and requiring a large premium contribution for dependent coverage—that do not cause a negative reaction among employees.

However, Mr. Glueck conceded that these other measures are not as effective as the Penney plan. "The Penney plan is the most effective way" of eliminating duplicate coverage, he said.

Employers also are concerned about privacy issues, said Kevin Meehan, an attorney and consultant in the Washington office of The Wyatt Co. He added that he did not think any of Wyatt's clients would adopt this strategy.

Many employers do not feel they have a right to know how much an employee's spouse earns, agreed

Catherine Corse, assistant vp-employee benefits for Barnett Banks Inc. in Jacksonville, Fla. "This type of plan gets us into the private lives of our employees," she said.

To avoid privacy issues while reducing duplicate coverage, Wyatt has helped a company develop a different approach, said Mr. Meehan. Under a plan developed for a 3,000-employee professional firm, a spouse is not entitled to coverage under the firm's health care plan if the spouse can be covered under his or her employer's plan.

"This discourages employers from dumping their employees on other employers," he said.

Linda Havlin, group benefits consultant for Hewitt Associates in Lincolnshire, Ill., said "employers will be cautious" when considering the Penney plan.

However, she said employers will increasingly look at new ways to eliminate duplicate coverage "in reaction to the overall increase in health care costs... especially those who feel they are the primary insurer for an entire community."

Ms. Havlin explained that in some towns an employer with a rich benefit plan covers practically the entire community because spouses who work at other companies with less-rich benefit plans opt out of their own coverage.

In these situations, employers with the less-rich benefit plans "see no need to provide competitive benefits," she said. Adoption of plans similar to Penney's "may put pressure on those employers who transfer their benefits to rich-plan employers."

Plans like Penney's, though, do not really reduce health care costs, but rather shift them from one employer to another, said Mr. Glueck.

Penney "transferred a whole category of risk," agreed Ms. Havlin of Hewitt. "It hasn't done anything to control costs," she added, describing the Penney plan as a "short-term win."

"Increasingly, we are going to see the government step in when entire classes of people are denied benefits," said Ms. Havlin.

In addition, "there are social and moral issues involved," she said, noting that the employer of a higher-salaried spouse may not offer health care benefits to its employees, leaving the spouse without any group health care coverage.

Robert C. Penzkover, director of employee benefits at Quaker Oats Co. in Chicago, said he has been on a "crusade" to amend Quaker's benefit plan to recognize that two-thirds of all the families are two-wage earners. "Why should we provide medical coverage," he asked, to spouses entitled to coverage from their own employers?

But, at the same time, Mr. Penzkover said relating benefits to earnings is an invasion of employees' privacy and creates an administrative nightmare for employers.

Penney tracks spousal salaries by requiring employees to present W-2 forms, a procedure that one Penney attorney described as "administratively complex."

Mr. Penzkover said it would be easier for a company to check if a spouse was covered by another plan than to investigate his or her income.

"A family ought to be covered in some way," he said, adding that Penney's "objective was noteworthy, but their method was too strong."

However, Larry Leisure, national practice leader for group benefits at TPF&C's New York office, said the Penney approach "definitely" was viable for employers like retailers, whose employees incomes are considered "secondary" incomes by their families.

In addition, Mr. Leisure said the practice of denying benefits to spouses who are eligible for coverage elsewhere will become "more and more common."

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Few bite at Maryland's long-term benefits

Maryland has become the first state to sponsor a long-term health care plan for both its employees and retirees, but few employees are enrolling in the program.

Only about 200 of the state's 65,000 employees have enrolled in the plan, which covers nursing home care, adult day care, or at-home care, said Catherine Austin, Maryland's assistant secretary for administration.

"I'm not disappointed, but we would like to see more participation," Ms. Austin said.

The major problem may have been the lack of lead time to explain the new program to workers, she said. Maryland officials decided to offer the plan in September, formally opened enrollment in November and put the plan into effect in January.

Because long-term health care benefits are still "so innovative and so different," many employees may have confused them with other health care benefits rather than seeing them as a supplemental program, Ms. Austin said.

Under the plan, employees can choose from three levels of daily benefits for nursing home care: \$50, \$60 or \$70. The benefit for adult day care or at-home care is 50% of the benefit paid for nursing home care.

The maximum benefit is \$75,000, \$90,000 or \$105,000, depending on the selected benefit level. The plan would cover about four years of continuous nursing home care, Ms. Austin said.

Efforts to communicate the plan to employees will continue this year, she said.

The Maryland program is underwritten by the Travelers Insurance Co. of Hartford, Conn., and is open to employees as well as the state's 20,000 retired workers. Enrollment also is offered to spouses and parents of state workers.

Maryland became the second state to offer a long-term care program; Alaska began offering a plan last year, but it only offers long-term care benefits to retirees (BI, March 16, 1987).

Premiums, paid entirely by the enrollees in the Maryland plan, are based on age at time of enrollment. Although premiums do not rise with the enrollee's increasing age, periodic adjustments will be made for the entire age group.

Benefits levels are frozen at the time of enrollment in the plan, Ms. Austin said.

An average Maryland employee is 41 years old and would pay \$9 monthly for the \$50 benefit, \$10.80 for \$60, or \$12.60 for \$70.

A physical is not required to qualify, but the enrollee must answer a medical questionnaire.

The plan also can be continued after a worker leaves state employment.

Home care savings

A program that encourages home health care to shorten hospital stays has netted large savings for clients of a California-based health care consulting company.

Participating companies saved nearly \$5 million in 1987 by diverting hospital stays to home care, said Shannon Johnston, director of operations for Cost Care Inc. in Huntington Beach, Calif.

The program, formally called Alternate Medical Care, resulted in a reduction of 8,293 hospital days in 1987, a spokesman said.

Cost Care provides services to more than 12,000 employers nationally; about one-third participate in the home health care program. Participating employers represent a total of about 843,000 lives, including approximately 366,500 employees, the spokesman

Benefit beat

said.

Through education of employers and increasing awareness by physicians, more attention has been drawn to home care as an alternative to hospital care where appropriate, Ms. Johnston said.

"It seems to be a real push now," she said.

Cost Care has conservatively estimated that switching from hospitals to home care may save \$9 million for its clients this year, Ms. Johnston said.

The estimated savings are based on an average difference of \$600 per day between acute care and home-based care. Cost Care has contracts with about 1,000 home

health care agencies to provide services.

PPO contract

Gallagher Basset Services Inc., a subsidiary of Arthur J. Gallagher & Co., has contracted with a Chicago-based preferred provider organization to offer cost control and health care services to PPO members.

The Health Preferred of Mid-America network consists of 25 hospitals in Chicago and northern Illinois and more than 2,250 physicians affiliated with those hospitals.

Savings to the administrator's

individual clients will depend on their previous experience with cost-containment measures, but the program could typically reduce hospital costs 20% to 25%, estimated Steven Bennett, director of technical and sales support for Gallagher Basset.

Health Preferred will become Gallagher Basset's first PPO offering when the program begins May 1.

Rolling Meadows, Ill.-based Gallagher Basset Services is the eighth-largest third-party claims administrator based on \$459 million in claims paid for self-insured employers during 1987 (BI, Jan. 25).

"We selected Health Preferred of Mid-America because it has a very strong provider network. We believe this will allow Gallagher to

offer our clients a unique product and at the same time enable them to reduce health care costs," Mr. Bennett said.

Health Preferred currently serves corporations that participate in John Hancock Preferred employee benefit programs, underwritten by John Hancock Mutual Life Insurance Co., and has bid to provide health care benefits and administration for employees of the city of Chicago.

Benefit beat keeps employee benefit managers informed on what other companies are doing and of current developments in the benefit field. We'd like to know if you've made any changes. Write Glenn Huntley, Business Insurance, 6404 Wilshire Blvd., Los Angeles, Calif. 90048; 213-651-3710.

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French market

Continued from page 3

of commercial property/casualty insurance from foreign insurers. However, the proposal will not go into effect in Spain, Portugal, Ireland and Greece until 1996 because of objections that these nations' insurance industries will not be ready to compete on a continent-wide basis in 1992.

To prepare for the big changes the directive will create, French Finance Minister Edouard Balladur in early February gave UAP authorization to invest in foreign insurers through UAP International, a wholly owned subsidiary.

GAN also is restructuring its operations throughout Europe, Mr. Bonnaud said, except in the United Kingdom, where it is keeping a low profile.

Belgium probably will be the focal point for GAN's expansion, said Mr. Bonnaud. GAN has actively invested in Belgian insurers,

including Groupe Assubel and Group Royal Belge, and Mr. Bonnaud sees other insurers following a similar strategy.

With European expansion a major priority, French companies currently are not making a big push into the U.S. insurance market. FFSA officials point out that U.S. laws forbid state-owned companies, like UAP and GAN, from operating in the United States, though GAN does have a presence in the United States through GAN Anglo-American Insurance Co., a Warren, N.J.-based reinsurer managed by Chubb Corp. that is 66% owned by GAN and 34% owned by The Minster Group in London.

While other French insurers snipe that GAN is using a "back door" into the U.S. market, other insurers may follow GAN's lead if the French government does not lower its insurance premium taxes, which insurers claim are the highest in Europe.

"The tax discrepancy between

French brokers are taking a 'low profile' during a time of upheaval, says Vianney Bollier.

the various countries of the European Community are a major handicap for French insurers," said Jacques Lallement, president of the FFSA. "We are more taxed than anyone in Europe."

GAN's Mr. Bonnaud said that he sees one of two scenarios occurring unless taxes are lowered:

"Firstly, we could see a whole lot of fiscal fraud in which people simply cheat on the tax issue to stay alive," Mr. Bonnaud explained.

"Or, secondly, we would see a flight by French insurers to do most of their business through for-

eign subsidiaries. We would then have French companies selling insurance in France through their German or Dutch subsidiaries.

"The ideal solution would be to have a unique tax for insurers all over Europe, but that's a pretty utopian idea," Mr. Bonnaud commented.

FFSA officials, however, point out that the insurance taxes generate some 30 billion francs (\$5.3 billion at current exchange rates) a year in revenue. If Finance Minister Balladur wanted to help out the industry, he would have to find that revenue somewhere else, they say.

"There's a lot of room for maneuvering on our side and we think we're in good shape for the moment," an FFSA official said. "The question for us is more of a marketing one: How are we going to stop business from moving abroad if we can't solve the tax problem?"

"In any case, we're back to square one: Who knows who will

be finance minister in six month's time?" he asked.

The French government currently is operated in a state of "cohabitation," according to French sources. Socialist President Mitterrand presides over a parliament in which the rightists, led by Prime Minister Chirac, have a majority.

Most French political observers believe that if Mr. Mitterrand wins France's presidential election next month, he will quickly call for parliamentary elections in which the Socialists, riding the coat tails of Mr. Mitterrand's presidential victory, would win a majority of the seats.

This scenario would not only drastically increase the chances that the insurance company privatization program would be cut back, but it also would replace Mr. Balladur, the current finance minister, with a Socialist who likely is less willing to ease the insurance industry's tax burden.

The uncertainty and the preparation for increased international operations beginning in 1992 is sparking some corporate raiding in France—including the acquisition of insurers—though not on the British or American scale, observers point out.

Bernard Pagezy, chairman of Compagnie du Midi, France's largest privately owned group of insurers, admits that his company is vulnerable to a takeover as a result of the fall in its stock price following the October market crash. In February, for example, several as yet unidentified investors purchased a stake in Midi.

With operations in France, Britain, the Netherlands and West Germany, Midi—which in November acquired Equity & Law Assurance Society P.L.C. of Great Britain—would make an ideal takeover target for investors looking to set up a continent-wide insurance conglomerate, said the UAP spokesman.

FFSA officials speculate that a bid for Midi could be launched by Assicurazioni Generali SpA, which some French newspapers say already has acquired a 10% stake in the French insurer.

Generali refuses to comment on the reports. Allianz A.G. Holdings, the West German insurer, denies reports that it is involved in a possible takeover of Midi.

What is clear is that just as French insurers are moving aggressively into other European nations, other European insurers are eyeing the highly deregulated French insurance market. Foreign companies now control 15% of the market, but this percentage will increase after 1992, according to the FFSA.

The big losers in this jockeying may be the Swiss insurers. Switzerland is not a member of the European Community and, thus, Swiss insurers will not benefit from the liberalized trade rules. However, Swiss insurers argue that since their Paris-based subsidiaries have been in operation for as long as 100 years, they should be considered French, not Swiss, insurers and be eligible to benefit from the EC directive.

GAN's Mr. Bonnaud also said he believes that British, American and Japanese insurers will aggressively enter the French market in the next decade. U.S. insurers were active in France 15 years ago but have reduced their operations because they were not economical, he noted.

Meanwhile, French insurance brokers are taking a "low profile" during a time of upheaval in the industry, said Vianney Bollier, general manager of Faugere & Jutheau, the largest broker in France and the 17th-largest in the world based on 1986 revenues.

"I would say our position at the moment is to sit tight, serve the clients and take no public positions," he said.



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The Bigger Picture

Opinions

Making a bad law worse

COBRA'S BITE could get even worse. Congressional staffers, in an effort to correct a potential problem with the health care continuation provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, have greatly expanded the coverage when a little fine-tuning would have sufficed.

At the same time, the excessive tax penalties for COBRA violations remain in place.

A provision in the newly introduced Technical Corrections Act of 1988 would allow employees to continue COBRA coverage with their former employers even when they start a new job and receive health care coverage from their new employer (see story, page 1).

Currently, under COBRA, an employer can terminate coverage when beneficiaries receive coverage under another employer's health care plan. That could leave some health care beneficiaries exposed to big medical bills, especially employees with pre-existing medical conditions if their new employers' health care plan excludes pre-existing conditions.

However, the remedy for this is simple: Allow employees to continue to buy COBRA coverage from their former employer—even after they are covered by another employer's health care plan—but limit the coverage to their pre-existing medical conditions that are not covered under their new employer's plan.

By contrast, the approach taken by congressional committee staffers stretches the former employer's health care responsibilities to unreasonable lengths.

Adverse selection, already a problem with COBRA, would become much worse. Undoubtedly, some employees facing large medical or dental bills would figure out that they could pay a premium for one or more months of COBRA coverage and milk his or her former employer's plan. Once the plan limits were exhausted, the employee would stop paying COBRA premiums and begin using benefits under the new employer's plan. We can even imagine some employers advising, off-the-record, that a new employee do the new employer a favor by taking advantage of COBRA coverage.

On the administrative front, if the employee is



covered by two plans, which will be primary: the COBRA coverage or the new employer's plan? The amendment does not say.

We would like to know how often former employers have canceled COBRA coverage for former employees who have found new jobs and health insurance but are faced with a waiting period under the new health plan for coverage of pre-existing conditions, socking the employee with uncovered medical bills. Then, we would like to know the names of these employers so we could publicly ridicule them for this type of indefensible behavior that invites such sweeping remedies as the one proposed.

Not only should the scope of this COBRA amendment be narrowed, but also any amendment to COBRA should reform the penalties for employers' violations of the law. Instead of automatically denying an employer its annual tax deduction for health care expenses for any violation of COBRA, no matter how minor, the penalty should be as proposed last year: a fine of \$100 for each day coverage is not extended to a COBRA beneficiary.

We know it is a lot to ask, but how about some reasonable action on these issues?

Letters

Insurers' actions same as organized crime

To the editor: As a champion of the corporate consumer, your editorial "An Outrageous Waste" (BI, April 4) appears out of character. You say the recent antitrust lawsuits against insurers, etc., should be dropped. Perhaps the allegations are imperfect. Yet, if any other industry or enterprise conducted itself in the manner alleged, it would have been convicted of violations of antitrust laws and the Racketeer Influenced and Corrupt Organizations Act.

How do you differentiate between bilking the public with phony litigation crises and organized crime? The behavior of the insurance industry is organized crime that is legitimized by the McCarran-Ferguson Act. The conspirators wear

Brooks Brothers suits, button-down collars and meet at respectable men's clubs in London, Manhattan, Hartford and Monte Carlo; rather than Appalachian hunting lodge hideaways.

There's some convoluted logic for your justification that they have to get together because "in a business that relies on spreading risk among numerous underwriters, it is plain common sense that insurers and reinsurers should agree on what risks they will assume and under what conditions."

It's the same way racketeers feel when conspiring to divide up the territory for prostitution, drugs and hijacking.

The only difference is that it's button-down white-collar organized crime. It doesn't involve trafficking in drugs, hijacking and prostitution. It involves money—clean money but dirty tricks. It doesn't make the crime cleaner.

The tricks are the same ones used by professional crooks. Buy off the judges, have glitzy parties at commissioners' conventions, set up PACs or an "Institute," hire a mouthpiece, intimidate the opposition, entertain on yachts, call in the party girls, get a press agent, recruit the voice of the agent associations, contribute to the legislators.

Does that sound illegal?

No, it sounds like a 1930 movie with Edward G. Robinson. Nothing wrong

with that; it is good entertainment.

Haig Neville
Haig Neville Associates
West Bloomfield, Mich.

HRI survey lacks valid methodology

To the editor: The March 28 issue of *Business Insurance* highlights the latest attempt by the Health Research Institute to convert opinion into fact.

The HRI survey asked employers to determine the effect of wellness programs by estimating the costs that would have been incurred by company medical plans in the absence of wellness programs instituted by those employers. Savings were measured by the difference between actual expenses and the estimated expenses to have occurred otherwise. The sample size was small—141 employers—and only 17 claimed to have the mechanism necessary to track experience.

A valid, reliable estimate would require a study whose methodology, data and costs are far beyond the reach of all but a handful of employers.

The survey also assumes that the introduction of wellness programs was the only factor to change and is therefore the cause of any savings. It is highly likely

Continued on page 10

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Published by Crain Communications Inc., Chicago

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The Aetna Casualty and Surety Company

Letters

Continued from page 8

that these same employers changed benefit plans, introduced managed care options, saw demographic shifts because of workforce changes or shifts into or out of medical plans, health maintenance organizations and preferred provider organizations, or benefited from increased competition in the health care marketplace, to name a few factors.

Employers need data to justify expenditures on wellness programs, and that data should come from basic health services research and large-scale studies. Studies such as that by the HRI only serve to raise employers' expectations and set them up for disappointment in the future.

Alan Peres
Manager-Health Care Utilization
Illinois Bell
Chicago

his or her knee to me."

Even more amusing was National Assn. of Insurance Commissioners' President John Washburn's who said the event "was a class act...we gave up something when we gave up royalty."

Would it be a class act if all American women, whether professionals or housewives, had to curtsy every time they were introduced to the president of the United States?

One last point, is it a bit much to emphasize the yacht invitation as an "honor?" It was a clever marketing tactic as evidenced in the invitation itself by the reference to the British Invisible Exports Council and the British Overseas Trade Board. I do not say this critically; again, I admire British business sense.

Edward King
Denville, N.J.

Dentists form risk retention group

National Dental Mutual Insurance Co., a risk retention group for dentists, has been domiciled in Colorado to offer dentists professional medical malpractice coverage.

NDMI offers dentists claims-made coverage with limits ranging from \$100,000 per claim/\$300,000 aggregate to \$1 million per claim/\$3 million aggregate. It also offers optional prior acts coverage.

Dentists who join NDMI make a one-time contribution to the company's surplus. The amount depends on the state where the dentist practices, but averages \$2,000.

NDMI will use a procedure-based rating system to determine premiums. In addition, the insurer will offer discounts to dentists with a claims-free history. On average, the insurer's rates are 15% to 40% below those of most traditional insurers.

The company is licensed as a risk retention group in Colorado, but plans to operate in all other states except California. The company has borrowed \$1.5 million from its parent, the Dental Risk Management Foundation, for its initial capital.

"For the past several years, U.S. dentists have

faced a shrinking availability of professional liability insurance coverage combined with extraordinary increases in premiums," said Philip R. Barbell, president of NDMI, who added that the new company will "provide a stable, long-term source of quality coverage to U.S. dentists."

Mr. Barbell said NDMI has secured reinsurance from General Reinsurance Corp. with limits of \$1 million per loss per insured less a \$150,000 deductible per loss. When the company's capital and surplus reaches \$2.5 million, the deductible will be raised to \$250,000.

NDMI is administered by NDI Services Inc. American Insurance Services, a subsidiary of Glenn, Nyhan & Associates Inc. will work with NDI Services Inc. to manage NDMI.

NDMI can be reached at 44 Montgomery St., Suite 1400, San Francisco, Calif. 94194; 800-634-3557.

Risk retention roundup

Consultant sees claims activity

To the editor: I would like to correct a comment attributed to me in your March 7 issue regarding "federal legislation requiring employers to notify current and former employees of exposure to hazardous chemicals."

My point was that I expect increased claims activity from the so-called right-to-know laws, not an increase in our consulting practice from such laws.

Joseph H. Albert
President

J.H. Albert International
Insurance Advisors Inc.
Needham Heights, Mass.

Headline leads readers astray

To the editor: You may have unwittingly damaged the good name and reputation of EPIC—Environmental Protection Insurance Co.—which is an environmental impairment risk retention facility being formed by Alexander & Alexander Inc. I refer to your article titled "Liquidation is Being Sought for Mortgage Insurer Hurt by EPIC Debacle" (BI, Feb. 19).

Readers of the article realize that the EPIC you were referring to is in fact the Equity Program Investment Corp., a subsidiary of Community State Savings & Loan Assn. of Bethesda, Md. Those who only glanced at the headline surely got a different message.

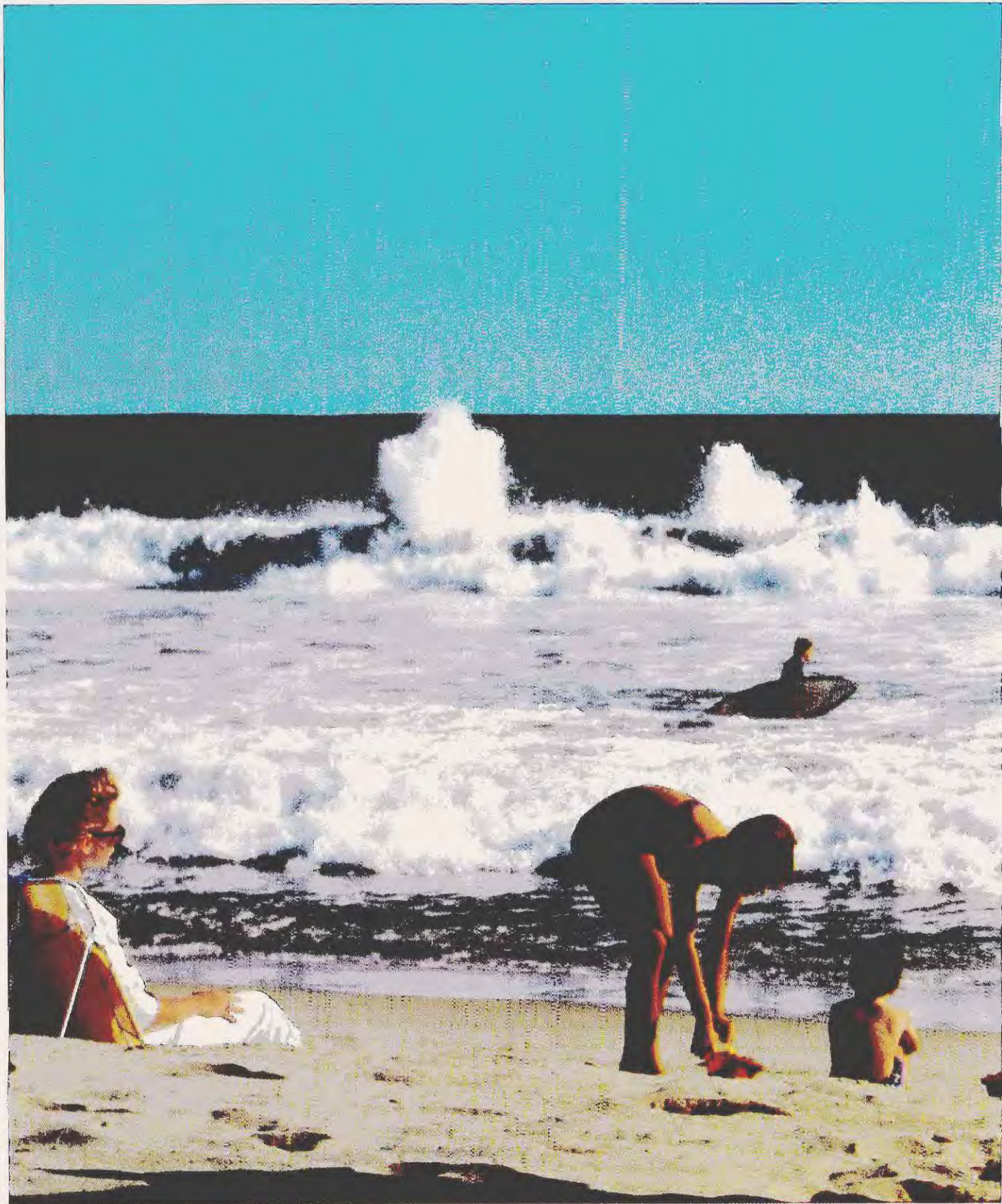
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Chicago

Royal curtsy is not required

To the editor: I much enjoyed the article about the Lloyd's of London bash aboard the queen's yacht, "A Regal Affair, Lloyd's Honors U.S. with Tercentenary Bash Aboard Queen's Yacht" (BI, March 14).

While I am not an "unabashed Anglophile" I have high regard for the English people, having experienced the hospitality of Lloyd's underwriters and brokers when I was employed by Guy Carpenter & Co., Prudential Reinsurance Co. and others before my retirement from the reinsurance business.

However, I was amused by your reference to rehearsal for a curtsy to a member of the royal family. An American should know—without reference to Emily Post—that she need not bend the knee to any other person on earth, be he king or pope, or on British "soil" or not. (I would make an exception if the foreign custom included a reciprocal respect on the part of the royal family member, who would bend



California comp

Continued from page 3

However, the number of injuries per 1,000 workers decreased to 35.89 in 1986 from 39.17 in 1979, the commission reported.

The Legislature has been attempting to reform the state's workers compensation system for five years, but proposed reforms have died in committee or have been vetoed by the governor.

For example, Gov. George Deukmejian vetoed a work comp package passed by the Legislature in 1985 that would have increased the weekly maximum temporary disability benefits to \$273 from \$224, because the reforms failed "to neutralize employer costs, diminish administrative costs and reduce the amount of litigation" (BI, Oct. 11, 1985).

State Sen. Patrick Johnson, D-Stockton, told members of the California Workers Compensation Institute during their annual meet-

ing in San Francisco last month that the work comp system now is attracting attention because the Legislature usually acts "when something goes wrong, not when something goes right."

The major issue state lawmakers will confront will be how to reform the work comp system without penalizing employers or the injured worker, said Sen. Johnson, who is a member of the conference committee.

"We would like to increase benefits. We acknowledge the pressure on employers to pay more for compensable injuries," Sen. Johnson said.

And, observers are optimistic that legislators will reform the work comp system this year.

Employers believe that the current legislative effort has a better chance to succeed than previous attempts because the costs of the system have increased to the point of near crisis, said Jose Hermocillo, executive director of Califor-

'I think there's a fair chance that something will be done,' predicts Edward Levy.

nians for Compensation Reform, a coalition of 75 trade groups formed in 1984.

"I am encouraged by this turn of events only to the extent that the Legislature has taken ownership of the issue," Mr. Hermocillo said.

Insurers agree.

"I think there's a fair chance that something will be done," predicted Edward Levy, general manager of the Sacramento-based Assn. of California Insurance Companies.

Although insurers have made money writing work comp insurance in California, they still are

concerned about the high costs of the system, Mr. Levy said.

If the work comp system is not reformed, it could cause a popular revolt like that now under way in California over automobile insurance, he said.

Several groups, in reaction to high auto insurance rates, are sponsoring initiatives to slash rates from 20% to 50% in the nation's largest private-passenger automobile insurance market (BI, Feb. 29).

The Legislature's conference committee began its efforts to overhaul the work comp system last week using a reform bill introduced by state Sen. Bill Lockyer, D-Hayward, as a starting point.

However, Sen. Johnson said few provisions of the Lockyer bill will likely survive the conference committee's review. The committee instead will attempt to create an almost entirely new bill based on testimony it receives during hearings, he said.

CCR, the major workers compensation lobbying group for business and insurers, hopes to achieve several goals, Mr. Hermocillo said.

Its major goal is to avoid any increase in benefits unless there are accompanying concessions in related legal and medical costs for employers, Mr. Hermocillo said.

For example, he and Mr. Levy of the ACIC pointed out that California is the only state that requires the employer to pay for the medical reports employees must obtain to file a work comp grievance.

In many cases, these evaluations are done repeatedly and can cost many thousands of dollars, Mr. Levy said.

"It's extremely overused and an area that needs reform," he said. "It gets to be a very expensive proposition."

Other CCR goals include:

- Defining which injuries constitute stress injuries. Stress has been the fastest-growing category of claims, according to the state commission. Stress claims grew to 6,812 in 1986 from 1,282 in 1980 and now account for about 1.7% of all cases filed.

"What we are looking for is a clear definition of under what conditions these claims are compensable," Mr. Hermocillo said.

- Eliminating the need to prove fault for power press injuries.

California law exempts workers injured by power press machines from seeking recovery under the work comp system and instead allows them to sue employers to recover damages.

- Changing benefits to end inequities among higher- and lower-paid workers.

For instance, injured workers who make minimum wage have little incentive to return to work because they receive \$112 weekly, or more than they would make by working, he said.

"That causes some problem in getting those people back to work," Mr. Hermocillo said.

At the same time, higher wage earners are severely punished by the state's benefit structure, he said. The maximum temporary disability benefit in California is \$224 a week. Forty-two states pay higher amounts.

- Reduce delays in the system. Benefit payments typically take a month or more to reach injured workers instead of the two weeks mandated by law.

CCR has sponsored reform measures during several legislative sessions, but all that work has been scrapped to allow the current process to move forward, Mr. Hermocillo said.

"The political reality is the leadership in the Legislature has made it plain it wants to start from scratch," he said.

Thus, earlier positions and specific proposals have not been offered for the conference committee's consideration, he said.

Mr. Levy of the ACIC said insurers will support legislation that represents a balance between costs and benefits. "We will all have to give up something," he said.

"We would rather be part of the solution rather than part of the problem."

The state commission in its report suggested that the Legislature should:

- Establish uniform standards for vocational rehabilitation programs.

- Require a single and final "agreed-upon, third-party" medical report when the results of two previous reports do not agree on the nature or extent of a worker's injury.

- Strengthen and clarify the powers of the insurance commissioner and the director of industrial relations to penalize insurers and self-insured employers for delaying payment to injured employees.

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COBRA amendment

Continued from page 1

"The amendment would create many more problems than they (congressional staffers) think," said Mr. Uslander.

"Once again, Congress is being insensitive to a real administrative concern for employers," said Larry Leisure, national practice leader with TPF&C, the benefits consulting division of Towers, Perrin, Forster & Crosby Inc. in New York.

Benefit lobbyists say such a major expansion of COBRA can hardly be considered "technical" and has no place as an amendment in legislation primarily intended to fix drafting glitches in the tax reform law.

The amendment, buried in the multihundred-page technical corrections bill, can only be understood by placing it next to the text of COBRA or the tax code. "It is buried. You need a magnifying glass to spot it and you need to be a mind reader to figure it out," said the APPWP's Mr. Weizmann.

While the technical corrections bill would expand COBRA in a major way, the legislation does not—as had been expected—propose new penalties for companies that violate COBRA's health care continuation provisions.

Under the current penalties, an employer automatically loses its annual tax deduction for health care expenses for any violation of COBRA, no matter how minor.

Revised COBRA penalties—which generally would call for

a fine of \$100 for each day an employer failed to extend coverage to a COBRA beneficiary—had been included in a technical corrections bill last year. That bill, in turn, was incorporated into a House-passed deficit reduction measure.

However, the entire technical corrections bill—including the revised COBRA penalties—was killed by a House-Senate conference committee (SI, Dec. 14, 1987).

At the time, benefit experts were not concerned. Since congressional leaders promised to reintroduce the technical correction legislation, benefit observers thought the delay in enacting COBRA changes was only temporary. And, they expected congressional staff members to use the extra time to refine the COBRA proposals.

However, it appears that COBRA penalties are not included in this year's technical corrections bill.

"They are still redoing the measure," said Cathy Amkraut, director of public policy of the Washington Business Group on Health.

"The staff feels that last year's proposed COBRA penalty provisions still need work," added Vicki Caldeira, a government relations specialist with TPF&C in Washington.

Some contend that tax committee staffers are concerned that a so-called minimum COBRA penalty, which would apply in certain situations, is too harsh. However, the staffers haven't yet found a better approach.

Under that provision, a special minimum tax of \$18,000

would be levied when the Internal Revenue Service audits an employer's health benefit plan and uncovers a COBRA violation that was not corrected before the employer received notice that the IRS would be auditing the plan.

In that situation, the period of non-compliance would automatically be considered to total at least 180 days, thus making the employer liable for an \$18,000 fine per affected beneficiary. The employer could be hit with a larger fine if the period of non-compliance were longer.

Employers consider this minimum fine excessive. Benefit experts say congressional staffers are sympathetic to this employer concern and are considering alternatives that would lower the minimum fine.

Once a solution is agreed upon, the new COBRA penalties could be attached to the technical corrections bill when congressional tax committees vote on the legislation.

Alternatively, some lobbyists say proposed changes in COBRA penalties could be included in a miscellaneous tax bill that legislators may draft this year.

"There is a lot of sentiment for changing COBRA penalties," Mr. Weizmann pointed out.

Other observers say the COBRA penalties are not addressed in the technical corrections bill because legislators want to limit the legislation's scope.

The revised COBRA penalties are believed to generate less revenue than the current penalty. ■

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STRUCTURED FINANCIAL ASSOCIATES, INC. OFFICES NATIONWIDE

KAL decision

Continued from page 3

However, on July 25, 1985, Aubrey E. Robinson Jr., chief judge of the district court in Washington, denied the plaintiffs' motion.

"The question before the court is whether the failure to print notice to passengers of the applicability of the Warsaw Convention in 10-point, modern-type size, as required by the Montreal Agreement, strips the carrier of the convention's liability limitation," said Judge Robinson. "Having considered the treaty, its history and development and all evidence presented, the court concludes that the carrier cannot be prevented from availing itself of the limitation; plaintiffs' motion shall be denied."

The Warsaw Convention, which limited liability for international flights, was adopted in 1929 and approved by the United States in 1934. It originally capped the airlines' liability at 125,000 gold francs (approximately \$8,300) per person.

In 1956, airlines amended the Warsaw Convention with the Montreal Agreement after the United States threatened to rescind its approval of the Warsaw Convention because the liability limit was too low. This agreement increased the limitation of liability to \$75,000 per passenger and eliminated the need of claimants to establish negligence on the part of the airline if an accident occurred on a flight that departed from, stopped in or was bound for the United States.

Another requirement in the Montreal Agreement was that liability limits be printed on all passenger tickets in 10-point type and in ink contrasting with the ticket's paper stock.

However, the judge ruled, "the Montreal Agreement is completely silent with respect to sanctions to be imposed for failure to comply with any of its provisions. . . . By its very terms, the agreement is only a special contract under the Warsaw Convention."

In addition, Judge Robinson claims that there is nothing in the Montreal Agreement that says that

an airline will lose the benefit of the liability limitation if the airline uses a different size type.

"At the core of the debate is dissatisfaction with the very existence of the limitation," he said. "While American courts may be justifiably frustrated with the anachronism which the treaty limitation has become, it is not within the province of the judiciary to alter the quid pro quo agreed to by the political branches."

On appeal, Judge Robinson's decision was upheld by the U.S. Court of Appeals for the District of Columbia, though it specifically stated that the case merited "attention from higher authority."

Plaintiffs in their petition to the Supreme Court believe that the appellate court's affirmation of Judge Robinson's decision has "departed from a previously unbroken line of eight appellate decisions during the past two decades, which held that the convention requires delivery of an adequate warning to a passenger before the airline may benefit from Warsaw's limitation."

Other courts have concluded that notifying passengers of liability limit in type smaller than 10 point is equivalent to giving no notice at all, which violates the Warsaw Convention, the plaintiffs claim.

Also, the 2nd U.S. Circuit Court of Appeals in New York in 1983 concluded in a case involving an aviation disaster in Warsaw, Poland, that printing a notice of liability on plane tickets in less than 10-point type is inadequate as a matter of law, the plaintiffs argue.

"The need for (the Supreme) Court to address this conflict" between the District of Columbia appellate court and the 2nd Circuit is particularly compelling because 11 of the 17 cases should be returned to New York district courts at the conclusion of pretrial proceedings," the plaintiffs' petition says.

Korean Air Lines has agreed that the Supreme Court should review the case, but emphasizes, "respectfully that the decision of the Court of Appeals is correct in all respects and should be affirmed by the Court." ■

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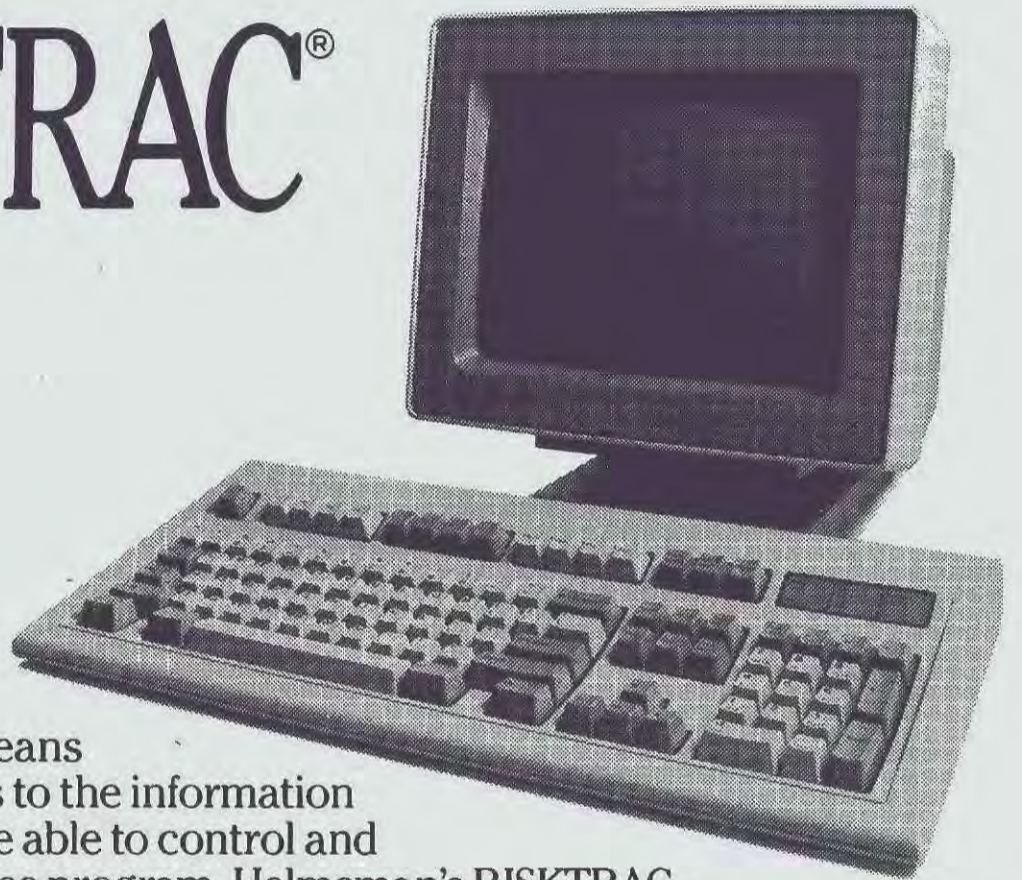
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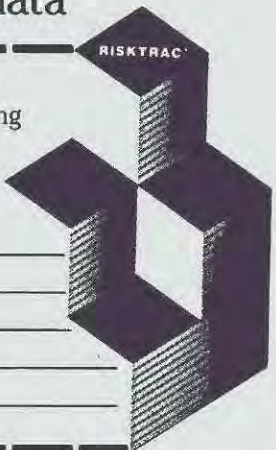
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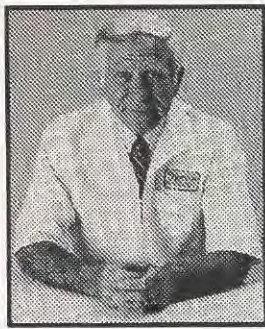


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Grants to aid study of judicial reforms

By MARK A. HOFMANN

CHICAGO—Two non-profit research groups will finance projects aimed at improving the civil justice system with multimillion-dollar grants from the John D. & Catherine T. MacArthur Foundation in Chicago.

The Washington, D.C.-based National Institute for Dispute Resolution received a \$3.3 million grant to encourage research into non-courtroom alternatives for resolving civil disputes.

The Rand Corp.'s Institute for Civil Justice in Santa Monica, Calif., received \$2.5 million to finance what ICJ Director Kevin McCarthy called "exploratory

work to expand our research."

Mr. McCarthy said that most previous grants made to the ICJ since its founding in 1979 went to support ongoing research efforts. However, the MacArthur Foundation grant is an endowment grant that will be used to support entrance into new fields of endeavor.

One project currently under consideration by the ICJ involves tracking the indirect economic effects of the current tort system, he said.

"We want to examine how, in an effort to avoid liability problems, firms change their behavior," Mr. McCarthy explained. From the experience of individual firms, the project could examine the behavior of entire industries and give some indication of how these responses to the tort system affect the economy as a whole, he said.

Another possible ICJ project is an examination of alternatives to the tort system, Mr. McCarthy said. This project would examine "the costs and coverages of systems such as workers compensation to understand better the relative merits of alternative methods of delivering compensation to injured parties," he said.

NIDR President Madeleine Crohn said that the dispute resolution institute acts as a funding mechanism, having awarded roughly \$4 million in grants to individuals and institutions since its founding in 1982. The NIDR itself was created by grants from the Ford Foundation, the William & Flora Hewlett Foundation, the Prudential Foundation, American Telephone & Telegraph Co. as well as the MacArthur Foundation.

Activities financed by institute grants include the creation of courses in dispute resolution at more than 40 law schools. Some of the grant money disbursed by the institute has been used to fund the development of teaching materials for professional schools of law, businesses and government, she added.

The institute also has made grants directly to courts and to the Reno, Nev.-based National Judicial College to examine and encourage the use of court-ordered arbitration and other forms of dispute resolution.

In a statement announcing the two grants, MacArthur Foundation President John E. Corbally said: "The problems of the American civil justice system affect anyone who works for a salary or pays one, pays taxes, buys insurance, gives or seeks health care services, manufactures or purchases a product.

"Every citizen looks to the system for basic forms of protection and for fair and decisive settlement of disputes," Mr. Corbally said. "To ensure Americans that these protections will be there, we must invest in improving and streamlining the system."

Both the ICJ and the dispute resolution institute have received earlier MacArthur Foundation grants. The ICJ received \$1.7 million between 1980-1984, and the dispute resolution institute received \$1 million in 1984, respectively.

The MacArthur Foundation, which was established a decade ago, has awarded roughly \$550 million in grants to individuals and institutions pursuing a variety of disciplines, including law, health, education and conservation.

Other MacArthur Foundation grants related to civil justice questions have been awarded to the National Judicial College and to the American Bar Assn.'s Fund for Public Education.

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Spanish market report

New era dawning for insurers, brokers

By MARIA KIELMAS

MADRID, Spain—The Spanish economic boom that followed the nation's entry into the European Community in 1986 is triggering new growth in the Spanish property/casualty insurance industry and a new commitment to risk management at Spanish businesses.

Spanish insurers' premium volume grew more than 30% last year and growth in 1988 should approach that, estimates Leon Benelbas, director of insurance at the Spanish Ministry of Economy and Finance (see story, page 17).

The industry has grown "at a rate far above that of the economy, which has grown 5%," he says.

The prospect for future growth appears bright because Spain's per-capita expenditures for insurance are among the lowest in the industrialized world, says Arturo Diaz-Berrio, chairman of Morice Tozer S.A., a Madrid broker and an affiliate of Alexander & Alexander Services Inc.

"The country is still basically uninsured. This is not because the economy is good or bad, but because there is no insurance mentality," says Mr. Diaz-Berrio.

Spain has to adapt its economy to those prevailing in other European nations and that will require investment, particularly foreign investment, explains Jaime Requeijo Gonzales, an economist and member of the board of Banco Zaragozano and deputy chairman of Sureste S.A., the bank's wholly owned insurance affiliate. The insurance industry, adds Dr. Requeijo, is one of the prime targets for foreign investors in Spain.

"Spain has a political and economic credibility and stability," stresses Fernando Sainz Quintana, assistant managing director of La Union y El Fenix Español Cia de Seguros y Reaseguros S.A., one of Spain's largest insurers. "These are making Spain fashionable."

"We're going to be a more competitive country," says Javier Barcaiztegui, partner and managing director at Gil y Carvajal, one of Spain's largest brokers. "We have been isolated since the Napoleonic wars. Let's forget about that and let's integrate" with the rest of the European economy, he says.

However, Spaniards point out that the euphoria that greeted Spain's entry into the EC is now giving way to a more pragmatic economic analysis.

Spain's five-year transition period as a member of the EC ends in 1992, the same year in which insurance trade barriers among Common Market nations are to be removed. But barriers will remain in Spain until 1996 because of inflation fears, given the current low rates now charged in the Spanish market and differences in the Spanish monetary system from other European nations', says Mr. Benelbas.

Spain has adopted nearly all of the European Community's directives, including adopting the EC's insurance law in 1984. But some EC directives currently under consideration could be difficult for the Spanish to adopt, Mr. Benelbas said.

In particular, the proposed EC directive that will allow policyholders in EC nations to buy non-life insurance from insurers in any other EC member country "will prove problematic and endanger the Spanish position," he explains.

Mr. Benelbas adds that negotiations also are under way between Spain and the EC concerning the EC product liability directive (BI, April 4).

"This directive was approved before our accession (into the EC) and we didn't play a role. We hope the EC will be willing to understand what this means for a country the size of Spain."

Spain already has a law imposing strict liability on product manufacturers in line with the terms of the EC product liability directive. The law stipulates that all businesses, however small, involved in the manufacture and sale of a product, including retailers, must purchase at least 2 billion pesetas (\$18 million) in liability insurance.

However, the law is not in effect because "rules of application," known in Spain as "reglamento," are not in place.

The EC product liability di-

rective will be adopted by Spain in some form, says Mr. Benelbas, but that form has not been decided. The Ministry of Economy and Finance "does not want to increase costs that will hurt the competitiveness of Spanish industry," he explains.

Meanwhile, market observers agree, other factors that will have a big impact on the Spanish insurance market are:

- The entry of foreign players.
- Mergers among Spanish banks that own major insurers.

In contrast to the banking industry, which up to now has been a protected cartel in Spain, foreign insurers have been allowed to operate in Spain, says Mr. Sainz Quintana of Union y El Fenix. But,

by buying Spanish companies, foreign insurers "will have a more direct presence in the market," he says.

In addition, Spanish banks, which control a large portion of the nation's insurers, are merging and consolidating to prepare for changing market conditions after 1992.

Insurance company mergers arising from bank mergers will be the fundamental change in the Spanish insurance market in coming years, according to Ignacio Hernando de Laramendi, chairman of Mapfre Corp., a major Spanish insurer.

For instance, there were 475 insurance companies in Spain in 1986, compared with 625 in 1982.

In several years, "there will be five, six or seven insurance companies, and most of these will be bank-connected," predicts Mr. de Laramendi.

And, some say that the growth potential of the Spanish insurance market may not be as great as has been assumed.

For instance, premiums written through savings banks were not considered as insurance until last year, explaining some of the growth, says Ted Kearney, managing director of Control de Riesgos S.A., an affiliate of Gil y Carvajal.

Life insurance premiums were further distorted by the boom in short-term life insurance policies

Continued on next page



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Continued from previous page known as "primas unicas" or "single-premium" policies because of favorable tax benefits. Measures taken by government monetary authorities have resulted in the cancellation of many of the single-premium policies, but their premiums are still included in estimates of market growth.

But, there is a huge potential for growth in the commercial property/casualty segment of the market, insurers say.

"Take any electrical company in Spain and the insured values you have are ridiculously low," says Morice Tozer's Mr. Diaz-Berrio. "They have no replacement values on their policies, they are not insuring machinery breakdown; they basically are not insured."

"Many pharmaceutical companies in Spain do not have product liability insurance, which is absolutely crazy," he points out, adding: "The Spaniard does not believe in insurance." ■



Photo: Maria Kielmas

One of the architectural highlights in the Spanish capital of Madrid is the Palacio Real, the royal palace.

Life policies inflate volume

MADRID, Spain—Spanish insurers' total premium volume exploded during 1986, the latest year for which figures are available, but the growth was not as great as it appears.

The Spanish insurance industry wrote life and non-life insurance premiums totaling 1.006 trillion pesetas (\$9.05 billion) in 1986, up 75% from 575.2 billion pesetas (\$5.18 billion) the previous year, according to government statistics.

However, much of the growth was generated by the sale of single-premium life insurance policies. Sales of single-premium life policies boomed in 1986 because of certain tax advantages, which since have been eliminated.

Not counting single-premium life policies, the Spanish insurance industry's premium volume grew only 30.4% to 750.2 billion pesetas (\$6.75 billion).

Non-life insurance premiums written by Spanish insurers grew 22.1% in 1986 to 604.6 billion pesetas (\$5.4 billion).

According to private insurance company statistics gathered by Mapfre Group, a major Spanish insurer, the nation's insurers wrote direct premiums of 644.6 billion pesetas (\$5.8 billion), up 21% from 530.6 billion pesetas (\$4.78 billion) the previous year.

The biggest growth occurred in the life insurance sector, where direct premium volume rose 32% to 104.2 billion pesetas (\$937.8 million).

Automobile insurance premiums written on a direct basis rose 29% to 211.4 billion pesetas (\$1.9 billion), while direct property/casualty premiums rose only 14% to 329 billion pesetas (\$2.96 billion).

According to the statistics, the Spanish insurance industry writes less premium per capita than almost all other members of the European Community.

Based on 1984 results, Spanish insurers wrote \$70 in premiums per inhabitant. That compares with \$531 in premiums per inhabitant written by the West German insurance industry the same year.

Only two EC nations had lower per-capita premium volumes than Spain: Portugal, with premiums of \$44 per inhabitant, and Greece, with premiums of \$34 per inhabitant.

The per-capita premiums in other EC nations were:

- United Kingdom, \$468 in premiums per inhabitant.
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- Denmark, \$378 in premiums per inhabitant.
- Ireland, \$350 in premiums per inhabitant.
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Mergers, trade freedom affect Spain's insurers

By MARIA KIELMAS

MADRID, Spain—Mergers among banks that own or control insurers and the removal of insurance trade barriers in Europe will have a great effect on the Spanish property/casualty insurance market, insurers say.

Companies that buy commercial property/casualty insurance will benefit from mergers in the Spanish banking community because it will create larger, stronger insurers, observers explain.

"There has never been a historic separation between banks and insurers in Spain as is the case in the U.S.," explains Rafael Merry del Val, managing director of broker Marsh & McLennan Espana S.A.

Current protective Spanish insurance requirements fueled the creation of many small insurers, observers point out.

Government regulations currently stipulate that a business must attempt to insure with a Spanish underwriter before tapping the international market. But the insurer is not obliged to retain any part of the risk in Spain.

Thus, this requirement has led to a proliferation of small insurance companies that serve as fronts for foreign underwriters, insurers say.

Many of these smaller insurers have been weeded out through increased capital requirements introduced in 1984. For instance, the number of Spanish insurers fell to 475 in 1986 from 625 in 1982.

And, many insurers predict that in several years, the roster of Spanish insurers will include from five to 50 companies.

While this reduction is being caused by the elimination of the small insurers, bank mergers also are affecting the market.

"Because of the connection between banks and insurance companies in Spain, it follows that mergers between banks will give rise to mergers between insurance companies," says Fernando Sainz Quintana, managing director of La Union y El Fenix Espanol Cia de Seguros y Reaseguros S.A., one of Spain's largest insurers.

However, the likelihood that independent insurers will merge on their own volition is small, says Ignacio Hernandez de Laramendi, chairman of Mapfre S.A., a major independent Spanish insurer.

"I don't know any insurance company in Spain whose management wants to merge with anybody, but the alternative is being taken over by foreign investors and being merged by banks," Mr. De Laramendi says.

The first big bank merger occurred when two of the nation's largest banks, Banco de Bilbao and Banco de Vizcaya, combined to form Banco de Bilbao Vizcaya.

Bilbao's insurance holdings include 100% of Euroseguros; 40% of Corporacion General Aseguradora, which includes Catalana Occidente, Aurora Polar and Pervision Nacional; and 100% of Gavial S.A., which is regarded as Banco de Vizcaya's largest broker. Banco de Vizcaya, for its part, owns Plus Ultra de Seguros y Reaseguros.

Javier Perez de Laborda, director of insurance at Banco de Bilbao Vizcaya, says the merged companies' goals are to form the largest insurance group in Spain and to provide better service to corporate policyholders, whether or not they are bank customers. He adds that the bank is looking to acquire more insurers.

On the other hand, Mr. Sainz Quintana says that Union y El Fenix currently is not seeking to acquire other insurers.

"For a company like (Union y El Fenix), which has been established in Spain for 100 years with a network of agents and brokers, the purchase of another insurance company has, up to now at least, not been a consideration," says Mr. Sainz Quintana.

While the number of Spanish insurers is dwindling, Spanish consumers will have more choices in 1996, when the European Community's directive permitting cross-border placement of non-life insurance takes effect in Spain.

When these trade barriers fall, foreign underwriters will no longer pay commissions to fronting insurers in Spain, but instead will compete directly in the Spanish market, Mr. Merry del Val says.

Continued on next page

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(Premiums in millions of pesetas)

Company	Non-life		Life		Total	
	1986	1985	1986 ¹	1985	1986	1985
Caixa de Pensiones	753	704	647,582	104,383	648,355	105,087
La Union y El Fenix	28,377	23,925	110,706	3,885	139,083	27,810
Caixa de Barcelona	172	108	56,696	0	56,868	108
La Estrella	8,930	7,086	43,315	3,802	54,245	10,888
Mapfre Corp.	33,173	23,491	16,956	7,947	50,129	31,438
Caser	8,977	9,068	40,499	1,961	49,476	11,029
Vitalicio	16,705	14,610	26,977	5,489	43,682	20,099
Corporacion General Aseguradora	24,124	20,188	12,202	4,991	36,326	25,179
Euroseguros	519	416	33,274	682	33,973	1,098
Mutua Madrilenia	21,964	18,103	184	27	22,148	18,130

Source: Company reports ¹ Include single premium policies

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Continued from previous page

"The transfer cost is going to be reduced for the benefit of the seller and the buyer," he explains. The fronting company, "which is adding very little to the product," will be "caught in the middle."

The removal of trade barriers will mean big changes at Spanish insurers, especially those that cede much of their business, Mr. Merry del Val predicts. "We are going to see higher retentions, rescaling of reinsurance agreements, and I think underwriters in this country are going to have to learn how to underwrite risk."

Competition introduced by the arrival of international brokers in Spain already is causing some insurers to reduce the amount of commercial property/casualty insurance they write.

"Brokers are pricing the large industrial risks for foreign companies," says Mr. de Laramendi. "We decided years ago that we cannot afford this competition and it would be better to get out."

Foreign companies, however, will have to be aware of the government catastrophe insurance fund, Consorcio de Compensacion de Seguros.

The Consorcio—which issues coverage for natural catastrophes, civil commotions and terrorist attacks—is financed by a 15% surcharge on Spanish fire policies, a 3% surcharge on theft policies and a 1% surcharge on glass, auto, all-risk and personal accident policies.

Leon Benelbas, director general of the Consorcio and director of insurance at the Spanish Ministry of Economy and Finance, says some foreign investors were unaware of the catastrophe fund and are now asking the ministry for more time to pay their assessments.


State-owned or controlled companies are not legally required to purchase insurance with state-owned or controlled insurers, but they generally do so, insurers say. The largest state holding company is Instituto Nacional de Industria, whose affiliates include Iberia, the national airline, and Empresa Nacional Electricidad (Endesa). The INI also controls Musini Sociedad Mutua de Seguros y Reaseguros a Prima Fija (BI, Jan. 18).

State companies, even those that are not members of the INI like Repsol S.A., the state-owned oil company, generally purchase their insurance from Musini, which then cedes the risk to international reinsurers.

Government and industry observers say it's still not certain about how Musini's apparent monopoly on some accounts can be reconciled with the EC's directive on freedom of services and whether foreign insurers will be able to directly write insurance for Spanish state-owned companies.

Officials at Musini declined to be interviewed.

Because much of the growth in the Spanish insurance market is predicted to be in personal lines and because Spain is not one of Europe's most industrialized nations, foreign acquisitions have been concentrated among life insurers.



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Spain becoming more aware of brokers' role in risk transfer

By MARIA KIELMAS

MADRID, Spain—Changing conditions in the Spanish property/casualty insurance market are being cheered by brokers, who predict an increased role for Spanish insurers writing industrial and international risks.

"What we are trying to do is to implement American or British ideas here," said Javier Barcaiztegui, partner and managing director of broker Gil y Carvajal.

The influence of foreign investment in Spain and the attempt by Spanish companies to become more competitive internationally through more sophisticated insurance buying are factors increasing the role and prestige of the Spanish brokerage community.

"Up to recently we were just thought of as parasites, commission earners, and I dread to say, just other agents. Companies have now learned what advantages they can gain by using a broker," says Rafael Merry del Val, managing director of Marsh & McLennan Espana S.A., an affiliate of Marsh & McLennan Cos. Inc.

Marsh & McLennan's Mr. Merry del Val says that many businesses in Spain not only never thought of using a broker, "they didn't think

'Up to recently we were just thought of as parasites, commission earners,' says one broker.

about insurance, period. They did not even think about risk."

Now, however, Spanish companies are becoming more conscious of risk management and financial alternatives, brokers say.

For instance, Control De Riesegos, an affiliate of Gil y Carvajal, designs self-insurance programs for businesses.

"We want to sell our services to people who don't want insurance. We would sell them a package where they would act as a mini-insurance company, set up a computer and control all their own claims," says Ted Kearney, managing director of Control de Riesegos.

Marsh & McLennan Espana is regarded in the market as one of the most aggressive brokers in Spain, a public image the company actively cultivates.

"We have been in Spain since 1970 and we can provide professional services to our clients in Spain at the same level as our organization can the world over," says Mr. Merry del Val.

While Spanish brokers do not release their revenues, Gil y Carvajal and Marsh & McLennan Espana are regarded as the market's leaders, followed by Gavial S.A., which is wholly owned by Banco de Bilbao Vizcaya.

Gil y Carvajal's Mr. Barcaiztegui said his company's premium volume is expected to total 21 billion pesetas (\$189 million). Other brokers declined to estimate revenues.

While brokers agree their role in the market is changing, some point out that the changes will not occur overnight.

"I don't think that the changes can take place in 24 hours, especially on the very big accounts," said Arturo Diaz-Berrio, chairman of Morice Tozer S.A., an affiliate of Alexander & Alexander Services Inc.

"We are still different from the United States," he says. "In our case we try to help companies adapt themselves for a few years ahead rather than control the whole market."

Morice Tozer, Spain's largest reinsurer, is joining forces with Gavial S.A. on the retail brokerage side to form Gavia Alexander Correduria de Seguros. Banco de Bilbao Vizcaya, Gavial's parent, will own 51% of the joint

venture.

"We want to be a big retail broker in Spain," explains Mr. Diaz-Berrio, "and the bank wants a broker to serve its international clients."

"The aim of the company is to give service to big corporate clients, whether they be clients of the bank or not," he says. "Alexander & Alexander will provide the technical service and we will have the advantage of being shareholders in a large industrial group."

Gil y Carvajal, though the exclusive Spanish correspondent for Johnson & Higgins and a member of the UNISON worldwide brokerage network, is independent and 100% Spanish-owned. Mr. Barcaiztegui notes. And, this independent status gives the broker a considerable advantage in dealing with clients in today's changing Spanish market, he contends.

"We are not like some other brokers who, if they want to light a cigarette, have to ask New York by telex," Mr. Barcaiztegui says.

State-owned or bank-owned businesses, which make up the majority of industries in Spain, until recently have been expected to purchase insurance from a corresponding state-owned or bank-owned insurer, even though they were not forced to by law. But, with a liberalized market, Spanish brokers see a niche, even if they do not actually place insurance for a client, to act as consultants to help the company get the best deal from the affiliated insurer.

Spanish brokers also help arrange mergers between Spanish insurers. "We are negotiating with Spanish companies which don't know whether to sell themselves 100%, or 50% or get in some foreign expertise to restructure their companies and increase the range of products" that they offer, Mr. Kearney says.

In addition, brokers, like Gil y Carvajal, are forming captives in Gibraltar.

"In Gibraltar you have Spanish investment, Spanish financial institutions and Spanish captives. The trend is growing, so we joined them," Mr. Kearney says.

Also, Spanish utilities are providing new business for Spanish brokers.

"The opportunities are immense in the nuclear plants operating in Spain," says Marsh & McLennan's Mr. Merry del Val. He adds that although some aspects of the nuclear industry are subject to international conventions limiting liability, "in the changing social and political environment, the awareness or need for third-party liability insurance is changing dramatically."

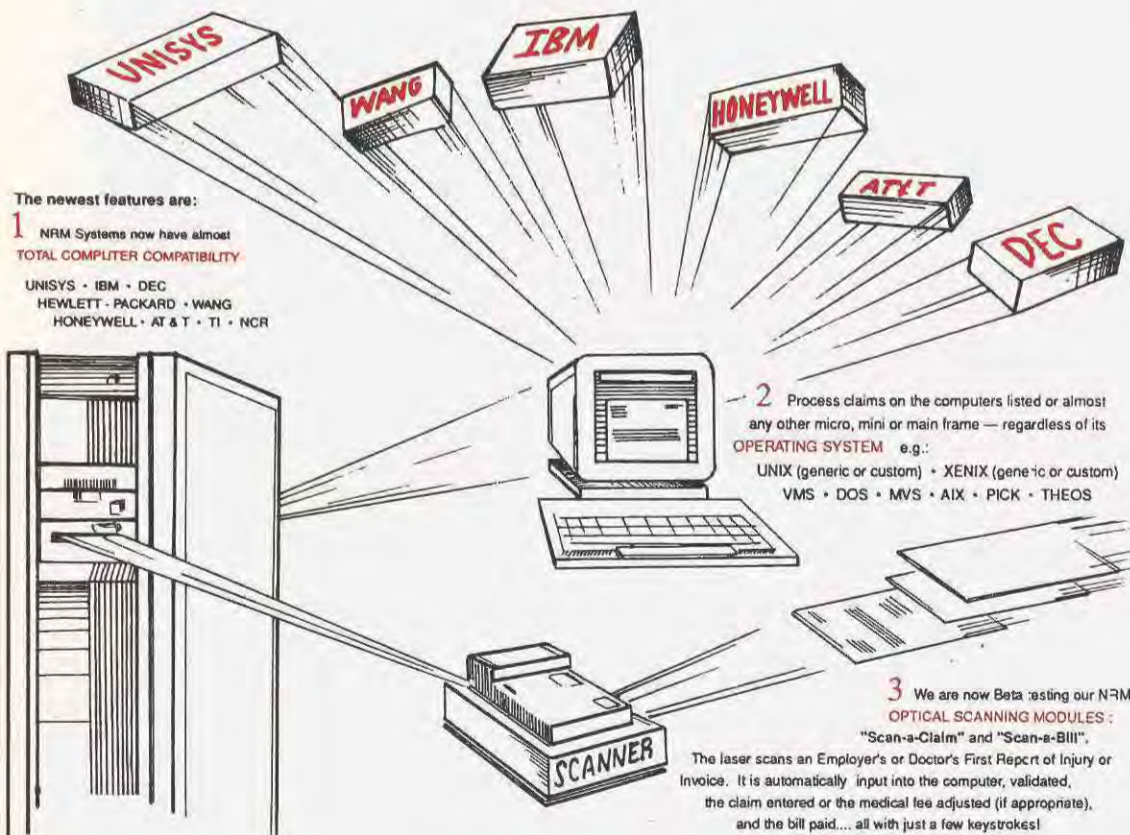
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Spanish social security system feels pinch

By MARIA KIELMAS

MADRID, Spain—A new, controversial pension law is sparking debate over the role of tax incentives in the Spanish private pension system and the future of the nation's social security program.

"This field (private pensions) has been practically non-existent in Spain. I have phone calls nearly everyday from insurance companies asking me if I want to talk to them about pensions," says Arturo Diaz Berrio, chairman of broker Morice Tozer S.A., an affiliate of Alexander & Alexander Services Inc.

"Spain cannot keep upping the limits of social security to prop up state pensions. Leave it to private industry," says Ted Kearney, managing director of Control De Riesgos S.A., an affiliate of broker Gil y Carvajal.

Employers currently pay an amount equal to 29% of workers' salaries to the social security system, which provides retirement benefits, health care and workers compensation benefits. Employees must contribute 6% of salary.

However, despite these contribution levels, the government contributes 1 trillion pesetas (\$9 billion) annually to cover the social security system's deficit, which is causing many to call for a greater reliance on private pension plans.

The Spanish Legislature passed its Pensions Fund Law in 1987, and its "reglamento"—or rules of application—are expected to be published soon.

However, the new law probably will not lead to the establishment of private pension funds similar to those in other industrialized nations because the law places restrictions on tax advantages and the management of pension funds, said Hernando Ignacio de Laramendi, chairman of Mapfre Group, one of the largest Spanish insurers.

Leon Benelbas, director of insur-

'Spain cannot keep upping the limits of social security to prop up state pensions. Leave it to private industry,' says Ted Kearney, managing director of Control De Riesgos S.A., an affiliate of broker Gil y Carvajal.

ance at the Spanish Ministry of Economy and Finance, explains the law allows any company to voluntarily establish a private pension plan to complement the social security system. Employee participation is also voluntary.

Employers and employees will be given tax breaks on contributions as long as:

- An employee contributes no more than 15% of his or her in-

come up to an annual maximum of 750,000 pesetas (\$6,750).

- Employees must be told of their employer's exact contribution to the fund on their behalf.

- Contributions cannot be withdrawn before retirement.

- The fund must be at least 51% controlled by persons elected by employees, irrespective of any trade union control.

An employer can sponsor "any

other kind of pension fund but you will not have the tax incentives," Mr. Benelbas says.

However, insurers are criticizing the law, especially the maximum contribution limits.

"The upper limit penalizes age and class," says Javier Perez de Laborda, director of insurance at Banco de Bilbao.

However, Mr. Benelbas rebuts that argument by noting: "This is a limit which you can compare with any standard in the U.K. or U.S. It isn't that bad."

Insurers also complain that the provision in the law that says a fund must be 51% controlled by employee representatives places too much power in the hands non-insurance professionals.

Employers also have criticized this provision in the law.

And, some trade union officials have criticized the government for putting too much control in the hands of the private sector.

These critics have drawn comparisons with Sweden's "wage-earner" funds, under which employees and employers jointly contribute to a state investment fund administered by trade unions.

However, Mr. Benelbas dismissed this criticism, noting that the employee representatives are to be elected by employees. In addition, he noted that in Sweden employees are required to contribute to the fund, while participation in Spain is voluntary.

And, he categorically dismisses suggestions that the government provide tax benefits for all pension funds, whether or not they meet pension law provisions. ■



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APRIL 18-22. Fundamentals of International Employee Benefits course in Brookfield, Wis., sponsored by the International Foundation of Employee Benefit Plans; \$900. Registration Department, International Foundation of Employee Benefit Plans, P.O. Box 69, Brookfield, Wis. 53008-0069; 414-786-6700.

APRIL 20. Communications/Education and Advanced Cost Containment Workshops in New York City, sponsored by Health Research Institute; \$250. Also **May 18** in Chicago, **June**

17 in Dallas and **June 20** in San Antonio, Texas. Workshop coordinator, Health Research Institute, 1600 S. Main Plaza, Suite 170, Walnut Creek, Calif. 94596; 415-676-2320.

APRIL 20-21. 101 Ways to Cut Your Business Insurance Costs Without Sacrificing Protection seminar in Washington, D.C., sponsored by the International Risk Management Institute Inc.; \$498. International Risk Management Institute Inc., 12222 Merit Drive, Suite 1660, Dallas, Texas 75251-2217; 800-527-2580.

APRIL 20-22. Designing a Flexible Benefits Program workshop in Washington, D.C., sponsored by the American Management Assn. Human Resources Division; \$745 for AMA members; \$850 for non-members; \$90 discount if three or more registrants from same organization. American Management Assn., P.O. Box 319, Saranac Lake, N.Y. 12983; 518-891-0065.

APRIL 21. Employee Mental Health Benefits conference in Chicago, sponsored by The Mental Health Assn. of Greater Chicago; \$275. The Mental Health Assn. of Greater Chicago, 104 S. Michigan Ave., Chicago, Ill. 60603; 312-781-7780.

APRIL 21. Chemical Dependency and the Injured Worker seminar in San Francisco, sponsored by the Medical Care Committee of the California Workers Compensation Institute; \$75. Also **April 28** in Long Beach, California Workers Compensation Institute, 120 Montgomery St., Suite 715, San Francisco, Calif. 95104; 415-

981-2107.

APRIL 21-22. Emerging Issues in Employee Benefits-1988 and Beyond conference in Los Angeles, sponsored by The Employers Council on Flexible Compensation; \$450 for both days; \$275 for one day. Also **May 5-6** in Chicago. Patricia Ibbs, PJI Benefits, Suite 1000, 3390 Peachtree Road N.E., Atlanta, Ga. 30326; 404-364-6552.

APRIL 21-22. Brief Reinsurance course in New York City, sponsored by The College of Insurance; \$195 for sponsors of the college, \$245 for non-sponsors. The College of Insurance, 1 Insurance Plaza, 101 Murray St., New York, N.Y. 10007; 212-962-4111.

APRIL 21-22. How to Use the Risk Retention Act of 1986 symposium in New York, sponsored by the Risk Management Section of the Society of Chartered Property & Casualty Underwriters; \$200 for Society of CPCU members; \$250 for non-members. Also **May 13-14** in Chicago. Julie Ann Juliana, Professional Services Coordinator, The Society of CPCU, Kahler Hall, 720 Providence Road, CB No. 9, Malvern, Pa. 19355; 215-251-2735.

APRIL 25-26. "Bad Faith" and Punitive Damages in Life, Health and Disability Claims seminar in Philadelphia, sponsored by the Defense Research Institute Inc.; \$345 for DRI members, \$370 for non-members. Defense Research Institute, 750 N. Lake Shore Drive, Suite 500, Chicago, Ill. 60611; 312-944-0575.

APRIL 25-26. Health Policy Conference in Washington, D.C., sponsored by the American Medical Care and Review Assn.; before April 15: \$375 for AMCRA members, \$475 for non-members, \$100 for spouse; after April 15: \$475 for AMCRA members, \$575 for non-members, \$100 for spouse. American Medical Care and Review Assn., 5410 Grosvenor Lane, Suite 210, Bethesda, Md. 20814; 301-493-9552.

APRIL 25-29. Recognition of Occupational Health Hazards course in Los Angeles, sponsored by the University of Southern California, Institute of Safety and Systems Management; \$735. University of Southern California, Professional Programs, 3500 S. Figueroa St., Suite 202, Los Angeles, Calif. 90007; 213-743-6523.

APRIL 25-29. Mobile Crane, Overhead Crane Rigging Practices Safety Training Program in Anchorage, Alaska, sponsored by the Crane Institute of America; \$495. Also **May 9-13** in Salt Lake City, Crane Institute of America, 455 Douglas Ave., Suite 2255A, Altamonte Springs, Fla. 32714; 407-882-0073.

APRIL 26. Occupational Hearing Conservation seminar in Oak Brook, Ill., sponsored by Audiometrics Inc.; \$120. Audiometrics Inc., 2500 W. Higgins, Suite 580, Hoffman Estates, Ill. 60195; 312-519-0666.

APRIL 26. The OSHA Hazard Communication Standard seminar in Chicago, sponsored by the Illinois State Chamber of Commerce; \$90 for members; \$135 for non-members. Linda Rice, Illinois State Chamber of Commerce, 20 N. Wacker Drive, Chicago, Ill. 60606-3083; 312-372-7373.

APRIL 26. Building Defenses Against Errors & Omissions Claims workshop in Minneapolis, sponsored by The Society of Chartered Property & Casualty Underwriters; \$130 for CPCUs; \$160 for non-members. The Society of CPCU, Kahler Hall, 720 Providence Road, CB No. 9, Malvern, Pa. 19355-0709; 215-251-2728.

APRIL 26-27. Reinsurance Accounting workshop in London, sponsored by the Insurance & Reinsurance Research Group Ltd.; \$672. Joy Bambrough, Insurance & Reinsurance Research Group Ltd., Bridge House, 181 Queen Victoria St., London EC4V 4DD; 01-236-2175.

APRIL 28-29. Options '88: Managed Healthcare seminar in Chicago, sponsored by the Chicago chapter of the International Society of Certified Employee Benefit Specialists; \$195. Nancy Ragot, Options '88, 425 Martingale, Suite 1090, Schaumburg, Ill. 60173; 312-240-2400.

MAY 2-6. 1988 Fundamentals of Employee Benefits Management course in Brookfield, Wis., sponsored by the International Foundation of Employee Benefit Plans; \$900. Also **June 20-24**, **July 18-22**, **Aug. 15-19**, **Sept. 26-30**, **Oct. 17-21**. Registration Department, International Foundation of Employee Benefit Plans, P.O. Box 69, Brookfield, Wis. 53008-0069; 414-786-6700.

MAY 2-6. Fundamentals of Industrial Hygiene Monitoring course in Long Grove, Ill., sponsored by National Loss Control Service Corp.; \$500. Also **Sept. 26-30**, **Nov. 14-18**. National Loss Control Service Corp., K-3, Long Grove, Ill. 60049-0075.

MAY 6. The Future of Health Care: Public Policy and Trends seminar in Boston, co-sponsored by The Boston Globe, Massachusetts Health Data Consortium Inc., WBUR Radio, WNEV-TV and the Challenge to Leadership Project; \$75. Also **May 20**, **June 24**. Massachusetts Health Data Consortium Inc., 400-1 Totter Pond Road, Waltham, Mass. 02154.

MAY 8-11. 1988 Casualty Actuarial Society Spring Meeting in Tampa, Fla.; \$250 for members; \$300 for non-members. Kathy Spicer, Casualty Actuarial Society, 1 Penn Plaza, 250 W. 34th St., New York, N.Y. 10119; 212-560-1901.

MAY 11-13. Fire Protection for Safety Professionals course in Long Grove, Ill., sponsored by the National Loss Control Service Corp.; \$495. Also **Sept. 7-9**. National Loss Control Service Corp., Long Grove, Ill. 60049; 312-540-2400.

MAY 16-20. Developing and Managing a Basic Safety and Health Program course in Long Grove, Ill., sponsored by the National Loss Control Service Corp.; \$750. Also **Sept. 12-16**, **Oct. 24-28**. National Loss Control Service Corp., K-3, Long Grove, Ill. 60049-0075.

MAY 18. Health Care in the '80 and '90s: What Employers Want workshop in Chicago, sponsored by Health Research Institute; \$495. Workshop coordinator, Health Research Institute, 1600 S. Main Plaza, Suite 170, Walnut Creek, Calif. 94596; 415-676-2320.

MAY 18-20. Fundamentals of Insurance course in Denver, sponsored by the Risk & Insurance Management Society Inc.; \$495 for RIMS members; \$595 for non-members. Also **Sept. 26-28** in New York City, **Dec. 5-7** in Charlotte, N.C. Risk & Insurance Management Society Education Department, 205 E. 42nd St., New York, N.Y. 10017; 212-286-9292.

MAY 24-25. Ergonomics and Job Modifications course in Long Grove, Ill., sponsored by the National Loss Control Service Corp.; \$350. Also **Sept. 20-21**. National Loss Control Service Corp., K-3, Long Grove, Ill. 60049-0075.

The Datebook is compiled from notices sent to Business Insurance. Notices should be sent at least eight weeks in advance to Datebook, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611-2590. Please include the price, if any, of the meeting and information on registration for interested readers. Business Insurance reserves the right to select meetings of most interest to its readers and cannot guarantee that notices will be printed.



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X.L. wants to lure business from London

By STACY SHAPIRO
and CAROLYN ALDRED

London

LONDON—Bermuda-based X.L. Insurance Co. Ltd. is trying to attract new business from the London market.

Three underwriting executives of X.L.'s manager, EXEL Ltd., met with Lloyd's brokers in London last week to try to generate more business for X.L. The policyholder-owned insurer hopes to attract business through "London correspondent brokers" that place U.S. business for affiliated brokers in the United States, as well as non-North American business, said Robert J. Cooney, senior vp-underwriting for EXEL.

Mr. Cooney does not expect the

business to come rolling into X.L. after a week in London. "What we are hoping to achieve by this visit is to be a good listener. We want to listen to Europeans' needs, and we are receptive to comments on pricing, rating and so on," he told a group of London executives at a luncheon meeting held at Lloyd's broker Gibbs Hartley Cooper.

"It is a learning process. We want a dialogue with our insureds."

About 10% of X.L.'s policyholders are non-North American corporations, Mr. Cooney said.

However, "we would like to

write more non-U.S. accounts," Mr. Cooney said. Earlier this year, X.L. considered setting up a contact office in London to attract new business, and X.L. Chairman Ian Heap visited London a few months ago to scout for a possible location, said Mr. Cooney. However, "it's a chicken-and-egg situation. We will see if we get business from London, and if we get business, then we will consider" setting up an office in London.

Aviation accounts

Lloyd's of London broker Bowring Aviation Ltd. has picked up five new airline accounts since last October, some as a result of the merger between Willis Faber P.L.C. and Stewart Wrightson Holdings P.L.C.

According to Peter Sweet, deputy chief executive of Bowring Aviation, Bowring has acquired the Austrian Airlines and Swiss Air Transport Co. accounts from Stewart Wrightson; the Kenya Airways Ltd. account from Willis Faber; the Balkan Airways account from Gallagher Plumer Ltd. and Alexander Howden Ltd. jointly; and the Zambia Airways Corp. account from Bain Clarkson Ltd.

Altogether, Bowring Aviation currently places coverage for about 50 airlines, including St. Paul, Minn.-based Northwest Airlines Inc., he said.

Broker's plans

Like a Phoenix rising out of the fire, the executives of Lloyd's of London broker Nicholson Chamberlain & Colls Ltd. want to emerge from their heated departure from Willis Faber P.L.C. to take a significant place in the London market.

The executives, who left Stewart Wrightson Holdings P.L.C. after it was acquired by Willis Faber, plan for the company to be strictly a wholesale and reinsurance broker specializing in aviation and North American property/casualty business, specialties in which the bro-

kerage already is strong.

The broker also plans to specialize in areas like financial institutions, professional liability and marine reinsurance accounts, areas in which the company concedes it needs to grow.

However, "we don't see ourselves as U.K. retail brokers or in the retail business," said Chairman Alan Colls, former chairman of Stewart Wrightson Ltd.

Nicholson, Chamberlain & Colls, which employs 140 people, hopes to generate about 10 million pounds (\$18.9 million) in brokerage revenues this year, according to Mr. Colls.

Until late last year, most of the employees of the new Lloyd's broker worked for Stewart Wrightson Holdings P.L.C. However, when Willis Faber P.L.C. acquired Stewart Wrightson last year, the employees gradually left.

Together, with substantial backing from minority shareholder Aon Corp., the employees formed Nicholson Chamberlain & Colls earlier this year.

At the core of the new company is the former Stewart Wrightson aviation reinsurance subsidiary Nicholson Stewart-Brown Ltd., which was 49% owned by Martin Nicholson, Brian Stewart-Brown and Richard Holt.

Executives of the broker bought the other 51% of the stock last year.

Nicholson Stewart-Brown continues to operate under the same name, employs about 50 people and provides the new company with the necessary back-up systems that are required to set up a broker, according to Mr. Nicholson.

Another NCC unit is Nicholson Chamberlain Colls (North America) Ltd., formerly Stewart Wrightson North America Development Ltd., which was 49% owned by Nigel Chamberlain, Tony Fell and Graham Addiscott. About 30% of the unit's business is generated from North American railroad accounts, while the remaining 70% is "a cross-section of large U.S. property/casualty accounts of the Fortune 1,000 companies," said Mr. Chamberlain, a director of the parent company.

About 40% of the North Ameri-

can division's business is produced by Rollins Burdick Hunter Co., which is an Aon unit.

Nicholson Chamberlain & Colls Aviation Ltd., headed by Chairman Johnathan Palmer-Brown and Deputy Chairman Peter Butler, consists of about 30 people from Stewart Wrightson Aviation Ltd., of which Mr. Palmer-Brown was chairman and Mr. Butler deputy chairman.

So far, NCC Aviation has acquired 15 accounts formerly handled by Stewart Wrightson.

"It is the non-U.S. accounts which transferred to us midterm who were direct accounts to us," said Mr. Colls.

Each of the executives could have gone their separate ways when they left Stewart Wrightson, but being together is proving to be a challenging and exciting new opportunity, the executives agree.

"We could have gone our separate ways," Mr. Nicholson said.

"But we like each other," Mr. Colls said. "It is important to stay together. It gives us the opportunity to expand our business with the support from a major institution."

"It was the only way to get into a start-up position as a major company," Mr. Chamberlain added.

"And it's more fun this way," Mr. Nicholson said. "I used to report to Alan (Colls), and now I sort of do."

Guardian Royal

Pretax profits for British insurer Guardian Royal Exchange P.L.C. increased 15% despite claims totaling more than 53 million pounds (\$100.2 million at year-end 1987 exchange rate) following last October's wind storm.

Pretax profit for the year ending Dec. 31, 1987, increased to 165 million pounds (\$311.9 million) from 143.8 million pounds (\$212.8 million at year-end 1986 exchange rate) in 1986.

Net premiums decreased to 1.45 billion pounds (\$2.7 billion) from 1.52 billion pounds (\$2.2 billion), while investment revenue increased slightly to 204.1 million pounds (\$385.7 million) from 202 million pounds (\$299 million).

Chief Executive Peter Dugdale said that while "the storms that swept the south and southeast of England in October obviously had a major impact on our results especially in the U.K.," the insurer recovered 28 million pounds (\$52.9 million) in reinsurance payments.

Meanwhile, GRE's increased its commercial book of business, despite the non-renewal of the Law Society's professional liability insurance program, which generated more than 25 million pounds (\$47.3 million) in premium. The Law Society has set up a mutual insurer, The Solicitors' Indemnity Fund, which began writing professional liability coverage for members last September.

The commercial lines growth "came through re-pricing existing insurance up to more realistic levels and through new business," according to a company statement.

In Germany, GRE affiliate Albingia Lebensversicherungs AG suffered a deterioration in the last quarter of 1987, although the size of the decline was not mentioned.

The insurer also has increased its reserves for environmental impairment claims "due to the rise of environmental hazards and also additional reserving for AIDS claims from the German pharmaceutical insurance pool," the GRE statement said. However, the company did not say how much it had increased EIL reserves.

Underwriting profit in the
Continued on next page

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Washington, D.C.

RIMS events to capitalize on expertise

By JACQUELINE LaSOTA

As if the mere mention of mandated health care benefits isn't enough to spark debate during this year's Risk & Insurance Management Society conference, RIMS officials have paired one of its most staunch supporters of the proposal and one of its most adamant opponents to discuss the issue.

Rep. Fortney "Pete" Stark Jr., D-Calif., and Sen. Orrin Hatch, R-Utah, are featured speakers at "Mandating Minimum Health Coverage: Socialized Medicine or Just What the Doctor Ordered?" one of two special sessions at this year's conference. The session will begin at 9 a.m., Wednesday, April 20, in the Regency Ballroom of the Omni Shoreham.

The second special session, immediately following at 11 a.m., will update the state of the property/casualty insurance market. "Property/Casualty Update: Is it the Light at the End of the Tunnel or an Oncoming Train?" will be moderated by Edith Lichota, senior vp-risk management of Irving Trust Co. and the 1987 *Business Insurance* Risk Manager of the Year.

Both special sessions, which are open to all conference registrants, are replacing the general session that had been held during previous RIMS conferences.

The two outspoken congressmen have fundamentally opposing viewpoints: Rep. Stark is working on his own mandated health care benefits bill, and Sen. Hatch leads the Senate opposition to mandated health care coverage.

Although the program will not be structured as a formal debate, Howard Greene, associate legislative director for RIMS, said he hopes it will turn into one.

"They are going to disagree and we are going to allow them to disagree," said Mr. Greene.

The congressmen will make opening remarks and answer questions from the audience. Galt Grant, director of risk management for Polaroid Corp. in Cambridge, Mass., will moderate the program.

"We don't think we can put together a better twosome. They make a dynamite combination," Mr. Greene said. "It'll definitely be one of the largest sessions."

Early registration for the special mandated health care benefits session has surpassed 400, with many more registrants expected to sign up at the conference.

This year's "Capital Conference," slated for April 17-22 in Washington, D.C., is expected to be the largest RIMS gathering ever. The pre-registration tally totaled more than 4,000 people, breaking last year's record of 3,700 registrants. And, the conference department of RIMS was not including registrations received after advance registration closed March 25.

As in past years, the 1988 RIMS conference also will feature track programs—a series of courses devoted to a specific topic—industry sessions, conference seminars and common interest groups.

The new employee benefits track, designed to help new benefit managers as well as risk managers interested in learning more about benefit issues, will include the elements of group health, life and disability programs, a quick course on flexible benefits and a session on employee benefit trends.

Among the sessions of interest to benefit managers will be "Managing High Exposure Claims: AIDS, Chemical Dependency, Psychiatric," from 9-11:30 a.m. Thursday, April 21. Attendees should come away with an understanding of some of the alternatives available to deal with these illnesses.

Risk managers are invited to take part in mock trials all day Tuesday and Thursday, April 19 and 21. "Pollution and the CGL: A Mock Trial," will help risk managers learn to identify and cope with pollution exposures as they act as jurors and hand down the verdict in simulated insurance coverage trials.

Risk managers also will learn innovative strategies for managing and preventing workers compensation claims in programs such as "How to Deal with New Occupational Disease Exposure," held Monday and Wednesday, 10 a.m.-12:30 p.m. and 2:30-5 p.m., respectively.

All conference attendees are invited to the annual RIMS membership breakfast meeting from 7:30-9:45 a.m. on Monday, April 18. Outgoing President Arthur P. Bostwick, risk manager at Stone Container Corp. in Chicago, will review the past year's accomplishments, while President-elect Richard C. Heydinger, risk management director for Hallmark Cards Inc. in Kansas City, Mo., will outline the upcoming year's goals.

Continued on page T17



Photo: Holly Seguire

The Washington Monument stands in the nation's capital as a tribute to the memory of our first president.

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BI Washington guide



Photo: Washington Convention & Visitors Assn.

The giant pandas at the National Zoo and the White House are among Washington's most popular tourist attractions.

The sights

By HOLLY SEGUINE and JOANNE WOJCIK

This year's Risk & Insurance Management Society conference attendees certainly won't lack for diversions when business is wrapped up.

There is an abundance of things to see and do in the Washington, D.C., area. Fortunately for the tourist, many Washington sights are located close to each other and a short cab ride from conference hotels.

Regardless of one's interest in history, it is difficult not to feel at least a twinge of patriotism while touring the halls of the Capitol or standing at the foot of the Lincoln Memorial.

For those more interested in the arts and sciences, there are the many museums of the Smithsonian Institution. The architecture of Washington, from its historic residences and beautiful reflecting pools to the contemporary design of the subway, again offers something for everyone.

However, a word of caution for the would-be sightseer: Don't try to see everything in one day—or even two. Select the places and sights that interest you most and spread your touring over several days. Following are some suggestions on how to get around to some of the major sights in the capital city.

The White House

There are several ways to view the White House. First, and most preferred, is a personal invitation from President or Mrs. Reagan. Failing this, we suggest one of two other options.

The first and most accessible is the public tour, available from 10 a.m. to noon Tuesday through Saturday. This is a self-guided tour. Pamphlets, distributed when you get in line, give a brief history of the White House and description of the rooms open to the public. Don't be discouraged by the long line; it moves quickly, though it may take an hour before getting into the house. Once inside the mansion, there is plenty of time to view the surroundings. Guards are very helpful and willing to answer questions. It takes about 30 minutes to go through the house.

To avoid the wait to get in, you may try to secure a VIP tour, available through your senators or rep-

resentatives. These tours are conducted before the public tours and include the benefit of a guide. They also cover a few areas not included on the public tours.

The Mall

The Mall, along which are seven buildings of the Smithsonian Institution, extends between Constitution and Independence avenues. At one end is the Capitol building; at the other is the Washington Monument. Beyond that is West Potomac Park and the Lincoln and Vietnam Veterans memorials.

A good way to see the Mall is from the Tourmobile Sightseeing buses. The buses run all day (9 a.m. to 4:30 p.m.) and stop at various places around the Mall, the Jefferson Memorial and Arlington Cemetery. Tickets are \$7 and are available from the drivers. You only need to pay once and then can get on and off the bus at any sight. After exploring each area, you can step aboard the next Tourmobile that comes along. Buses run every 20 or 30 minutes. A tour guide gives facts and figures about sights along the route.

Specific sights along the Mall include:

- The U.S. Capitol. Tours run continuously throughout the day 9 a.m. to 3:45 p.m. If you go during business hours, take time to attend a congressional hearing. Those not with a tour group need passes to the House or Senate chambers, which are available from your senator or representative.

If Congress is not in session, you can meander through the halls and see the chambers of the Senate and the House of Representatives. Be sure to view the beautiful paintings that depict the nation's history.

- The National Gallery of Art (East and West buildings), contains some of the world's finest works of art. Pieces by Leonardo da Vinci, Rembrandt, Henri Matisse and Pablo Picasso can be found in the West Building. In the East Building, see works by Juan Miro, Henry Moore and Alexander Calder. This and other Smithsonian buildings are open daily 10 a.m. to 5:30 p.m. Additional information on extended spring hours and special exhibits is available by calling 357-2700.

Continued on page T10

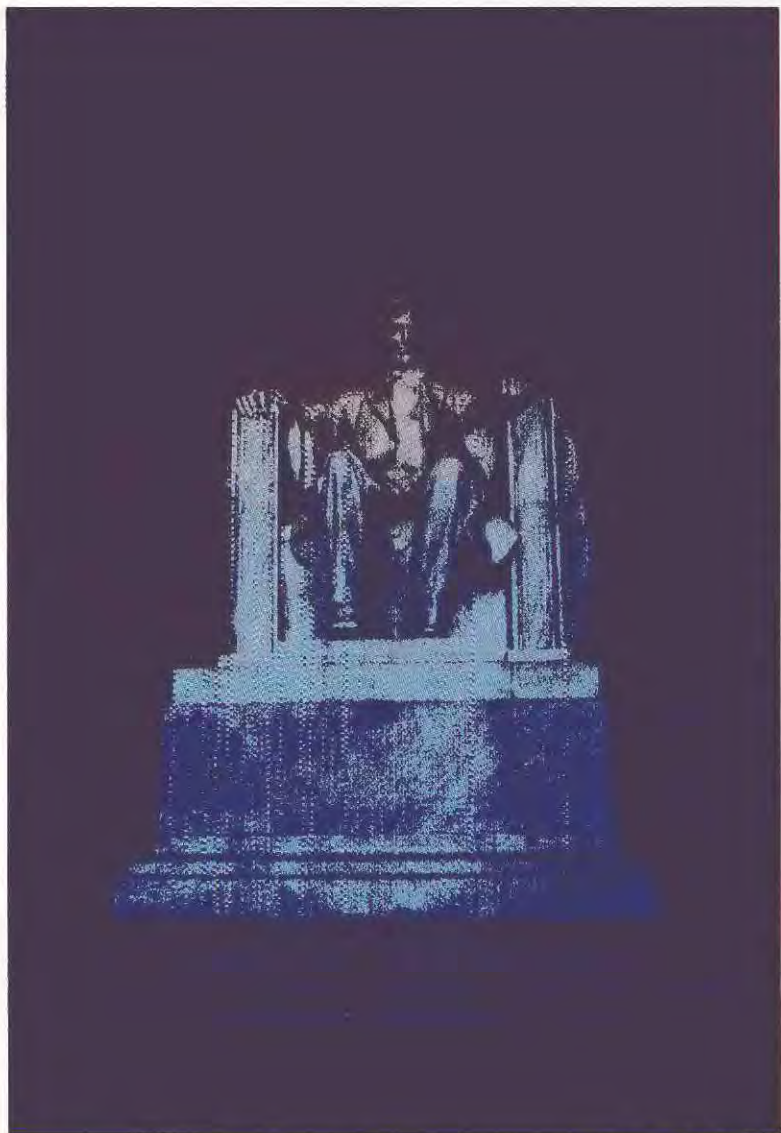
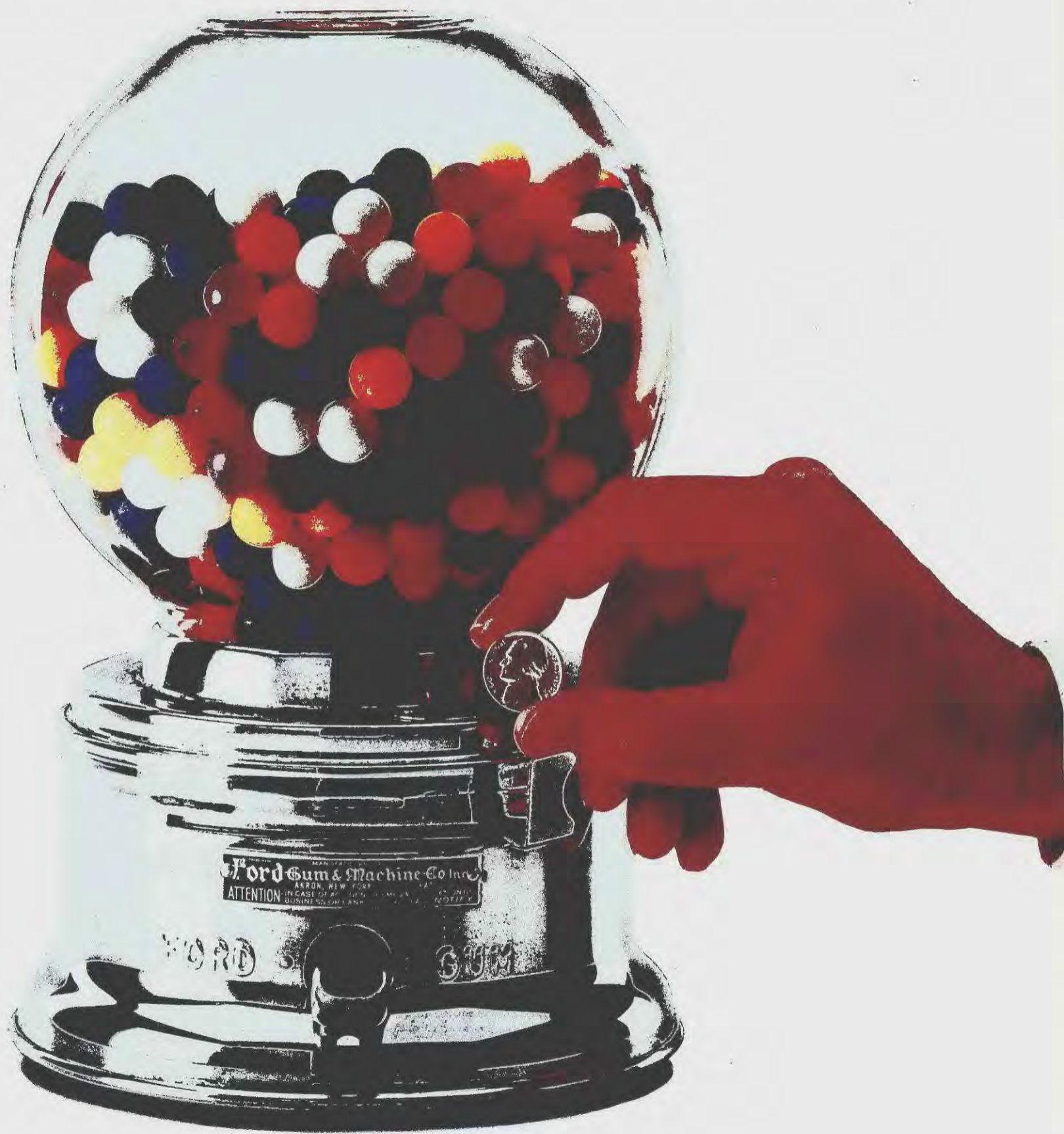


Photo: Holly Seguire

A 19-foot statue of Abraham Lincoln is housed in the Parthenon-style Lincoln Memorial overlooking the reflecting pool in Potomac Park. Carved on the walls are excerpts from Lincoln's greatest speeches: the Gettysburg Address and the Second Inaugural.

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**Choosing A Reinsurer
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The world is your oyster

Washington offers international menu

By HOLLY SEGUINE and JOANNE WOJCIK

Dining in Washington, D.C., is like having the world served up on a platter.

The abundance of foreign visitors and dignitaries to the nation's capital obviously is not lost on local restaurateurs who serve up an array of culinary delights from all over the globe.

And those with more conservative tastes will be pleased to find good old American fare like seafood, prime rib, steak and, of course, potatoes. But even when the menu is simple, the quality and service can be world-class.

Those attending this year's Risk & Insurance Management Society conference, April 17-22, may need to loosen their belts a notch or two after a week of feasting in Washington, a contrast to last year in Las Vegas, where dining takes a back seat to gambling.

Waiters and waitresses in the capital city are, for the most part, polite and attentive, and this VIP service is not reserved for foreign heads of state—especially if the patron is well-dressed. However, an unfortunate glitch in this formula is that in some establishments, men seem to get better service.

A word about dressing in D.C.: If a restaurant calls for casual dress, that doesn't mean your favorite faded jeans. Unlike Las Vegas, where cowboy boots and string ties are always in fashion, Washington diners continuously dress for success. Sport coats for men and dressy slacks or skirts for women are standard "casual" attire.

Remember, Washington is a power town. You never know who will be seated at the next table.

Diners will have an easier time getting that table if they call ahead. In other words, don't have reservations about making reservations. This is particularly true during the week, when Washington's night spots are crowded. The weekend restaurant traffic is lighter, in contrast to many other cities because, with so much business conducted during the week in Washington, most people relax at home on weekends.

And for those planning to attend the theater, many restaurants feature pre- or post-performance menus. Inquire when making reservations.

While virtually every nation is represented on Washington's smorgasbord of restaurants, Italian selections are particularly distinctive. Filomena in Georgetown and Terrazza in Old Town Alexandria are good choices for Northern Italian cuisine.

Of the two, Terrazza is more formal. Roses are everywhere—at the maitre d' stand and on every table. The wine list is extensive and contains a number of premier French Bordeaux vintages, beginning at \$100 a bottle.

For a light beginning to your meal, try the tortellini in brodo. Sample one of the many veal dishes—a specialty of the house—for the main course. Especially tasty is the piccata al limone, tender veal medallions in a light lemon-butter sauce.

The desserts can best be described as beautiful—almost too pretty to eat—but go ahead anyway. You'll enjoy every decadent mouthful.

And, after dinner, every woman is treated to a delicate long-stemmed rose, which she can carry during a relaxing stroll down King Street in Old Town Alexandria, where many shops are open late.

In contrast to Terrazza, Filomena's is more casual and a little less expensive. The tables are in close proximity and the dining room is slightly noisy, living up to its brasserie image.

The two hair-netted older women in white making pasta in the window lend authenticity to this popular dining establishment. And the sauces are flavorful, particularly the rose sauce, a happy marriage of tomato and cream.

In addition to the pasta, the seafood specials are highly recommended. But save room for dessert, which is accompanied by complimentary sambucco and amaretto served in crystal decanters and left at the table.

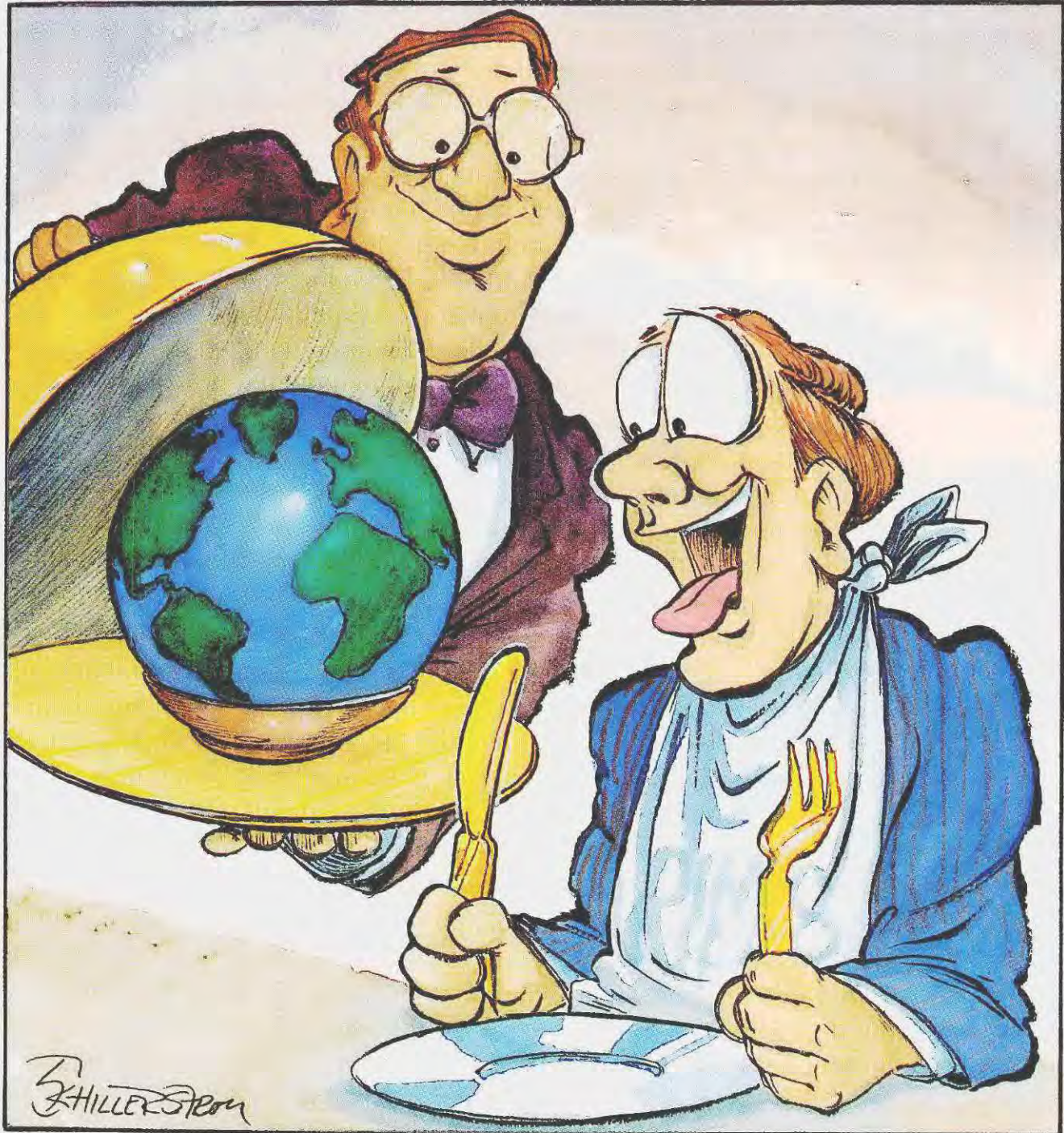
After dinner, take a stroll around Georgetown, considered one of Washington's trendiest areas frequented by students and young people because of its many nightclubs and bars.

Look in the shop windows—some may still be open. But be sure to watch your purses and wallets. Pickpockets run a thriving business in this popular tourist haven.

During your stroll, stop for a nightcap at Flutes, Washington's only champagne bar. More than 100 French champagnes and American sparkling wines are poured starting at about \$28 a bottle. A limited selection also is available by the fluted glass. Desserts and appetizers also are on the menu.

Following is a sampling of Washington-area restaurants culled from several published sources as well as *Business Insurance* researchers. Dinner prices quoted often are a la carte, unless specified, and do not include wine or other alcoholic beverages. Diners are advised to call ahead to make sure hours haven't changed since this research was conducted.

Bon appétit!



Adams Morgan

BELMONT KITCHEN

2400 18th St. N.W.
667-1200

11:30 a.m.-10 p.m. Monday through Friday, 5:30-11 p.m. Saturday and Sunday. Reservations suggested, casual dress. American-style cafe famous for its upside-down pizzas. Salads, steaks, ribs and seafood selections also available. Entrees are \$6.95-\$14.95. Major credit cards.

CAFE LAUTREC

2431 18th St. N.W.
265-6536

5 p.m.-2 a.m. Monday through Friday, 5 p.m.-3 a.m. Saturday and Sunday. Reservations suggested, casual dress. Extensive wine list and entrees such as pork loin in almond sauce, veal, chicken and fettuccine. Rustic French atmosphere with live music and tap dancing nightly. Dinners average \$15. Major credit cards.

CITIES

2424 18th St. N.W.
Between Belmont Road and Columbia Road
328-7194

5 p.m.-11:30 p.m. Monday through Thursday, 5 p.m.-midnight Friday, Saturday and Sunday. Hip night club open Wednesday through Saturday from 10 p.m. to 3 a.m. Reservations not necessary, casual dress. New American and Turkish fare from pasta and pizza to lamb. Entrees average \$9-\$16. Major credit cards.

MESKEREM

2434 18th St. N.W.
462-4100

5 p.m.-12 midnight Monday through Thursday, noon-midnight Friday, Saturday and Sunday. Reservations suggested, casual dress. Mildly seasoned Ethiopian fare as well as vegetarian combinations average \$6-\$9. Major credit cards.

NEW ORLEANS CAFE

1790 Columbia Road N.W.
234-5111

8:30 a.m.-10 p.m. weekdays, till 11 p.m. weekends. Casual dress. Creole/Cajun jambalaya and gumbo specialties. Dinners average \$10-\$12. Major credit cards.

NEW ORLEANS EMPORIUM

2477 18th St. N.W.
328-3421

11:30 a.m.-11 p.m. Monday through Thursday, 5:30 p.m.-midnight Friday, Saturday and Sunday. Reservations suggested, casual dress. Barbecued shrimp, blackened ribs, red fish and other New Orleans specialties. Dinners average \$20. Major credit cards.

OMEGA

1858 Columbia Road N.W.
745-9158

11:30 a.m.-11 p.m. Closed Monday. Reservations suggested for lunch, casual dress. Cuban cuisine featuring paella, seafood combination with black beans and yellow rice, as well as stews and Cajun nouvelle cuisine. Entrees are \$12.90-\$15. Major credit cards.

PERRY'S

1811 Columbia Road N.W.
Adams Morgan
234-6218

6 p.m.-midnight Sunday through Thursday, 6 p.m.-1 a.m. Friday and Saturday. Punk sushi bar and restaurant. Other Japanese food also available. Rock music videos. Garden seating available when weather permits. \$13-20 or more for sushi a la carte. Major credit cards.

Arlington, Va.

BANGKOK GOURMET

523 S. 23rd St.
521-1305

11 a.m.-10:30 p.m. Monday through Friday, 3 p.m.-10:30 p.m. Saturday and Sunday. Reservations suggested, casual dress. Thai nouvelle cuisine, cozy atmosphere. Entrees are \$7.95-\$20.95. MC, DC, and V.

NAM VIET

1127 N. Hudson St.
522-7110

10 a.m.-10 p.m. seven days. Reservations suggested, casual dress. Spring rolls, chicken with lemon grass and other Vietnamese specialties. \$15 average per person. MC and V.

Continued on page T24

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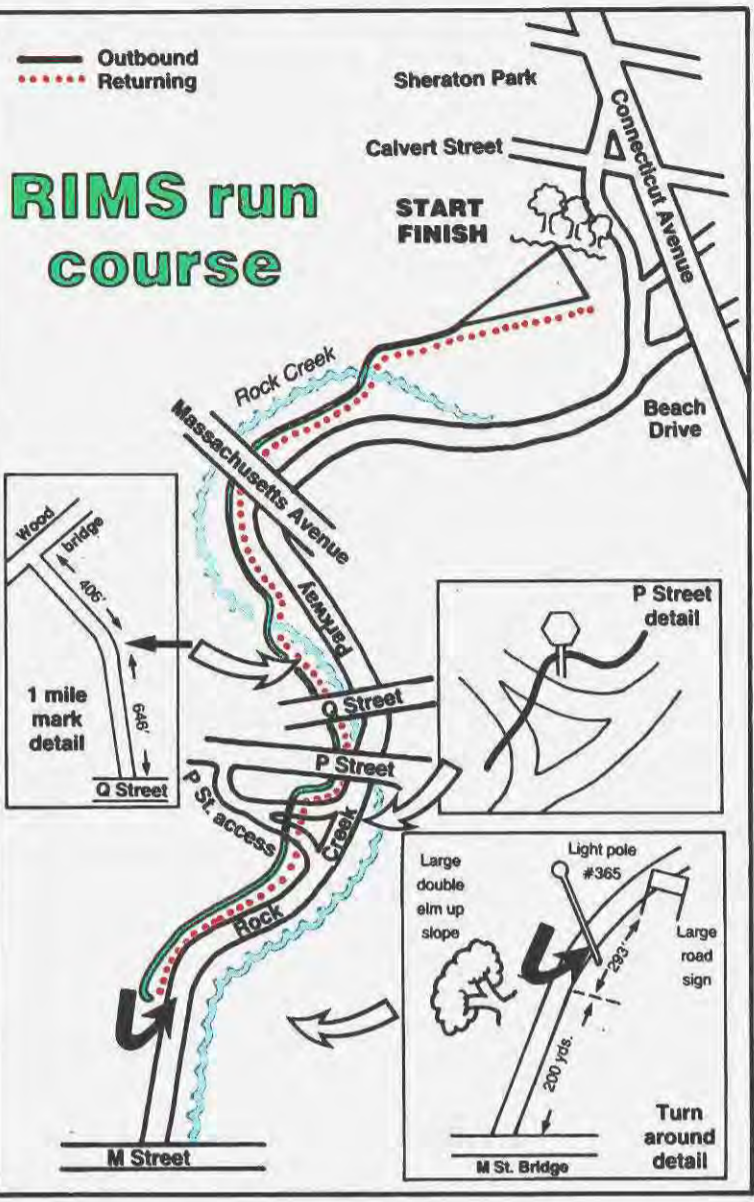
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BI Washington guide

RIMS Run to benefit Spencer Foundation

By JOANNE WOJCIK



The organizers of the second annual 5K RIMS Run applied a little risk management when they mapped out the course for this year's race.

The race, which begins at 7 a.m. on Wednesday, April 20, is set in Washington's picturesque Rock Creek Park, a linear green space that meanders along a ravine cut by the creek for which the park is named.

But the beauty of this serene backdrop disguises its hidden dangers: "It gets narrow in some spots," accommodating only up to four runners across, noted Paul Christiano, director of corporate communications at Frank B. Hall & Co. Inc.

The Briarcliff Manor, N.Y.-based broker once again is sponsoring the race, proceeds from which will benefit the Robert S. Spencer Memorial Foundation Inc. Runners who registered before April 1 were required to submit a \$20 registration fee, while those who register at the Risk & Insurance Management Society conference will pay \$25 each.

Runners can pick up their race packets or register at the RIMS race table in the registration area of the Sheraton Washington Hotel on Sunday, April 17, from noon to 5 p.m.; on Monday, April 18, from 7 to 10 a.m. and noon to 2:15 p.m.; and on Tuesday, April 19, from 8 to 9 a.m., 11:30 a.m. to 12:30 p.m. and 1:45 to 5 p.m.

With an estimated 500 race participants, there could be some bottlenecks, Mr. Christiano admitted. In addition, race participants will run on sidewalks in some spots and follow a course parallel to the busy Rock Creek Parkway.

"We had to do some experimenting," he said, to reduce participants' exposure to city traffic. "We needed a course that would keep the runners from crossing the busy Washington streets at any time."

The course was designed for safety first, then for a sense of challenge, according to Hall's "RIMS Run Fact Sheet." To meet this goal, race organizers set up a moderately difficult course with a few dips and turns that would give participants the opportunity to view a beautiful section of the capital during the height of its springtime splendor while at the same time providing them with an exhilarating run.

The out-and-back course follows the scenic parkway and creek from Connecticut Avenue near the Calvert Street Bridge and the Omni Shoreham hotel, south about 1.5 miles toward the Potomac River. Runners will leave the park for a short period to climb over a hill

and bridge, then loop around and back to where they started, covering a total distance of about 3.1 miles (see map).

"A steep hill at the end of the course may prove to be a challenge for some runners," Mr. Christiano notes. "Runners should prepare to take on this final hill knowing that the finish lies right beyond it. Rather than think about being fatigued, runners should focus on overcoming the hill and crossing the finish line."

Race organizers estimate it will take men who are experienced runners 15 minutes to finish the course, while those who are only average, or recreational runners, may take 16 to 20 minutes. Estimated completion times for women range from 17 to 19 minutes for experienced runners and 20 to 25 minutes for average runners.

The fastest man and women in both the under-40 and over-40 categories will be announced during a luncheon on the day of the race, and a group acknowledgment will be given to all other winners in the following categories:

- Risk management position.
- Insurance/reinsurance company.
- Broker/consultant.
- Service company/exhibitor.
- Spouse of conference registrant.

In addition, every participant will receive a race T-shirt.

Winners will be able to pick up their awards, and all runners can check their times, at the Frank B. Hall booth in the Washington Sheraton Hotel exhibit hall during a special exhibit time, which will be announced at the race.

"In addition to providing an enjoyable event for those attending the conference, the race will generate a large donation" to the Spencer Foundation scholarship fund, Mr. Christiano said.

Last year's race in Las Vegas generated \$3,175 for the foundation, which serves to assist deserving students of risk management, insurance and employee benefits in fulfilling their educational goals.

As of March 29, the Spencer Foundation had raised about \$84,000 in contributions and pledges during this fund-raising year, which began on July 1. This compares with \$55,000 raised by the beginning of the RIMS conference last year (BI, March 23, 1987).

As a result of the 5K RIMS Run and other fund-raising efforts, the Spencer Foundation will award \$2,500

Continued on page T8

'All Stars' to face off in RIMS rematch

By CHRISTINE WOOLSEY

Brokers, insurers and risk managers will have an opportunity to "break the ice" informally during the Risk & Insurance Management Society's "All Star" hockey rematch on Sunday, April 17, at the Fort Dupont Ice Arena in Suitland, Md.

The RIMS Hockey "All Stars" last met at the 1986 RIMS conference in Toronto, where about 250 fans watched Team USA and Team Canada skate to a 5-5 tie (BI, April 21, 1986).

"This is a grudge rematch after the U.S. team took away that symbolic victory in Canada in 1986," says Felix Kloman, principal and vp at Tillinghast, a division of Towers, Perrin, Forster & Crosby Inc. in Darien, Conn.

The teams will face off at 12:30 p.m. Sunday, the first day of the 26th annual RIMS conference slated, to be held April 17-22 in Washington, D.C. Tickets are \$10 and can be purchased at the rink.

Mr. Kloman, who has been playing in "old-timer" hockey leagues since 1959, is the mastermind behind the event. "It originated out of an old rivalry between the Darien Winter Club and the Beaconsfield Old-Timers Hockey Assn.," Mr. Kloman explained.

Because they enjoyed the game so much, he and Georges Balcer, risk manager at Consolidated Bathurst in Montreal, suggested playing at RIMS conferences.

However, Team USA and Team Canada will be playing for more than a few laughs and the bronze skate trophy awarded to the winners. The event is designed to raise funds for the Robert S. Spencer Memorial Foundation, which awards scholarships to students of risk management, insurance and employee benefits.

"Our primary goal is to let people know the Robert S. Spencer Foundation is a worthwhile thing," Mr. Kloman said. The



foundation was established in 1979 by the Atlanta Chapter of RIMS in honor of Robert S. Spencer, an exemplary risk manager and former RIMS president.

Dick Pierpont, vp at Johnson & Higgins in Stamford, Conn., will captain Team USA, while Steve Patenaude of Arkwright Mutual Insurance Co. in Montreal will lead the Canadian skaters. Mr. Patenaude, a Montreal native, actually played goalie for the Americans in the 1986 game because they were without a goaltender, earning honors as their outstanding player. This year he'll tend goal for the Canadians, and even though he is recovering from recent knee surgery, the Americans do not underestimate his ability on the ice.

"It has the makings of being an even contest because we're all in equally lousy

shape," Mr. Pierpont predicts. Teammate Mr. Kloman, however, has few doubts as to who will skate away in triumph, saying his team is overconfident. "That comes with being overage," he admitted.

Mr. Patenaude claims "hockey is the gross national product out of Canada" and is delighted Mr. Kloman feels so sure of an American victory. "I like to see him eat his words," he chuckled.

Both teams boast strategies designed to capture the victory. "We'll give them a lot of pressure early on, get them rattled and get them

down five goals," warns Mr. Patenaude. Team USA's Mr. Kloman describes a more unique strategy: "We're two years older and two years wiser and we'll skate that much slower and confound the Canadians," he explained.

While hockey has always had an image of being a violent sport, Mr. Kloman expects few injuries during the game, partly because the majority of team members are experienced hockey players. In addition, intentional body contact and "slap shots," where a player raises his stick before striking the puck, are strictly forbidden. Everyone on the rink also is required to wear a helmet and protective pads.

Unlike the Canadians, who only require that team members be a part of the insurance industry, Team USA requires players to meet a few criteria. All players must have been playing regularly with an old-timers hockey team and also must be over 30 years old, Mr. Kloman said. The average age of this year's Team USA players is 42.

Canada's Mr. Patenaude says his teammates also play regularly in various hockey leagues, but admits he isn't overly confident: "Our American counterparts are up for this and will give us a tough game."

Despite the obvious rivalry between the teams, everyone agrees the main objective is to have a good time raising funds for deserving insurance students.

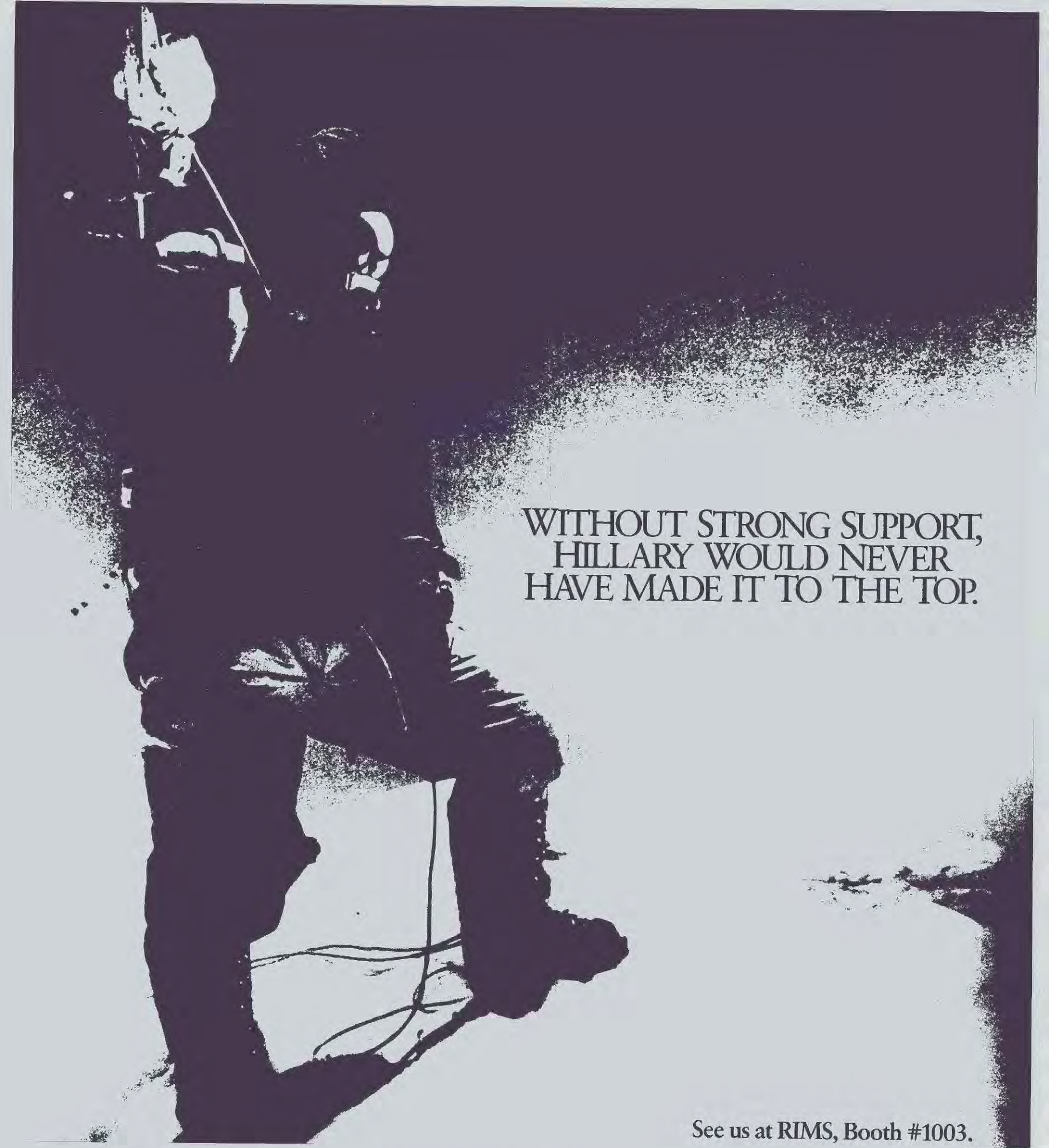
Mr. Pierpont predicts the event will raise several thousand dollars because operating costs like renting the rink and paying referees were minimal and many of the players are contributing by purchasing tickets themselves.

Mr. Kloman said the All-Stars will present their donation at the "Beach Party" reception to be held from 7-9 p.m. Sunday at the Washington Hilton & Towers. The bronze skate trophy will be on display and any additional pledges to the Spencer Foundation will be accepted at the party.

Players on the Team USA roster include: Jonathon Vlachos of Rollins Burdick Hunter Co. in New York; Stewart Steffy and Joseph Mechem of CIGNA Corp. in Philadelphia; Peter Bostwick of Johnson & Higgins in New

Continued on page T8

'It has the makings of being an even contest because we're all in equally lousy shape,' predicts Dick Pierpont.



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Risk Management Planning and Support

BI Washington guide

Spencer Foundation

Continued from page T6

general fund scholarships this year to five of the 31 students that submitted applications. The awards will be announced during the "Beach Party" from 7-9 p.m. on Sunday, April 17 at the Washington Hilton & Towers. Additional pledges and donations will be accepted during the fund-raiser, which will feature boardwalk games and beach party music.

This year's conference also will feature a rematch of the RIMS hockey all-stars, who last faced off at the 1986 RIMS conference in Toronto (see story, page T6).

The game will be held at 12:30 p.m. Sunday, April 17, at the Fort Dupont Ice Arena in Suitland, Md. A \$10 admission charge will benefit the scholarship fund.

Last year, the foundation awarded seven \$1,250 scholarships from a field of 25 applicants. In addition, three students received awards under a Spencer Foundation matching funds program.

Additional pledges and donations will be accepted during the fund-raiser, which will feature boardwalk games and beach party music.

Through this program, individual RIMS chapters deposit sponsorship funds into the Spencer account, and the accrued interest on those funds is matched by the foundation on an annual basis. The combined amounts then are awarded to students from schools specified by the participating chapters.

The eight chapters participating in the matching funds program this year are: Atlanta, the Carolinas, Cleveland-Akron, Minnesota, New York, Northeastern Illinois, Rocky Mountain and South Florida.

Nearly 60 individuals have received awards

from the foundation since it was established in 1979 to honor the late Robert S. Spencer, an exemplary risk manager and former FIMS president.

The size and number of scholarships are determined annually based on the interest accrued to the principal in the foundation's account, according to Anita Benedetti, foundation president.

The fund stood at \$278,000 as of year-end 1987, up from \$208,000 at year-end 1986 (BI, Feb. 29).

Scholarship candidates are nominated by deans or department heads at colleges and universities across the United States and Canada. Criteria include an exceptional grade point average, an essay describing career path and qualifications, and letters of recommendation.

For more information on, or to make tax-deductible contributions to, the Robert S. Spencer Memorial Foundation Inc., call RIMS at 212-286-9292. Questions also can be addressed at the RIMS booths, Nos. 2302 and 2306, in the conference exhibit hall.

Hockey 'all stars'

Continued from page T6

York; Bob Nason of Trenwick Group Inc. in Westport, Conn.; Joseph Tarbell of Marsh & McLennan Inc. in Boston; Peter King of M&M in Philadelphia; Tom Morrissette of American International Group Inc. in New York; David Wagstaff of The Equitable Life Assurance Society of the United States in New York; Michael White of Holborn Agency in New York; Bruce Brunaugh of Penn Central Corp. in Cincinnati; John Chaney and Sandy McMillan of RBH in Detroit; Felix Kloman of Tillinghast; and Dick Pierpont of Johnson & Higgins in Stamford, Conn.

Players on the Team Canada roster include: Brian Matthews and Daniel Desjardins of Domtar Inc. in Montreal; Lionel Lalonger of Reed Stenhouse Cos. Ltd. in Montreal; Georges Balcer of Consolidated Bathurst Ltd. in Montreal; Bob Puziak of CIGNA in Toronto; Rick Morris of RBH in Grand Rapids, Mich.; Steve Patenaude of Arkwright in Montreal; Ron Williams of CSP Foods Ltd. in Saskatoon, Saskatchewan; Doug Bennett of Morris & Mackenzie Ltd. in Toronto; Joe Hardy of Oshawa Group in Toronto; Jean Pichette of Donohue Paper in Quebec City; Tom Rivers of Johnson & Higgins in Toronto; and Costa Saviolibis of Grilli Corp. in Montreal.

Those who prefer solid ground to slick ice can participate in another Spencer Foundation fund-raiser: the second annual 5K RIMS Run, sponsored by Frank B. Hall & Co. Inc.

The race begins at 7 a.m. Wednesday, April 20, and is set in Washington's scenic Rock Creek Park (see story, page T6).

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Companies sponsoring RIMS suites

More than 70 companies are sponsoring hospitality suites, which offer registrants hors d'oeuvres and cocktails, at this year's Risk & Insurance Management Society conference.

Hospitality suite notice boards, which list locations and room numbers, will be located in the registration area of all three conference hotels: the Sheraton Washington, the Omni Shoreman and the Washington Hilton & Towers.

To preserve the ambiance and educational reputation of the annual RIMS conference, the society imposes these restrictions on sponsors of hospitality suites:

- All suites will be closed from 9 a.m. to 5:30 p.m.
 - An 11:30 p.m. curfew will be enforced, at which time all hospitality suites will be closed.
 - No alcoholic beverages will be served at breakfast functions.
 - No signs will be taped on participating hotels' halls, elevators, etc.
 - All hotels concerned have agreed not to accept mass distribution by rooms or guest boxes to all conference attendees.
 - Lotteries or raffles are not permitted.
- Those breaking these rules will be excluded from next year's conference.

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The Jefferson Memorial is a pantheon-style building surrounding a 19-foot statue of the third president and the author of the Declaration of Independence.

(Photo: Washington Convention & Visitors Bureau)



Sightseeing

Continued from page T2

- The National Museum of Natural History features exhibits on dinosaurs, fossils, animals, gems and minerals.

- The National Museum of American History houses such priceless pieces of Americana as Archie Bunker's chair, Muhammad Ali's boxing gloves and the inaugural gowns of the first ladies. (Only the last six gowns are on display; the others are being repaired.)

- The Washington Monument affords a bird's-eye view of the nation's capital. However, be prepared to wait for this privilege. During the RIMS conference, visitors to the monument can take the elevator to the top from 8 a.m. to midnight. The trip is free.

- The Bureau of Engraving and

Printing has a 30-minute tour showing how paper is made. Understandably, no smoking or photos are allowed. The building is open Monday through Friday 8:30 a.m. to 2:30 p.m., and the phone number is 447-0193.

- The Freer Gallery of Art features Far and Near Eastern and Western art including the largest collection of Whistler works in America.

- The Smithsonian Castle, a picturesque building, currently is under renovation and will not be open until 1989. It will house administration offices for the Smithsonian.

- The Arts and Industry Museum has an exhibit devoted to the 1876 Philadelphia exhibition celebrating the 100th anniversary of the United States.

- The Hirshhorn Museum and sculpture garden features works by Miro, Picasso and Francois Auguste Rene Rodin. The outdoor sculpture exhibit is a quiet place to rest your feet while feasting your eyes on still more fine art.

- The National Air and Space Museum contains such attractions as the Wright brothers' Flyer, Charles A. Lindbergh's Spirit of St. Louis and Friendship 7, in which John Glenn became the first American man to circle the Earth in space. Also, visitors can touch a moon rock and see films about flight.

The National Aeronautics and Space Administration is conveniently located across the street from the Air and Space Museum.

West Potomac Park

This park extends from the Washington Monument on the east to the Lincoln Memorial on the west. A long, narrow reflecting pool captures the image of the Washington Monument.

The focal point of the Lincoln Memorial is a giant statue of the 16th president. Two of his most famous speeches, the Gettysburg Address and his second inaugural address, are carved on the walls.

To the north is the Vietnam Veterans Memorial, a moving tribute to those who died in during the longest war in U.S. history. Catalogs at the entrance to the area list where to find the names individuals on the long stone tablets that comprise this striking structure. An adjacent statue captures the spirit of those who served in the war.

Near the Mall

- The Library of Congress includes three buildings that house 532 miles of shelves to store more than 80 million items, including a Gutenberg Bible. The buildings are located at Independence Avenue and First Street S.E. and are open Monday through Friday 8:30 a.m. to 9:30 p.m., and Saturday, Sunday and holidays 8:30 a.m. to 6 p.m. For information, call 287-6400.

- The Supreme Court, located at East Capitol and First Street N.E., is open Monday through Friday 9 a.m. to 4:30 p.m.

- The Folger Shakespeare Library, 201 E. Capitol St. S.E., houses a replica of the famous Globe Theatre. Books, clothes and musical instruments from Shakespeare's time are featured in the exhibit hall. The phone number is 544-4600.

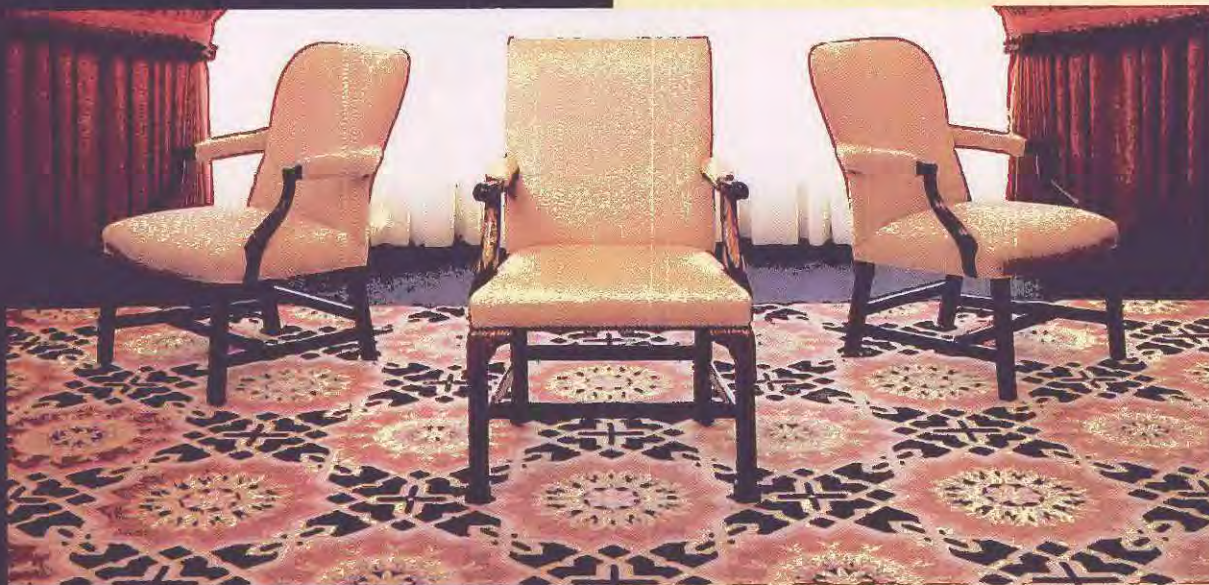
The Shakespearean Theatre is modeled after theaters of Shakespeare's day and features regular performances by the resident company. Unfortunately for conference visitors, the theater will be dark April 10-25.

- Ford Theatre at 10th and F streets N.W., where President Lincoln was assassinated, has been restored and is open to the public

Continued on page T13

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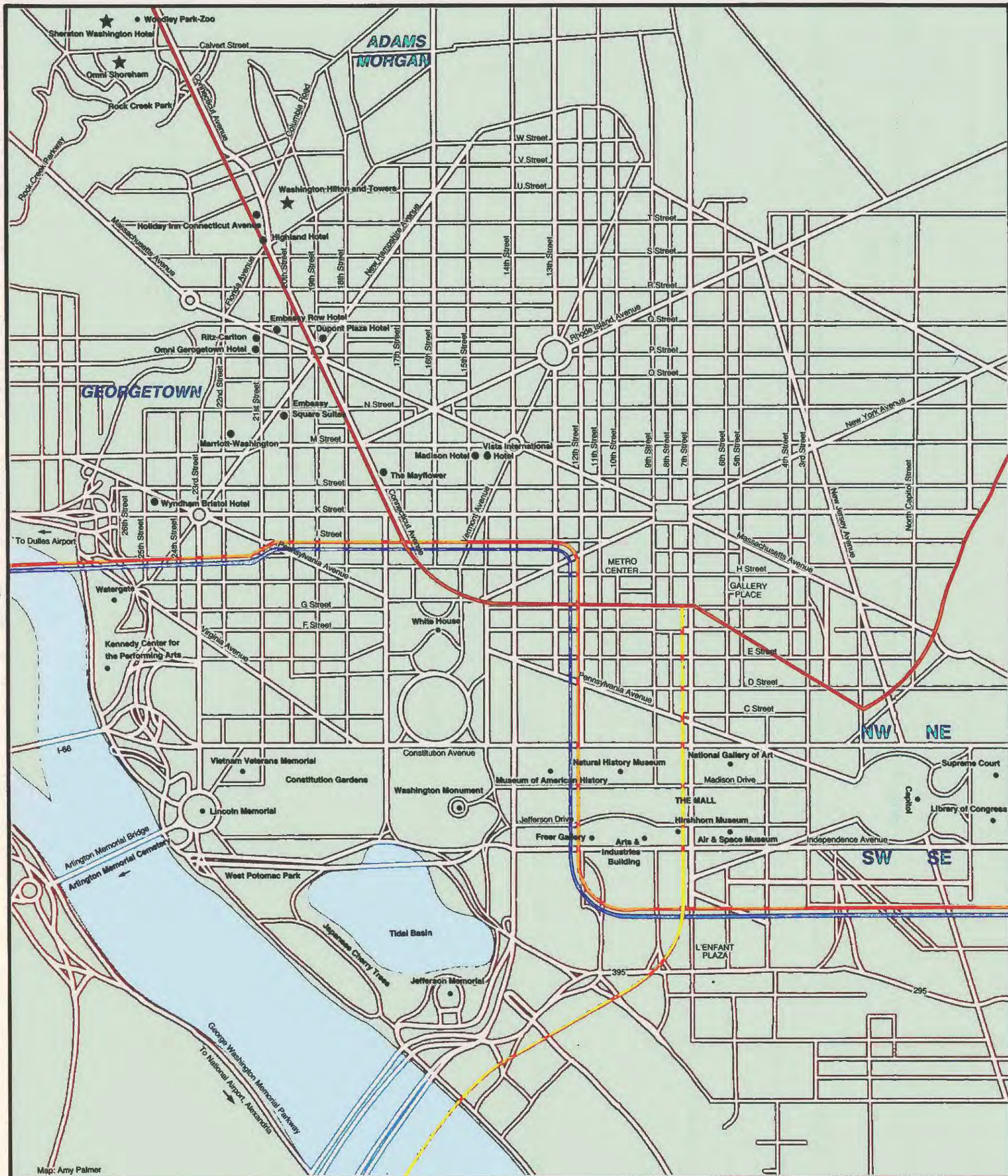


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BI Washington guide



Map: Amy Palmer

A visual guide to the nation's capital

While artistically appealing, the intricate Washington, D.C., street grid can be a navigational nightmare for new visitors. Graphic Artist Amy Palmer created this map for *Business Insurance* from several sources that Assistant Managing Editor/Graphics Editor Holly Seguire and Copy Editor Joanne Wojcik collected during a recent trip to the nation's capital. *BI's* map includes the main thoroughfares; points of interest, such as the Capitol building and the Mall; neighborhoods, such as Georgetown and Adams

Morgan (near the Risk & Insurance Management Society conference hotels); all 15 conference hotels; and color-coded subway routes. The center of the city grid, at the Capitol building, is located in the lower right corner of the map. It indicates the four quadrants into which the city is divided: N.W., N.E., S.W. and S.E. The overall design of the city was the work of Pierre Charles L'Enfant. For additional information about how to get around Washington, D.C., see story on page T22.

BI Washington guide



The Supreme Court of the United States is located opposite the Capitol and is open Monday through Friday.
(Photo: Holly Seguire)

Continued from page T10

daily 9 a.m. to 5 p.m. except Thursday and Sunday, when it closes at 2 p.m. The building across the street, where the president was taken after being shot, also is open daily 9 a.m. to 5 p.m.

• The National Portrait Gallery, Eighth and F streets N.W., houses the famous Hall of Presidents and portraits of historical figures. It is open daily 10 a.m. to 5:30 p.m.

• The National Archives, Eighth Street and Pennsylvania Avenue N.W., houses exhibits depicting our nation's history. The Declaration of Independence, the Constitution and the Bill of Rights are among the historic artifacts on display. The archives are open daily; call for hours at 523-3000.

Other sights

• Arlington National Cemetery, located across the river from the Lincoln Memorial, is open daily 8 a.m. to 7 p.m. Allow plenty of time to see the Tomb of the Unknown Soldier, the graves of President John F. Kennedy and Sen. Robert F. Kennedy, the Iwo Jima Memorial and the home of Robert E. Lee. Tours of Arlington are available for a small fee and take an hour.

• The Jefferson Memorial is located across the Tidal Basin, opposite the Mall. It is open daily 8 a.m. to midnight. A statue of Thomas Jefferson is in the center of the round memorial, and several excerpts from Jefferson's writings are engraved on the inside of the walls. A nighttime visit to the memorial is a breathtaking sight.

• The Kennedy Center at Virginia Avenue and Rock Creek Parkway N.W. is a national performing arts center with five facilities. Daily tours are available.

• Mount Vernon, George Washington's home on the Potomac, is open daily 9 a.m. to 5 p.m. There is an admission charge. Mount Vernon is located 16 miles from Washington proper via the George Washington Memorial Parkway/Mount Vernon Memorial Parkway. Allow plenty of time for this attraction, because there is much to see and crowds may be large.

• The National Zoological Park is in the 3000 block of Connecticut Avenue at Harvard Street N.W. in Rock Creek Park, near the main RIMS conference hotels. The zoo grounds are open daily 8 a.m. to 8 p.m., and the buildings are open daily 9 a.m. to 6 p.m. Admission is free, but there is a small fee for parking. When touring the zoo, be sure to visit the giant pandas Ling-Ling and Hsing-Hsing.

• Old Town Alexandria, on the Potomac across from Washington, offers visitors a wide array of shops, restaurants and fine, old architecture.

• The U.S. Naval Observatory, Massachusetts Avenue and 34th Street N.W., offers Monday night tours. Call 653-1543 for details. ■

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BI Washington guide



Monticello, the home of Thomas Jefferson in Charlottesville, Va., is a popular tourist attraction located about 120 miles from Washington, D.C. The building—which features architectural innovations like skylights and sliding glass doors—is depicted on the back side of the Jefferson nickel.



Photos: Joanne Wojcik and Stan Miskiewicz

Virginia sights reflect national heritage

By JOANNE WOJCIK

CHARLOTTESVILLE, Va.—The area surrounding the nation's capital offers a wealth of historic and natural treasures.

A visit to Williamsburg, Va., is like stepping into the pages of a history book, and touring Monticello near Charlottesville, Va., provides a greater appreciation of Thomas Jefferson's genius and foresight as well as a magnificent view of the Blue Ridge Mountains and the valley below.

Pre- and post-conference tours scheduled by the Risk & Insurance Management Society Inc. will include excursions to both Williamsburg and Charlottesville. However, those who missed the March 18 deadline for signing up for these side trips still can enjoy exploring the Virginia countryside on their own.

Washington, D.C., rental car agencies give weekend discounts that often include unlimited mileage—a bonus for both of these more than 100-mile trips. And weekend stays are less expensive because most of the larger hotel chains offer lower weekend rates. It is advisable to call ahead for reservations.

Colonial Williamsburg and the Historic Triangle

Williamsburg, located 150 miles south of Washington, D.C., is the center of the Historic Triangle of Virginia, which consists of Jamestown, Williamsburg and Yorktown.

Jamestown is the site of the first permanent English-speaking settlement in North America, which was established by the London Company. Williamsburg was the colonial capital of the Virginia Colony, governed by representatives of the British Crown. And Yorktown, once a busy seaport on the York River, was the site where the American Revolution ended with British Gen. Charles Cornwallis' surrender to George Washington.

Among the attractions of Jamestown Festival Park are replicas of the three ships that transported the first settlers to the colony in 1607.

Visitors also can wander through a re-creation of the colonists' fort and a 17th-century Powhatan Indian village, where costumed interpreters carry out daily tasks using period tools and techniques.

The park, located just off Route 31, six miles from Williamsburg, is open year-round 9 a.m. to 5 p.m.

At Yorktown, visitors can witness a re-creation of revolutionary war battles or take a free, self-guided tour of the famous battlefields.

A visitor center, operated by the National Park Service, shows a short film about the 11 days of battles that preceded the historic surrender and provides information about the military campaign.

Located on the north end of the Colonial Parkway about 16 miles from Williamsburg, the center is open daily 8:30 a.m. to 5:30 p.m.

The American Revolution is chronicled in an audiovisual series at the Yorktown Victory Center, a museum located on Route 238, one block from Route 17. The center is open daily 9 a.m. to 5 p.m. Admission is \$5 for adults and \$2.50 for children ages 6-12.

A combination ticket is available for admission to both the Jamestown Festival Park and the Yorktown Victory Center,

both of which are operated by the state-run Jamestown-Yorktown Foundation.

Preservation of the 173-acre Williamsburg historic area began in 1926 under the guidance of John D. Rockefeller. No longer controlled by the Rockefellers, Williamsburg's restoration continues under its new caretakers, the private, non-profit Colonial Williamsburg Foundation.

Most of the buildings in colonial Williamsburg are reproductions, such as the capitol, which was reconstructed to appear as it did in the days when Patrick Henry gave his defiant speeches.

Admission fees are charged for those who wish to enter the buildings, however it costs nothing to just stroll down the cobblestone streets of this picturesque 17th-century village.

Three types of general admission tickets are available at the Colonial Williamsburg Visitor Center:

- Patriot's Pass, which provides unlimited admission to all major exhibits, including the Governor's Palace, DeWitt Wallace Decorative Arts Gallery and the 28 other homes, craft shops and public buildings located within the historic area. In addition, Patriot's Pass holders can enter the Folk Art Center, the Carter's Grove plantation and join a special one-hour guided tour of the colonial village. This ticket is valid for one full year.
- Royal Governor's Pass, which provides admission to all exhibits in the historic area for four consecutive days.
- Basic Admission Ticket, which provides admission to a selection of up to 12 exhibits, excluding the Governor's Pal-

ace, DeWitt Wallace Gallery, Carter's Grove, Folk Art Center and the Patriot's guided tour.

But there's more to do in the Historic Triangle than relive history: The area also boasts two amusement parks, numerous fine restaurants and scores of shopping opportunities that range from trendy gift shops to bargain-priced outlet malls, including the Williamsburg Pottery Factory, the Danskin Factory Outlet and the Revere Ware Factory Outlet, all located in Lightfoot, Va., about five miles west of Williamsburg.

Busch Gardens offers amusement park rides, entertainment and diversions for all ages, while Water Country USA features a gigantic wave pool. Unfortunately for RIMS participants, however, Water Country doesn't open until May. But Busch Gardens resumed its weekend operations at the end of March.

For more information about Williamsburg, call the visitor center at 804-229-1600. Call 804-253-3000 for Busch Gardens schedule information and 804-229-1607 for information on Jamestown Festival Park and the Yorktown Victory Center.

Charlottesville and Monticello

Protonian, *Mont-ti-chello*, which means "little mountain" in Italian, Thomas Jefferson's home near Charlottesville, 120 miles southwest of Washington, D.C., was considered architecturally advanced for its time.

Continued on next page



Photo: Joanne Wojcik

Williamsburg features reconstructed colonial buildings. Workers dress in the fashions of the period.

Continued from previous page

From the double sliding glass doors and skylights to the space-saving sleeping alcoves, all of Jefferson's innovations had a practical purpose.

The double sliding doors between the dining room and the tea room provided insulation from northerly winds in the winter months. A dumbwaiter built into the sides of the dining room hearth not only conserved space, but allowed servants to quickly send up wine from the cellar below.

A clothes closet over the bed in Jefferson's bedroom was reached by a ladder installed in another, smaller, closet at the head of his bed. And while all of the bedrooms at Monticello featured space-saving sleeping alcoves, only the one in Jefferson's room was open on both sides so that the bed divided the room in half.

Also unlike the other bedrooms, the ceiling in Jefferson's master suite opened up to a skylight that was installed after a second-floor bedroom was removed.

Jefferson culled all of these designs from books he collected, starting with an architectural text he obtained from an old cabinet-maker in Williamsburg.

From Monticello's groundbreaking in 1769 to its completion in 1809, the United States' third president was constantly renovating and enlarging his home.

After returning from a five-year term as minister to France in 1789, Jefferson doubled the size of his house by adding new rooms on the east that reflected French style at the time.

Although Jefferson pushed the construction as rapidly as his frequent absences permitted, he did not consider Monticello complete until 1809. And even then he was at the drawing board.

Besides Monticello, Jefferson also designed the University of Virginia at Charlottesville, which he considered his retirement project. The stately campus can be viewed from the porches on the north end of the house. In addition, tours of the university begin daily at the Rotunda. For information, call 804-924-7969.

Charlottesville also has Jefferson to thank for its distinction as the wine capital of Virginia. He studied possible vineyard sites, planted the first European grapes at his Monticello plantation and incorporated quality wine into his everyday life.

"Wine being among the earliest luxuries in which we indulge ourselves, it is desirable, it should be made here and we have every soil, aspect and climate of the best wine countries. . . lean and meagre spots of stony and red soil resembling extremely the Cote of Burgundy from Chambertin to Montrachet, where the finest wines of Burgundy are made," Jefferson wrote.

Area vintners are fulfilling Jefferson's dream of producing quality wine, and many are open to the public for tastings and tours. Visitors also are urged to stop by the Virginia Wine Museum in the Historic Michie Tavern on Route 53 near Monticello, where an exhibit traces the Virginia wine industry from Jamestown in 1607 to today.

While there, visitors also can sample typical dishes of the colonial period at "The Ordinary," a 200-year-old slave house converted into a restaurant. Between 11:30 a.m. and 3 p.m., light spirits, especially local Virginia wines, are served to accompany colonial fried chicken, black-eyed peas, homemade biscuits, corn bread and apple cobbler.

It's a good idea to phone area wineries before planning a visit, because many have sporadic seasonal hours. Some central Virginia

wineries and their phone numbers are:

- Bacchanal Vineyards, Afton, Va.; 804-272-6937.
- Barboursville Vineyards, Barboursville, Va.; 703-832-3824.
- Burnley Vineyards, Barboursville, Va.; 703-832-2828 or 703-832-3874.
- Montdomaine Cellars, Charlottesville, Va.; 804-971-8947.
- Oakencroft Vineyard & Winery, Charlottesville, Va.; 804-296-4188.
- Prince Michel Vineyards, Culpeper, Va.; 703-547-3707.

• Rapidan River Vineyards, Culpeper, Va.; 703-399-1855.

• Rose Bower Vineyard & Winery, Hampden-Sydney, Va.; 804-223-8209.

• Stonewall Vineyards, Concord, Va.; 804-993-2185.

For further information, call the Wine Marketing Program, a division of the Virginia Department of Agriculture and Consumer Services, in Richmond, Va., at 804-786-0481.

After touring the many wineries that dot the central Virginia countryside, visitors may want to enjoy

the views along the scenic Skyline Drive or Blue Ridge Parkway. Allow plenty of time, because speed limits are reduced.

The 105-mile-long Skyline Drive traverses Shenandoah National Park and is easily accessible via Interstates 64, 66 and 81.

Visitor centers at Dickey Ridge and Big Meadows offer sightseers orientation programs, nature walks and exhibits daily from 9 a.m. to 5 p.m.

The Blue Ridge Parkway, which took more than half a century to complete, connects Virginia's

Shenandoah National Park to the Great Smoky Mountains National Park in North Carolina and Tennessee.

Along the way, travelers can visit Woodrow Wilson's birthplace, the Luray and Skyline caverns and the Natural Bridge, one of the seven natural wonders of the world.

For information on either of these scenic drives, call the Shenandoah National Park at 703-999-2266, or call the Blue Ridge Parkway information center, at 704-259-0769.

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BI Washington guide

Cultural diversions abound in capital

By **HOLLY SEGUINE**
and **JOANNE WOJCIK**

In addition to the many sights to see in the Washington, D.C., area, a number of activities are slated the week of April 17 to entertain those attending the Risk & Insurance Management Society conference.

Those who want to step out in the evening can attend shows at the John F. Kennedy Center for the Performing Arts or at one of the many other theaters in town. In addition, RIMS is sponsoring several side trips outside of Washington (see story, page T14).

Following is a list of Washington-area activities during or around RIMS week:

• **April 12-24.** 39th annual Dogwood Festival featuring track meet, community barbecue, band concert, amusement rides, fashion show, fireworks, Pro-am golf and lacrosse tournaments, parade. Some events free; 804-973-5122.

• **April 16.** The Georgetown Garden Tour will open to the public many of the remarkable private gardens in one of the city's loveliest neighborhoods between noon and 5 p.m. Featured will be a walking tour and guided tours of a variety of private Georgetown gardens, an afternoon tea as well as self-guided tours. Admission proceeds to benefit the Georgetown Children's House; 202-333-4953.

• **April 16.** All That Jazz Festival at Busch Gardens near Williamsburg, Va., features college music department competition; 804-253-3350.

• **April 16.** Historic Manassas Auto Show sponsored by Historic Manassas Inc. features more than 100 automobiles from antique to showroom models, displayed throughout town, includes food, prizes and entertainment. 9 a.m.-4 p.m.; 703-361-6599.

• **April 16-17.** The beautiful gardens of the presidential mansion will be open to the public during the annual White House Spring Garden Tour. Tours include the Jacqueline Kennedy Rose Garden and the West Lawn. Tours of the public rooms also are available; 202-456-2200.

• **April 16-17.** Concorde-Yorktown Commemoration activities link the towns at which the Revolutionary War began and ended. Admission charge. Yorktown Victory Center; 804-887-1776.

• **April 17.** Park naturalists and rangers lead visitors on Blue Bell Walk, one of the area's oldest established 1.5-mile nature walks near Fairfax, Va.; 703-352-5900.

• **April 20-May 1.** Both American and foreign films will be featured during the Washington, D.C., International Film Festival. Admission will be charged to the films, which will be shown at various movie theaters throughout the

city; 202-727-2396.

• **April 22-24.** A sales exhibition of fine handcrafted items will highlight the Smithsonian Institution's Washington Craft Show. Original ceramics, glass, jewelry, leather, metal, paper, textiles and wood designs by 100 exhibitors selected by a jury of crafts experts will be on display. Admission; 202-357-2700.

• **April 23.** The Folger Shakespeare Library will celebrate its namesake's birthday with music, theater, children's events, food and exhibits; 202-544-7077.

• **April 23-24.** The public can get a behind-the-scenes look at the National Air and Space Museum

during the Wings and Things Open House at the Paul E. Garber Facility in Suitland, Md.; 202-357-2700.

Theater April 15-24

• **"Ah Wilderness."** Eugene O'Neill's comedy about a small-town American family at the turn of the century on April 15, 16 and 17 at the Studio Theatre, 1401 Church St. N.W.; 202-265-7412.

• **"Banjo Dancing."** American folk tales by famous authors through music, dance and storytelling. Old Vat Room, Arena Stage, Sixth Street and Maine Avenue S.W.; 202-488-3300.

• **"Cats."** Musical tribute to the

T.S. Eliot poems plays Tuesdays through Sundays at the National Theatre, 1321 Pennsylvania Ave. N.W.; 202-628-6161.

• **"Coconuts."** A show for Marx Brothers fans by Irving Berlin and George F. Kaufman plays Tuesdays through Sundays at the Arena Stage, Sixth Street and Maine Avenue S.W.; 202-438-3300.

• **"Drood."** A Tony-award winning Victorian-style musical will be at the Kennedy Center, Virginia Avenue at Rock Creek Parkway N.W., Tuesdays through Sundays; 202-254-3600.

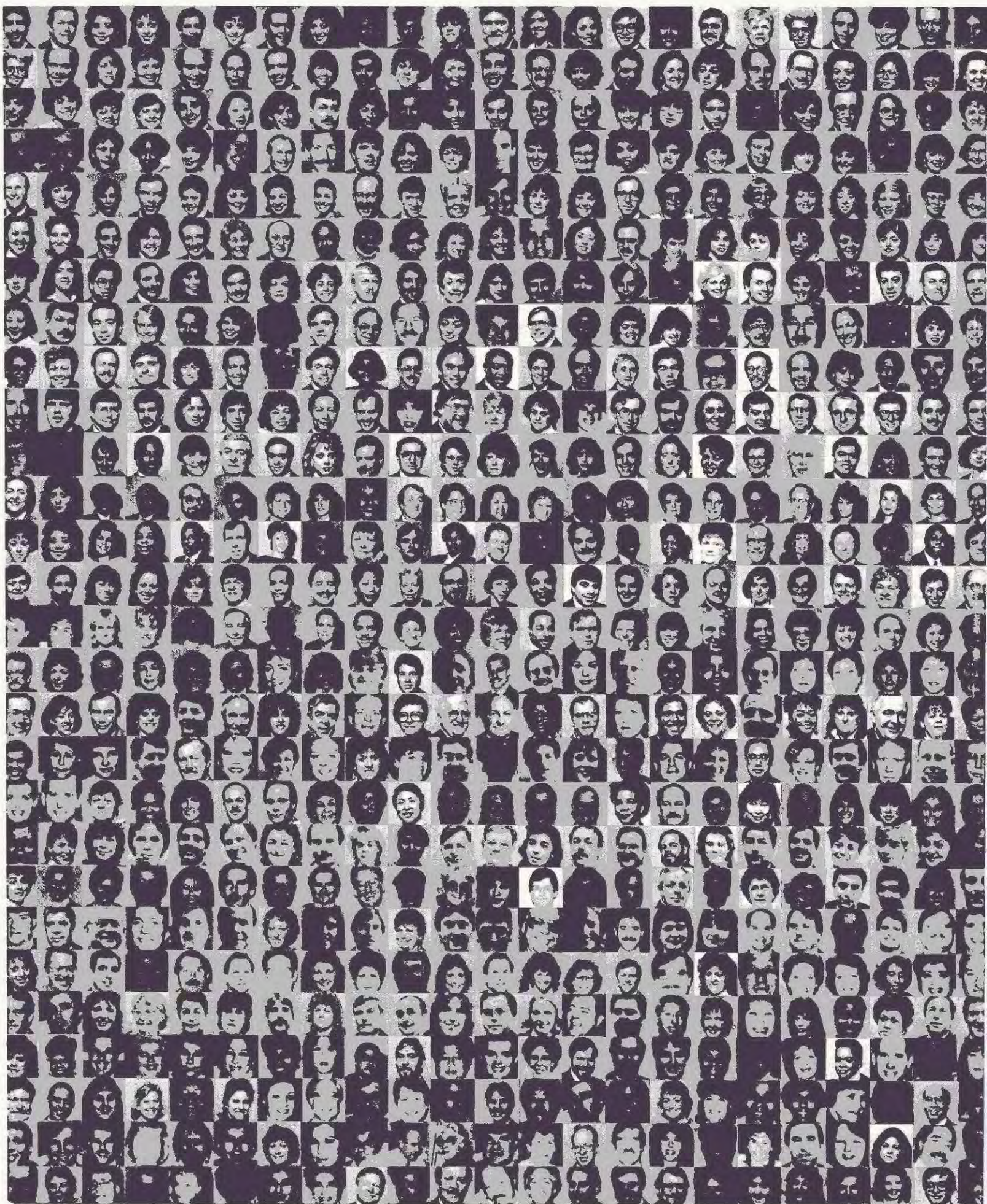
• **"Elmer Gantry."** A musical adaptation of Sinclair Lewis' novel of the same name will be at Ford's

Theatre, Tuesdays through Sundays (through May) with matinees on Thursday and Sunday. The theater is located at 511 10th St. N.W.; 202-347-4833.

• National Symphony Orchestra performs at the Kennedy Center; 202-254-3600.

• **"The Search for Signs of Intelligent Life in the Universe."** Lily Tomlin's award-winning one-woman show will be at the Kennedy Center Tuesdays through Sundays; 202-254-3600.

• **"Shear Madness."** A whodunit comedy that features audience participation at the Kennedy Center. Tuesdays through Sundays; 202-254-3600.



Future meetings

Next year's Risk & Insurance Management Society conference will be held April 9-14 in Atlanta.

Other future RIMS conference locations and dates are:

- 1990—Boston, April 28-May 4.
- 1991—Chicago, April 12-19.
- 1992—Anaheim, Calif., March 29-April 3
- 1993—Orlando, Fla., April 25-30
- 1994—New Orleans, April 17-22.

BI Washington guide**1988 RIMS conference at a glance**

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday
	7 a.m.-7 p.m.—Registration 7-7:45 a.m.—Aerobics 7:30-9:30 a.m.—Annual membership meeting/breakfast 10 a.m.-12:30 p.m.—Sessions	7 a.m.-6 p.m.—Registration 7-7:45 a.m.—Aerobics 8-9 a.m.—Exhibit time* Coffee/rolls in exhibit hall courtesy of Jardine/Emett & Chandler Inc. 9-11:30 a.m.—Sessions 10:15-10:30 a.m.—Coffee break	7 a.m.-5 p.m.—Registration 7 a.m.—RIMS Run 8-9 a.m.—Exhibit time* 9-11:30 a.m.—Sessions 10-10:15 a.m.—Coffee break	7 a.m.-5 p.m.—Registration 7-7:45 a.m.—Aerobics 8-9 a.m.—Exhibit time* (Tues.-Thurs.) 9-11:30 a.m.—Sessions 10:15-10:30 a.m.—Coffee break	7-9:30 a.m.—Registration 9-11:30 a.m.—Sessions
Noon-6 p.m.—Exhibits open Noon-8 p.m.—Registration open 12:30 p.m.—RIMS Hockey All-Stars at Fort Dupont Ice Arena, Suitland, Md.	12:30-1:45 p.m.—Lunch 1:45-2:15 p.m.—Exhibit time*	11:30 a.m.-12:30 p.m.—Exhibit time* 12:30-2:15 p.m.—Luncheon speaker, Charles Kuralt The Sheraton Washington	11:30 a.m.-12:30 p.m.—Exhibit time* 12:30-1:45 p.m.—Lunch 1:45-2:15 p.m.—Exhibit time*	11:30 a.m.-12:30 p.m.—Exhibit time* 12:30-2:15 p.m.—Luncheon speaker, George Plimpton The Sheraton Washington 12:30 p.m.—Exhibits close	
7-9 p.m.—Spencer Foundation Opening Night Reception (Hilton)	2:30-5:00 p.m.—Sessions 3:30-3:45 p.m.—Coffee break	2:30-5:00 p.m.—Sessions 3:30-3:45 p.m.—Coffee break	2:30-5 p.m.—Sessions 3:30-3:45 p.m.—Coffee break	2:30-5 p.m.—Sessions 3:30-3:45 p.m.—Coffee break	

*Exhibits are open Monday through Wednesday from 8 a.m.-5 p.m., but special exhibit hours enable conference attendees to visit booths without schedule conflicts.

Chart: Chris Woolsey and Amy Palmer

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Capital program

Continued from page T1

Also during the conference, renowned broadcast journalist Charles Kuralt and veteran writer and speaker George Plimpton will be featured luncheon speakers (see story, page T21).

Several fund-raisers for the Robert S. Spencer Memorial Foundation Inc. also are slated, including the second annual 5K RIMS Run, a grudge rematch of the RIMS Hockey "All Stars" and a Sunday night Beach Party (see stories, page T6).

The Sheraton Washington Hotel will host the 1988 exhibition hall, with more than 200 exhibitors.

The exhibits will be open on Sunday, April 17, from noon until 6 p.m., on Monday through Wednesday, April 18-20, from 8 a.m.-5 p.m. and on Thursday, April 21, from 8 a.m.-12:30 p.m.

The Sheraton also is the site for registration, a message center and hospitality suite listings.

In addition, conference seminars will be held at the Washington Hilton and Towers and the Omni Shoreham. Shuttle buses will be available to transport RIMS members between hotels.

Registration fees for the 1988 conference are \$695 for RIMS members and \$795 for non-members. For a partial week, the fees are \$575 for members and \$675 for non-members. The cost for one day is \$195.

Those who have not yet registered for the Capital Conference can register at the conference.

Late registrants are advised to call one of the 15 RIMS hotels directly to reserve rooms at the special conference rates.

For information on conference hotels or to register, contact the RIMS Conference Department, 205 E. 42nd St., New York, N.Y. 10017; 212-286-9292.

The following are schedule changes made since the RIMS advance program was published. An updated conference program, which will include the locations of the numerous conference sessions, will be provided upon registration.

Industry sessions

- Banking. Additional co-chairmen have been named: James S. Gamble of Irving Trust Co., Roy H. Piper of the Union National Bank of Georgia and Roland B. Ward of Crestar Bank.

- College and University Risk Managers merged with Hospitals/Health Care Management.

- Drugs, Chemicals and Pharmaceuticals will be held at new times: Monday, April 18, from 10 a.m.-5 p.m. and Tuesday, April 19, from 9 a.m.-5 p.m.

- Food Chains. Bart Canon Jr. of Fleming Cos. has been added as co-chairman.

Continued on page T20

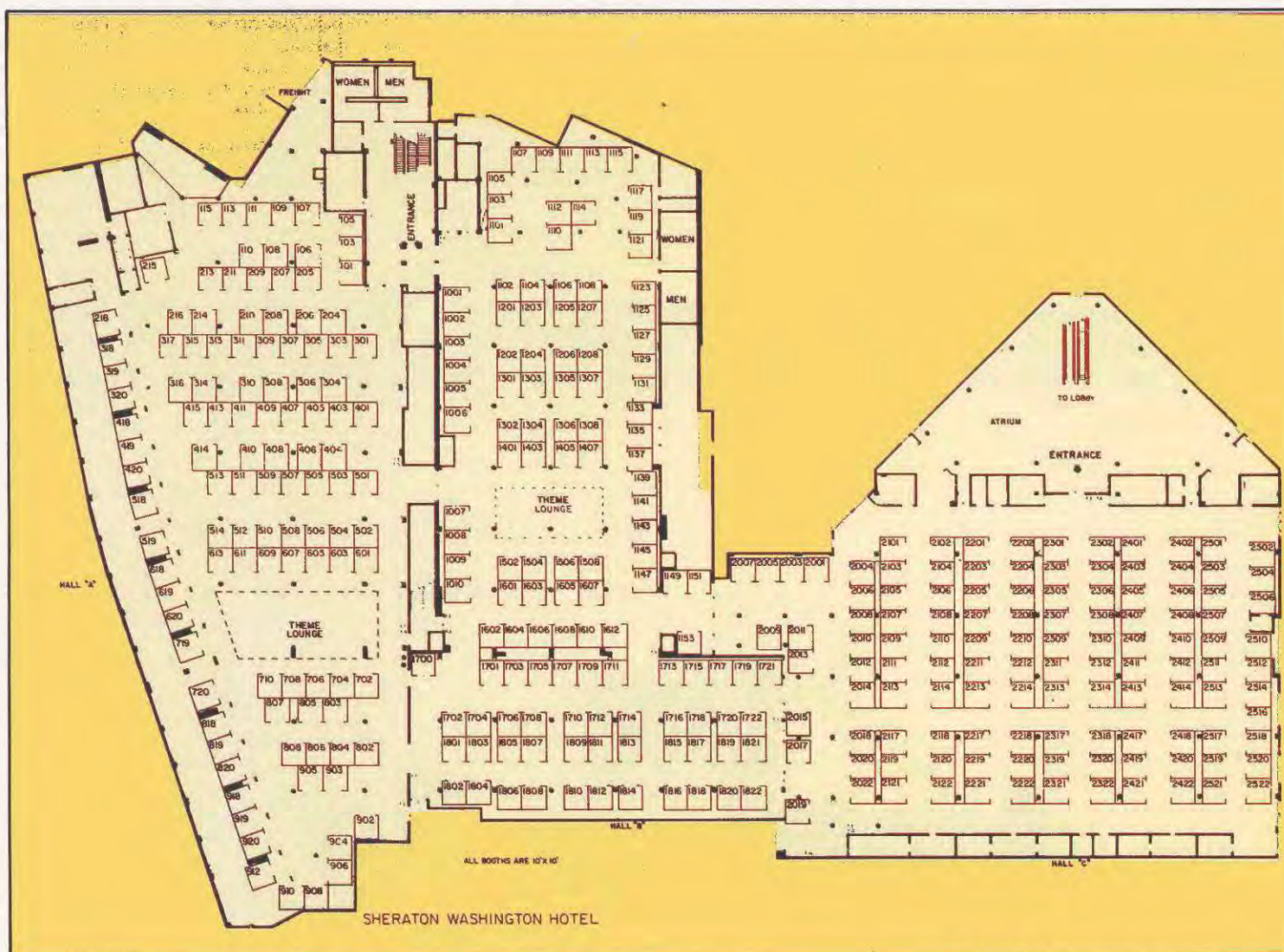
Where to find conference exhibitors

The Sheraton Washington Hotel will host the 1988 RIMS exhibition hall, featuring more than 200 exhibitors.

The exhibits will be open on Sunday, April 17, from noon until 6 p.m., on Monday through Wednesday, April 18-20, from 8 a.m. to 5 p.m. and on Thursday, April 21, from 8 a.m. to 12:30 p.m.

Following is a list of exhibitors and their corresponding booth numbers:

- Alexander & Alexander Consulting Group Inc. **501, 503, 505**
- A.M. Best Co. **2005**
- ADT Security Systems **2307, 2309**
- ALTIS **218**
- Anistics Inc. **1306, 1308, 1405, 1407**
- Adjustco Inc. **1706, 1708**
- Aeroscopic Engineers Inc. **407**
- Aetna Casualty & Surety Co. **320**
- Alex N. Sill Co. **1819**
- Alexander & Alexander Inc. **1302, 1304, 1401, 1403**
- America's Pharmacy Inc. **1720, 1722**
- American Appraisal Associates **2502**
- American Excess Insurance Assn. **1703**
- American International Adjustment Co. **1001, 1002**
- American International Group Inc. **2202, 2204, 2206, 2208**
- American Legal Systems **519**
- American Physical Therapy Assn. **2506**
- American PsychManagement Inc. **2517**
- Ansul Fire Protection **2322**
- Arkwright-Boston Insurance Co. **708, 710**
- Arthur J. Gallagher & Co. Inc. **1608, 1610, 1612**
- Atwater McMillian Inc. **507, 509**
- Axiom Review, **1818**
- BMC Catastrophe Inc., **2217, 2219**
- Back Systems Inc., **2003**
- Bahamas Ministry of Finance **1710, 1712**
- Bank of Delaware, **2007**
- Becher & Carlson Risk Management Inc. **310, 308**
- Berkley Nobel Risk Retention **2521**
- Bermuda **2411, 2413**
- Blue Cross & Blue Shield Assn. **1702, 1704**
- Boelter Associates Inc. **409**
- Brokers Service Corp. **2320**
- Business Insurance* **1135, 1137**
- CATCO **301**
- CG Data Corp. **406**
- C.I.R.M. **1103**
- California Interactive Computing **2210**
- Cashflow Magazine **210**
- Cayman Islands government **110**
- Celtic Life Insurance Co. **819**
- Central Bank of Barbados **2218, 2220**
- Chubb Group of Insurance Cos. **401**
- CIGNA Corp. **2004, 2006, 2008, 2101-2107**
- Colorado Government **908**
- Community Care Network **820**
- Compass Health Management Inc. **2514**
- ConServCo **2412, 2414**
- Consolidated Service Corp. **2510**
- Constitution State Service Co. **2511, 2513**
- Continental Insurance Co. **2012-2014, 2111-2113**
- Control Data Corp. **704**
- Control Data, Benefit Services **702**
- Conway Computer Consultants **2017**
- Cook & Miller International **607**
- Coopers & Lybrand **611, 613**
- Corporate Healthcare Management **1802**
- Corporate Systems **502, 504, 506, 605, 603, 601**
- Corroon & Black Corp. **1715, 1717**
- Corroon & Black International **1719, 1721**
- Cost Care Inc. **618**
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Capital program

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• Food Processing and Distribution. Gay Bemm of John Morrell & Co. has been added as a co-chairman.

• Motor Transport will be held at a new time on Monday, April 18, from 10 a.m.-5 p.m.

• Oil/Gas/Drilling. Leonard W. Hollensbee of Kerr-McGee Corp. has been added as a co-chairman.

• Securities will be held at a new time on Monday, April 18, from 10 a.m.-5 p.m. and on Tuesday, April 19, from 9 a.m.-5 p.m.

• Utilities. Edward R. Inderbitzin of Potomac Electric Power Co. has been added as a co-chairman.

Track programs

• T5, "Value Added Performance: Getting the Best from Agents, Brokers and Underwriters." William Jennings, president of the National Assn. of Insurance Brokers, has been added as a speaker.

• T6, "The London Market: How it Works." Dennis Mahoney, chairman of Alexander Howden Ltd., has been added as a speaker.

• T8, "Risk Identification Analysis." Maureen C. Regan, risk manager of Channel Home Centers, has been added as a speaker.

• T10, "Techniques of Loss Control for Risk Managers." Lisa Smith, account executive of Corroon & Black Corp., has been added as a speaker.

• T12, "The ABCs of Pension and Savings Plans." Dean O. Clark, insurance officer at U.S. Department of Energy, has been added as a moderator.

• T13, "Maximum Benefits for Minimum Cost... Funding and Design Issues in Group Benefit Plans." Steve Williams, manager of employee relations at Rosewood Corp., added as a speaker.

Track program/seminars

• T/S14, "Flexible Benefits Plan Design Issues: The Basics of Designing a Flexible Benefits Plan for Companies of 50 to 1,000 Employees." Catherine Connolly, manager of compensation and benefits at Convergent Inc., added as a moderator. Charles Bardwell, partner of Coopers & Lybrand, and William Lamb, national director of flexible benefits at Coopers & Lybrand, added as speakers.

• T/S15, "The Future of Employee Benefits." Steve Rades, vp risk manager/corporate of Bank of America, added as a coordinator/moderator. Carson E. Beadle, managing director of William M. Mercer-Meidinger-Hansen Inc., added as a speaker.

Conference seminars

• S16, "Managing HMO Options and Cost in Today's Environment." A. James Proffitt, director of health care at McDonnell Douglas Corp., added as a moderator. Kevin E. Moley, director of the Office of Prepaid Health Care, and Robert F. Rasmussen, president and chief executive officer of Prime Health, added as speakers.

• S17, "Health Care Costs & Lifestyles: Linking Rates to Risks." Bruce Mueller, benefits director of Motorola Inc., added as a moderator.

• S18, "Is Managed Care Working For You?" Martin S. Brown, corporate manager of employee benefits at The Clorox Co., added as a moderator. J.J. Mahoney, director of health strategies group at Alexander & Alexander Inc., added as a speaker.

• S19, "Is Legislation Shaping the Future of Benefits?" Sue Lanza, assistant director of CIGNA Corp., added as a coordinator.

• S20, "Managed Care and its Liabilities." Dan Klein, senior

director of marketing at Health Management Strategies International Inc., added as a coordinator. Benjamin W. Giuliani, executive vp of Blue Cross & Blue Shield of the National Capital Area, added as a moderator. James Wayne, corporate director of compensation and benefits at Peoples Drug Stores, added as a speaker.

• S23, "Post Employment Medical Benefits." Don Caton, consultant of The Wyatt Co., added as a coordinator. Phyllis Borzi, counsel for pensions of the House Subcommittee on Labor/Management Relations; Deborah Cholet, senior research associate of Employee Benefits Research Institute; Adam Reese, actuary of The Wyatt Co.; and Diana Scott, project manager of Financial Accounting Standards Board, added as speakers.

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Customized Networks
Negotiated Fees:
MD/Hospital

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Capital program

Continued from previous page

- S24, "Ready, Set, Flex!... Implementing a Successful Flex Benefits Program." James W. Wilson, director of benefits at Duquesne Light, added as a speaker.
- S25, "Substance Abuse and Mental Illness: A Planned Approach." Marguerite Boslaugh, assistant vp of CIGNA Corp., added as a coordinator.
- S27, "Welfare Plan Discrimination Rules: How Bad Are They?" Lawrence Cavanaugh, director of employee benefits at United Technologies Corp., added as moderator.
- S29, "Construction Wrap-Ups." Ellis Manning, vp of General Reinsurance Corp., added as speaker.
- S35, "Reviewing Contracts/

- Indemnity Agreements." Richard Edwards, director of employee benefits and insurance at Snap-on-Tools Corp., added as speaker.
- S36, "Risk Management Annual Reports." James J. Daly, manager-brokerage/risk management of General Electric Capital Corp., added as a moderator.
- S38, "Computerized Loss Simulation & Forecasting: An Important Risk Management Tool." Robert W. Butler, director of risk management at Fruehauf Corp., added as a moderator. James Cunningham, vp of Frank B. Hall & Co. of Michigan, and Allen Frazier, senior consultant of Coopers & Lybrand, added as speakers.
- S43, "Directors & Officers Liability." Corbette Doyle, senior vp of Corroon & Black Corp., added as a speaker.
- S45, "From Claims-Made

- Back to Occurrence." Duncan Randall, risk manager of Aon Corp., added as a moderator. Wayne Cano, director of insurance at IC Industries Inc.; Joanne Koster, vp of American Reinsurance Co.; and Randy Tchon, senior vp of Rollins Burdick Hunter Co., added as speakers.
- S46, "The 'New Generation' of Umbrella Excess Liability Coverage Forms." C.C. (Bud) Griffin, chief executive officer of Warren, McVeigh & Griffin Inc., added as a speaker.
- S48, "Using the Marine Market to Solve Non-Marine Problems." Barry Beamish, managing director of J.H. Minet & Co. Ltd., added as a speaker.
- S49, "Alternative Liability Markets: Update '88." Barry D. Montgomery, director of risk management at Community Health

- Systems Inc., added as a moderator. Steve Siragusa, vp of Johnson & Higgins, added as a speaker.
- S50, "Are Offshore Captives Still Viable?" Paul M. Bingham, financial vp of Fleetwood Enterprises Inc., added as a moderator. Barbara Mattox, tax counsel of the Senate Finance Committee, and Susan Rogers, tax counsel of the House Committee Ways and Means, added as speakers.
- S51, "Funded Self-Insurance Programs: The Bond Alternative." John Hoffman, risk operations supervisor of City of Portland, added as a moderator.
- S53, "A Lay Person's Guide to Actuarial Reserving." Ken Krenicky, director of risk management and benefit investments of Certainteed Corp., added as moderator.
- S54, "Practical Approaches to

- Establishing Corporate Risk Retention Levels." Mark Brevard, risk manager of Trinity Industries Inc., added as a speaker.
- S55, "Tax Considerations In Risk Financing." Quincy Abbott, senior vp of CIGNA Corp., and Michael Cuddy, partner of Coopers & Lybrand, added as speakers.
- S57, "Catastrophes: Planning, Response and Crisis Management." Frank Lively, president of M.F. Bank Restoration Co., and Richard H. Soper, executive vp of Crisis Management Corp., added as speakers.
- S59, "How to Deal with the 'New' Occupational Disease Exposure." Ken Pinkston, executive vp of Corroon & Black, added as a speaker.
- S62, "Alternative Dispute Resolutions." Daniel J. Kelly, attorney of Walkup, Shelby, Bastian, Melodia, Kelly, Echeverria & Link; Jonathan B. Marks, attorney and president of EnDispute Inc.; and Francis E. McGovern, attorney and professor of law at University of Alabama School of Law, added as speakers.
- S65, "Federal Role in Insurance: Possible Scenarios." William J. Roberts, counsel for the Commerce Consumer Protection and Competitiveness Subcommittee, added as a speaker.
- S73, "Workers Compensation: Innovative Cost Containment Applications." Bert Anderson, vp of risk management division at Safeway Stores Inc., added as a moderator. Arnold Milstein, president of National Medical Audit; Will Murphey, vp of medical cost containment at Industrial Indemnity Co.; and Patrick J. Sullivan, marketing manager of Community Care Network, added as speakers.
- S77, "Evaluating a Third Party Claim Administrator." James A. Swanke Jr., consultant at The Wyatt Co., added as a speaker.
- S78, "The Independent Claims Audit: A Vital Part of Any Self-Insured Program." Stella P. Alexis, branch manager of Hewitt, Coleman & Associates Inc., added as a speaker.
- S79, "Managing a Business Interruption Loss." Georgio Balbo, director of risk management at Societa Gestione de Rischio, added as a speaker.
- S81, "Product Liability Prevention Update." Kenneth Ross of law firm Husch, Kuppenberger, Donohue, Cornfeld & Jenkins added as a speaker.
- S83, "Terrorism: Trends, Prevention, Underwriting." George Netherton, director of risk management at Coca-Cola Co., added as a moderator. Steve Van Cleave, director of international division at Business Risks International, added as a speaker.
- S87, "It's 10 p.m.: Do You Know Who is Using Your Data?" Karen K. Banks, corporate risk manager of Shaldee Corp., added as a moderator. Carmen Andretta, director of international security at International Business Machines Corp.; George Caldwell, risk manager of Bell Atlantic Corp.; and Eddy Culpepper, contingency plan coordinator of Crawford & Co., added as a speaker.
- S89, "What a Bunch of Non-Stress." Adelle Spradley, corporate insurance risk manager of Hovnanian Enterprises Inc., added as a moderator.
- S90, "Time Management." Frederick R. Johnson Jr., director of risk management for the State of Minnesota, added as a moderator.
- S91, "Negotiate Like a Pro." Kenneth Kertz, risk manager of Holiday Cos., added as moderator.
- S92, "How to Best Communicate Risk Management." Henry Guidry, risk manager of Cajun Electric Power Corp., added as moderator.

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BI Washington guide

Kuralt and Plimpton to address conferees

By HOLLY SEGUINE

Charles Kuralt, a professional observer of American life, and George Plimpton, a professional participant in that ever-changing milieu, will bring their unique perspectives of society to this year's Risk & Insurance Management Society conference.

Mr. Kuralt, anchorman of the weekly television show, CBS Sunday Morning, will speak at 12:30 p.m. on Tuesday, April 19, at the Sheraton Washington.

Mr. Plimpton, a veteran writer and speaker, will speak at 12:30 p.m. on Thursday, April 21, also at the Sheraton Washington.



Mr. Kuralt

Mr. Kuralt's remarks will draw upon his many experiences traveling the back roads of America. His "On the Road" series, chronicling American life, has been a regular feature on the CBS Evening News with Dan Rather since 1982.

During his career, Mr. Kuralt has reported from Africa, Asia, Latin America and the Arctic. His trip to the Arctic was the basis for the CBS documentary, "Destination: North Pole," and for his book, "The Top of the World."

He first became interested in writing and journalism at the University of North Carolina, where he was editor of the school paper. Following graduation, he joined the Charlotte (N.C.) News as a reporter and columnist.

Mr. Kuralt joined CBS News in 1957 as a writer and later became the first host of the network's "Eyewitness" series. During the 1960s, he served as Latin American correspondent and chief West Coast correspondent for CBS. Shortly thereafter, he began his trips across America, searching for stories about the land and people—a mission he still pursues today.

Mr. Plimpton, who has made a career of tackling professions most people only dream about, will speak on being "An Amateur Among the Pros."



Mr. Plimpton

Mr. Plimpton has played basketball for the Boston Celtics, hockey for the Boston Bruins, bridge with champion Oswald Jacoby and percussion with the New York Philharmonic. He has been an aerial artist, a photographer for Playboy magazine, a bullfighter and a sports car driver just to mention a few of the many activities he has undertaken.

In 1953, Mr. Plimpton founded The Paris Review, a prominent literary journal based in New York, which he still serves as editor today.

And, he has drawn upon his many experiences to publish a number of books including "Paper Lion" and "A Sports Bestiary."

Also to his credit, Mr. Plimpton has appeared in several films including "Reds," "Lawrence of Arabia" and "The Secret Files of J. Edgar Hoover."

Risk management is undoubtedly a concern to Mr. Plimpton, who also serves as fireworks commissioner of the city of New York.

Although Mr. Plimpton spoke at the 1980 RIMS conference, a spokesman in his office said the speech will take in new information.

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Message center

As in past years, GAB Business Services Inc. is providing a message center for conference attendees. The message center will be located in the Sheraton Washington Hotel at 2660 Woodley Road. Messages can be left at: 202-745-0446.

Finding your way around Washington

By JOANNE WOJCIK and HOLLY SEGUINE

The shortest distance between two points is never a straight line when traveling around the nation's capital.

In fact, "around" is a better way to describe the circular direction in which most drivers travel when they run into the various monuments and landmarks that break up the Washington, D.C., street grid.

That's why Risk & Insurance Management Society conference attendees and other capital visitors are advised to use cabs, public transportation or the shuttle buses provided by RIMS.

The city was designed in 1791 by Pierre Charles L'Enfant, a French-born engineer who served under Gen. George Washington in the Revolutionary War. L'Enfant's plat, which some say resembles the Champs-Élysées in Paris, includes a series of broad, diagonal avenues and numerous parks, squares and circles.

The Capitol building sits on the east end of what is called the Mall, a linear park bordered on the south by Independence Avenue, on the north by Constitution Avenue and on the west by the Washington Monument. The Lincoln Memorial is situated directly west of the Washington Monument across West Potomac Park at the foot of the city's long reflecting pool.

Three main arteries—East Capitol, South Capitol and North Capitol—emanate from the Capitol nucleus, forming the four quadrants into which the city is divided: Northwest, Northeast, Southwest and Southeast. All addresses in Washington include the appropriate quadrant, e.g.: 16th Street N.W.

East-west streets are lettered A through W, though there are no B, J, X, Y or Z streets. North-south streets are numbered from 1 into the 50s.

Streets named after states transverse the city diagonally, often meeting in a circle, which wreaks havoc on traffic.

For example, the section of Pennsylvania Avenue that runs northwest from the Capitol pours into a square that includes the White House, the Ellipse and Lafayette Square. Drivers must snake north onto a combined 15th Street-Pennsylvania Avenue, veer left where Pennsylvania and New York avenues briefly merge and finally reconnect with Pennsylvania on the other side.

But beware: This seemingly simple task can be a navigational nightmare without a knowledgeable co-pilot.

And even if a driver does manage to reach his or her destination, good luck finding a place to park. While many restaurants provide valet parking, it isn't cheap, and neither are the public parking lots. Daily rates can be as high as \$12 or more in some parts of the city—one more reason to leave the driving to taxis.

This inexpensive and highly recommended mode of transportation eliminates both parking and navigation problems.

Washington taxis do not have meters; rather, fares are set by a concentric zone system. A zone map is posted in each cab, as are fares. Rates are \$2.50 for one zone, \$3.40 for two zones, \$4.30 for three zones, and so on. An additional \$1.25 is tacked onto the fare for each extra person, and a \$1 surcharge is added during rush hour.

Additional charges may be added if passengers request more than one stop, and riders should be alert to cab drivers who cross into more zones than necessary, thereby hiking the fare.

Besides the D.C. cabs, metered taxis operate in the Virginia and Maryland suburbs.

More adventurous travelers may want to venture into Washington's clean and efficient subway system, which is open from 6 a.m. to midnight weekdays, 8 a.m. to midnight Saturdays and 10 a.m. to midnight Sundays. Cars are carpeted and quiet, and riders sit on padded, comfortable seats.

Subway entrances are easily identified by tall, narrow posts bearing the huge letter "M" for Metrorail, and detailed maps are posted at every station list stops and routes, which are designated by color.

For example, the Blue Line zigzags from Washington National Airport to Addison Road, in Maryland, while the Red Line loops south from the Shady Grove subway stop near Rockville, Md., to Silver Spring, Md., stopping at Woodley Park Zoo (near the RIMS conference hotels), Dupont Circle and downtown along the way.

RIMS conference registrants arriving via National Airport can take a Yellow Line train to Gallery Place, where they can transfer to a Red Line train headed in the direction of Shady Grove and exit at the Woodley Park stop.

The Red, Blue and Orange lines all intersect at the bilevel

Continued on next page



Controlling Workers' Compensation Hospital Costs Shouldn't Include Fighting With Hospitals...

All too often workers' compensation payors associate hospital cost containment efforts with bill audit programs that may antagonize hospitals. The CCN system adds a whole new dimension to hospital cost containment efforts that removes adversarial relationships. CCN's innovative approach to controlling costs includes:

- selective contracting with preferred hospitals at prospectively negotiated rates
- a sophisticated management information system that documents savings on a case by case basis
- effective utilization review programs that monitor the medical necessity of hospital care
- "user friendly" procedures for claims adjusters that acknowledge the statutory nature of workers' compensation

CCN operates the largest workers' compensation hospital cost containment program in California. And we're working in selected other states to create equally successful programs that produce substantial savings for payors. So if you're looking for a new way to solve an old problem, give us a call.

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Please Visit us at Booth 820

BI Washington guide

Washington's subway system is clean, modern and efficient.

(Photo: Joanne Wojcik)

Continued from previous page downtown Metro Center.

Washington's Metrorail uses a cash-less "fare card" system. The cards, which are printed by ticket machines that accept change as well as \$1 and \$5 bills, can be purchased for varied amounts.

To determine their fare—which can range from 80 cents to \$2.50—riders locate their destination on the subway map. (Many fares are higher during weekday rush hours.) If it costs 80 cents to make a one-way trip, a rider can buy a \$1.60 fare card to make a round trip without having to stand in line to buy a second fare card. Or, he or she can buy a \$5 fare card and use it until it has no value.

After descending the escalator into the subway, a rider inserts the fare card into the entrance turnstile, which reads the magnetic strip on the back and returns it. (Don't lose or mutilate the fare card; you'll need it to get out of the subway.)

To leave the subway, a rider inserts the fare card into an exit turnstile, which returns the card if it still has value, with the remaining amount printed on it. Otherwise, the turnstile keeps the card.

Subway riders also can obtain transfers from self-service machines at the beginning of each trip. The transfers reduce the fares of riders who connect with Washington Metropolitan Area Transit Authority buses, which travel throughout the city. There are no transfers, however, from buses to the subway. For bus information, call 637-2437.

In addition, transit employees in subway kiosks can provide travel information.

RIMS conference registrants also will be able to take advantage of a free shuttle service that will follow six routes from all of the 15 conference hotels to the Sheraton Washington Hotel, the Washington Hilton & Towers and the Omni Shoreham. RIMS registration badges will serve as shuttle bus passes.

Shuttles will run 10 to 20 minutes apart, depending on the time of day, according to Barbara Parker, assistant director of conferences. During peak travel times—from 7 a.m. until 9:30 a.m., from 11:30 a.m. to 1:30 p.m. and from 5 p.m. until 7:30 p.m.—the buses will operate every 10 minutes. At other times they will run 20 minutes apart.

The RIMS shuttle service will begin at noon on Sunday, April 17, and will run from 6:30 a.m. until midnight Monday through Thursday, April 18-21. On Friday, April 22, shuttle buses will operate from 6:30 a.m. until noon.

A shuttle bus flier will be included in each conference registration packet, Ms. Parker adds, and signs will be posted in RIMS hotel lobbies.



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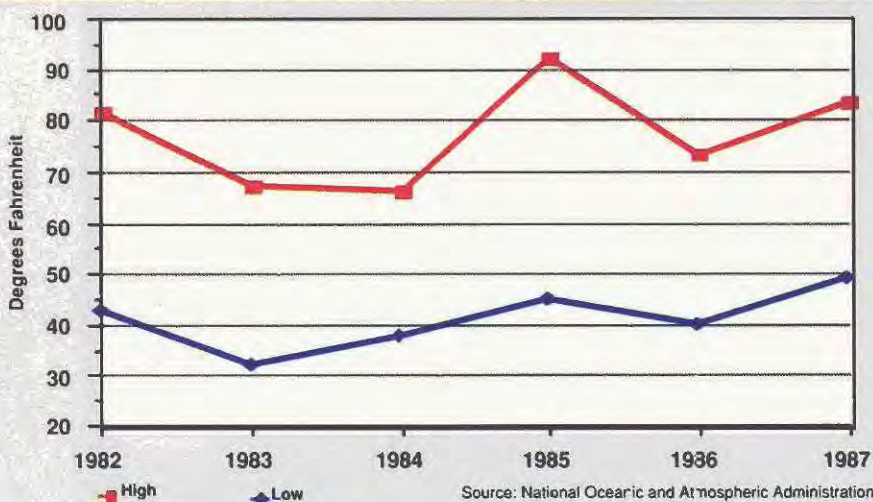
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Come see us at Booth 2319 and 2321

BI Washington guide

Temperature extremes April 17-22



Braving the elements at RIMS conference

Spring should be in the air at the 26th Annual Risk & Insurance Management Society Conference to be held April 17-22 in the nation's capital.

Normal April temperatures for Washington, D.C., range from a high of 67 degrees to a low of 46 degrees, with an average temperature of 57. However, extremes are known to occur. For example, the highest recorded temperature for April was 95 degrees in 1976. The record low, set in 1943, was a brisk 24 degrees.

Conference participants are advised to bring sunglasses and some warm weather clothing, but as the evenings tend to be cooler, a light jacket or sweater is recommended.

And, if they plan to do any sight-seeing on Capitol Hill, RIMS participants should wear comfortable shoes.

Daily taped weather reports and forecasts are available from the National Weather Service at 202-936-1212.

Restaurants

Continued from page T4

NAM VIET

1127 N. Hudson St.
522-7110

10 a.m.-10 p.m. seven days. Reservations suggested, casual dress. Spring rolls, chicken with lemon grass and other Vietnamese specialties. \$15 average per person. MC and V.

THE VANTAGE POINT RESTAURANT

1900 N. Fort Myer Drive
Rosslyn Westpark Hotel
703-527-4814

11:30 a.m.-midnight Monday through Friday, 5:30 p.m.-11:30 p.m. Saturday and Sunday. Reservations suggested, jackets and ties required for men. Italian cuisine from \$9.95-\$19.95 per person. Major credit cards.

THE VIEW

1401 Lee Highway
Key Bridge Marriott
703-524-6400

6 p.m.-10:30 p.m. Monday through Thursday, 5:30 p.m.-11 p.m. Friday, Saturday and Sunday. Reservations suggested, casual dress. Continental cuisine. Famous for home-made soufflés (advanced notice required). \$29 average per person. Sunday buffet-style brunch. Restaurant offers spectacular view of city. Major credit cards.

Capitol Hill

ANTON'S LOYAL OPPOSITION

400 First St. S.E.
546-4545

8 a.m.-11:45 p.m. Bar open until 2 a.m. Frequented by Capitol Hill politicians. American menu features more than 20 appetizers including smoked trout and salmon, pastas and puff pastries. Open for breakfast, lunch, dinner, cocktails. Wine list updated monthly. Evening piano bar. Lunch entrees are \$6.95-\$15.95; dinner entrees \$9.95-\$21.95. Major credit cards.

THE BROKER

713 Eighth St. S.E.
546-8300

11:30 a.m.-10 p.m. Monday through Thursday, 5:30 p.m.-11 p.m. Friday and Saturday, closed Sunday. Reservations suggested, jacket required for men. On-premises bakery, seafoods, fondues plus an extensive wine list. Private dining arrangements for large and small groups. Entrees are \$9.95-\$18.95. Major credit cards.

BULLFEATHERS

410 First St. S.E.
543-5005

11:30 a.m.-11 p.m. Monday through Thursday; 11:30-1 a.m. Friday; 11 a.m.-11 p.m. Saturday; 11 a.m.-10 p.m. Sunday. Varied American menu featuring sandwiches, pasta, seafood, salads. Casual dress. Pub atmosphere. Outdoor dining in good weather. Featured wines by the bottle or glass. Entrees range from \$4.95-\$15.95. Major credit cards.

LA COLLINE

400 N. Capitol St. N.W.
737-0400

7-10 a.m., 11:30 a.m.-3 p.m., 6-10 p.m. Monday through Friday; 6-10 p.m. Saturday; closed Sunday. Reservations required, casual dress. One of the area's favorite French brasseries features terrine de foie gras, gratin of fresh crayfish, shrimp Creole, grilled salmon with beurre blanc and tripe nicoise. Fine wine bar on premises. Entrees priced from \$12 to \$75. Major credit cards.

THE MARKET INN

200 E. St. N.W.
554-2100

11:30 a.m.-11:30 p.m. weekdays, 10:30 a.m.-11:30 p.m. Saturday and Sunday. Reservations suggested. Wide variety of seafood, prime rib and steaks. Saturday and Sunday New Orleans Jazz featured during brunch, served from 10:30 a.m.-2:30 p.m. Major credit cards.

THE MONOCLE ON CAPITOL HILL

107 D St. N.E.
One block from U.S. Senate
546-4488

Lunch weekdays, 11:30 a.m.-5 p.m. Dinner weekdays 5 p.m.-midnight. Dinner Saturday 6-11 p.m. Reservations suggested. Occupies two vintage townhouses and furnished in brass, oak and textured fabrics. American menu features Maryland crab cakes, Maine lobster, swordfish, red snapper, shellfish, soft shell crab and cuts of aged beef.

Continued on next page

See S&P's Insurance Ratings on RIMSNET at the RIMS Conference Washington, D.C. - April 17-22

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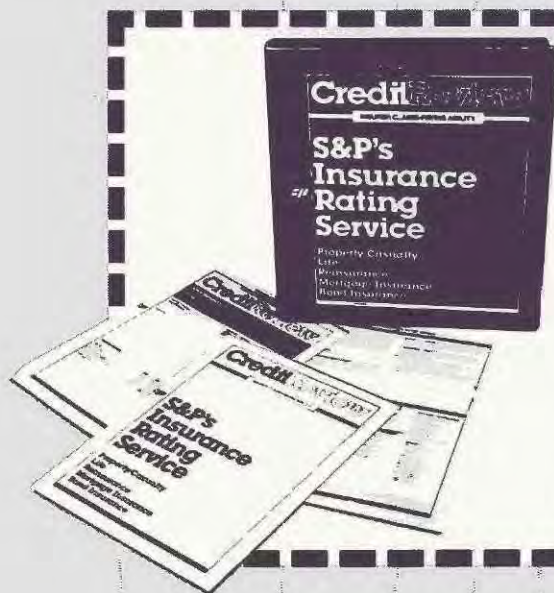
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BI Washington guide

Continued from previous page
Premium wines and champagnes by the glass. Private dining rooms available. Dinners average \$22. Major credit cards.

STEVANS ON THE HILL

231 Pennsylvania Ave. S.E.
543-8337
11:30 a.m.-1:30 a.m. Monday through Thursday, 11:30 a.m.-2:30 a.m. Friday, 11 a.m.-2:30 a.m. Saturday, 11 a.m.-12:30 a.m. Sunday. Popular lunch spot for Capitol Hill employees. Varied menu features omelets, sandwiches, pasta, salads, seafood. Daily specials. Fresh squeezed orange juice served all day. Sunday brunch. Entrees range from \$4.96-\$16.95. Major credit cards.

Downtown

AMERICAN HARVEST

1400 M St. N.W.
Vista International Hotel, Thomas Circle
439-1700
6 a.m.-10:30 p.m. Monday through Saturday, closed Sunday. Reservations suggested, casual dress. Townhouse setting with five dining rooms. Seafood and pasta specialties. Dinners average \$19-\$24. Major credit cards.

BACCHUS

1827 Jefferson Place N.W.
785-0734
(Also in Bethesda, Md. at 7945 Norfolk Ave., 657-1722)
Noon-2:30 p.m. Monday through Friday; 6-10 p.m. Monday through Thursday; and 6-10:30 p.m. Friday through Sunday. Reservations suggested, casual dress. Middle Eastern salads, stuffed vegetables and kabobs, as well as seafood. \$8-\$12.50 per person. Major credit cards.

BOMBAY PALACE

1835 K St. N.W.
331-0111
Noon-10 p.m. Sunday through Thursday, 5:30-10:30 p.m. Friday and Saturday. Reservations suggested, casual dress. Specialties include tandoori chicken and prawns as well as rice biryani and assorted breads. \$25 per person. Major credit cards.

CAFE MOZART

1331 H St. N.W.
Between 13th and 14th streets
347-5732
7:30 a.m.-10:30 p.m. Monday through Friday, 9 a.m.-10 p.m. Saturday, 11 a.m.-10 p.m. Sunday. Reservations suggested, casual dress. Cozy setting with live piano and string quartet music. German/Austrian cuisine featuring Wiener schnitzel, strudels, salads, beers and wines. Average entree \$11-\$15 per person. Major credit cards.

C'EST LA VIE

1120 20th St. N.W.
Lafayette Center between L and M streets
293-7429
11:30 a.m.-10 p.m. Monday through Friday, closed weekends. Reservations not necessary, casual dress. Outdoor cafe and indoor dining. Lunch time sandwiches like Chicken Toulouse, as well as light dinners average \$6-\$10. Major credit cards.

CHINA INN

631 H St. N.W.
842-0909
11 a.m.-3:30 a.m. seven days. Casual dress. Newly renovated multilevel dining rooms featuring spareribs, spiced poached fish and other Cantonese specialties. Entrees average \$7.25. Major credit cards.

CHINA PEARL

2020 K St. N.W.
Between 20th and 21st street
223-9888
11:30 a.m.-11 p.m. Monday through Thursday, 11:30 a.m.-11:30 p.m. Friday, noon-11:30 p.m. Saturday, noon-10:30 p.m. Sunday. Reservations suggested, jackets and ties required for men. Lobster, crabmeat and clams with black bean sauce and a variety of other Cantonese and Hunan specialties. Dinners average \$20.95-\$22.95. Major credit cards.

DOMINIQUE'S

1900 Pennsylvania Ave. N.W.
452-1126
5:30 p.m.-midnight Monday through Thursday, 5:30 p.m.-1 a.m. Friday and Saturday, closed Sunday. Reservations suggested, jackets and ties required for men. Seafoods as well as exotic dishes

like rattlesnake salad, buffalo sausages and venison. Prix fixe menu at \$14.95. Dinner averages \$35 per person. Valet parking available. Major credit cards.

DUKE ZIEBERT'S

1050 Connecticut Ave. N.W.
466-3730
11:30 a.m.-11:30 p.m. Monday through Saturday, 5-10 p.m. Sunday. Handsome "power place" club setting famous for in-the-know political and sports conversations. Original dishes include Duke salad, hamburger a la Duke, filet a la Duke and Duke's Delight (beef in a pot), as well as varied seafood selections. Valet parking for dinner. Reservations suggested. Dinners average \$27. Major credit cards.

HUNAN CHINATOWN

624 H St. N.W.
Two blocks from Convention Center
783-5858
11 a.m.-11 p.m. Sunday through Thursday, 11 a.m.-1 a.m. Friday and Saturday
Continued on next page

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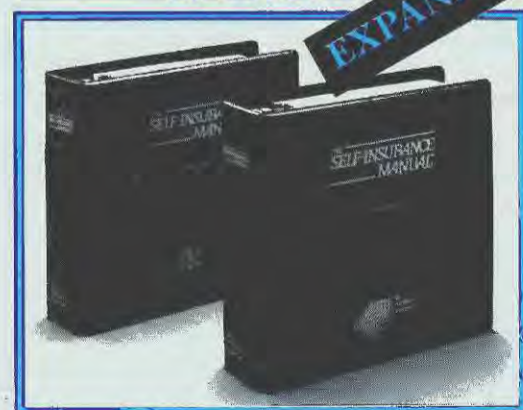
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BI Washington guide

Restaurants

Continued from previous page

Saturday. Reservations suggested, casual dress. Unshelled shrimps with spicy salt, spinach stir-fried with garlic and other Hunan specialties served in contemporary setting. Dinners average \$7-\$23. Major credit cards.

HUNT CLUB

1200 16th St. N.W.
Jefferson Hotel
347-2200
6:30 a.m.-10:30 p.m. seven days. Jackets and ties required for men. Rack of lamb and other American/continental favorites served with salads. Private party arrangements for small or large groups. Average per person is \$25. Major credit cards.

JEAN-PIERRE

1835 K St. N.W.
Between 18th and 19th streets
466-2022
Noon-10:30 p.m. Monday through

Saturday, closed Sunday. Reservations suggested, jackets and ties required for men. Venison, quail, pheasant, veal and seafoods prepared in classic French style. \$45 average per person. Major credit cards.

JOE & MO'S

1211 Connecticut Ave. N.W.
659-1211
Open weekdays for breakfast from 7:30-10 a.m., lunch from 11:30 a.m.-4 p.m., dinner 4-10 p.m. Open Saturday for dinner 6-10 p.m. Reservations suggested. One of Washington's most famous restaurants frequented by politicians and performers. American menu includes prime aged beef, fresh seafood, veal, steamed lobster and potato pancakes. Sophisticated setting with casual attitude. Major credit cards.

LE GAULOIS

2133 Pennsylvania Ave. N.W.
466-3232
11:30 a.m.-11 p.m. Monday through Thursday, 5:30 p.m.-midnight Friday

and Saturday, closed Sunday. Reservations suggested, casual dress. Elbow to elbow dining features inexpensive country French specialties like pot au feu (boiled beef with vegetables), and zucchini spaghetti. Price of entrees average \$4.75-\$16.50 each. Major credit cards.

LE LION D'OR

1150 Connecticut Ave. N.W.
296-7972
Noon-10 p.m. weekdays, 6-10 p.m. Saturday, closed Sunday. Jackets and ties required for men. French cuisine featuring seafoods and meats served in formal setting. Lunches average \$12.50-\$28; dinners \$19-\$30. Major credit cards.

LE PAVILLON

1050 Connecticut Ave. N.W.
833-3846
Noon-2:30 a.m. weekdays, 7 p.m.-2:30 a.m. Saturday, closed Sunday. Reservations required, as are jackets and ties for men. Elegant, formal dining featur-

ing French nouvelle cuisine. Three- and four-course prix fixe lunches are \$26 and \$38. Dinners are \$75-\$100. Major credit cards.

MARRAKESH

617 New York Ave. N.W.
Gallery Place
393-9393
6 a.m.-11 p.m. seven days. Reservations suggested, casual dress. Authentic Moroccan setting features belly dancer each evening. Seven-course, prix fixe menu includes three salads, three main dishes, fresh fruits and desert. Prix fixe dinner is \$20. No credit cards.

MEL KRUPIN'S

1120 Connecticut Ave. N.W.
Across from The Mayflower
331-7000
11:30 a.m.-11 p.m. Monday through Friday, noon-3 p.m. and 5:30-11 Saturday. Closed Sunday. Reservations recommended, jackets required for men. Washington's "in" crowd calls this one of the most beautiful restaurants on the

East Coast. Chic decor, popular among politicians and business people alike. Seafood, ribs, meats and pasta. Piano bar. Lunches \$8.95-\$15; dinners \$15.95-\$22. Valet parking after 6 p.m. Major credit cards.

OCCIDENTAL

1475 Pennsylvania Ave. N.W.
783-1475
11:30 a.m.-10:30 p.m. Monday through Thursday, 6 p.m.-11 p.m. Friday and Saturday, 5:30 p.m.-9:30 p.m. Sunday. Reservations suggested, casual dress. Quintessential Washington setting where statesmen dine on modern American cuisine. Specialties include chicken with gravy and corn bread stuffing, crab cakes garnished with spicy coleslaw, and grilled quail over watercress salad. Dinners average \$16.50-\$20 per person. Major credit cards.

OLD EBBITT GRILL

675 15th St. N.W.
Two blocks from White House
347-4800
7:30 a.m.-1:30 a.m. Monday through Thursday, 8 a.m.-2 a.m. Friday and Saturday, 10 a.m.-1:30 a.m. Sunday. Reservations suggested, optional dress. Seafood, poultry, steaks, fettuccine homemade pasta and deserts. Colonial setting. Entrees are \$6.95-\$16.95. Major credit cards.

THE PALM

1225 19th St. N.W.
293-9091
11:45 a.m.-10:30 p.m. Monday through Friday, 6-11 p.m. Saturday, closed Sunday. Reservations suggested, casual dress. Frequented by politicians and sports figures. Features prime rib, steaks and lobsters in American saloon setting. Dinners average \$35-\$40. Major credit cards.

PRIME PLUS

727 15th St. N.W.
783-0166
11:30 a.m.-4 p.m. and 5:30-10:30 p.m. Monday through Thursday, 5:30-11 p.m. Friday and Saturday, closed Sunday. Reservations suggested. Specialties include steak, fish dishes and homemade garlic potato chips. Quiet atmosphere. Business lunches served. Entrees average \$8.95-\$16.95. Major credit cards.

PRIME RIB

2020 K St. N.W.
466-8811
11:30 a.m.-11 p.m. Monday through Saturday, closed Sunday. Reservations suggested, jackets and ties required. Veal, pork and chicken dishes. \$15-\$35 average per person. Major credit cards.

PRIMI PIATTI

2013 I St. N.W.
223-3600
11:30-2:30 a.m. Monday through Thursday, 5:30-11:30 p.m. Friday and Saturday, closed Sunday. Reservations suggested for evening dining, casual dress. Cafe setting with a choice of pizza cooked in a wood-fired oven to three course meals served with fresh pasta. Entrees are \$6.95-\$14.95. Major credit cards.

SZECHUAN

615 I St. N.W.
393-0130
11 a.m.-11 p.m. Monday through Saturday, 11 a.m.-10 p.m. Sunday. Reservations suggested, casual dress. Featuring Szechuan cuisine. Dinner \$9.50-\$12 a la carte. Major credit cards.

SZECHUAN GALLERY

617 H St. N.W.
Chinatown
898-1180
11 a.m.-3 a.m. Sunday through Thursday, 11 a.m.-4 a.m. Friday and Saturday. Reservations suggested, casual dress. Authentic Szechuan dishes and Taiwanese specialties like stir-fried shrimp with Chinese leeks, sliced beef tongue glazed with sweet-salty sauce, thin rice noodles with slivers of pork and dried shrimp. Entrees average \$7.50. Major credit cards.

TONY CHENG'S MONGOLIAN RESTAURANT

619 H St. N.W.
Chinatown
842-8669
11 a.m.-11 p.m. Sunday through Thursday, 11 a.m.-midnight Friday and Saturday. Casual dress. Mongolian barbecue is a house specialty. Choose your own ingredients from vast selection of vegetables and meats and see it cooked

Continued on next page

For lost souls...



and unfound sources

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UTILIZATION REVIEW	Benefits: Cost Control	Feb 15	Feb 2
RISK MGMT CONSULTANTS	Risk Mgmt Services	Mar 7	Feb 23
CAPTIVE MGMT FIRMS	Captives	Apr 18	Apr 5
BENEFITS INFO SYSTEMS	Benefits: Plan Design	May 30	May 17
AGENTS AND BROKERS	Agent/Broker Profiles	Jun 20	Jun 7
RISK MGMT INFO SYSTEMS	Risk Mgmt Systems	Jul 18	Jul 5
SURPLUS LINES	Surplus Lines	Aug 8	Jul 26
PROPERTY LOSS CONTROL	Specialty Risks	Oct 10	Sep 27
INTERMEDIARIES	Reinsurance	Oct 31	Oct 18
BENEFIT CONSULTANTS	Benefits: Market Report	Dec 19	Dec 6
HMO's & PPO's	HMO's & PPO's	Dec	Nov 16

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Circulation information: Customer Service 800-992-9970

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BI Washington guide

Continued from previous page
on cast-iron grill. "All-you-can-eat" for \$11.95. Major credit cards.

Dupont Circle

CANTINA D'ITALIA

1214A 18th St. N.W.
659-1830

Noon-10:30 p.m. Monday through Friday, 6 p.m.-10:30 p.m. Saturday, closed Sunday. Reservations suggested, casual dress. Northern Italian seafoods and pasta, duck and rabbit in season. Dinners, served a la carte, are \$14-\$24. Major credit cards.

CHAUCER'S

1733 N St. N.W.
296-0665

7 a.m.-10 p.m. seven days. Reservations suggested, jackets required for men. Seafood served in quiet elegant atmosphere. Dinners average \$25 per person. Major credit cards.

FOURWAYS

1801 20th St. N.W.
482-3200

Noon-10:30 p.m. Monday through Friday, 6:30-10:30 p.m. Saturday and Sunday. Reservations suggested, jackets required for men. Classic Continental cuisine served in a luxurious atmosphere of landmark mansion. Private dining arrangements for large or small groups. Dinners are \$23-\$48. Major credit cards.

GALILEO

2014 P St. N.W.
293-7191

Noon-10 p.m. Monday through Thursday, 5:30-10:30 p.m. Friday and Saturday, closed Sunday. Reservations suggested, casual dress. Northern Italian seafood, game, veal and pasta dishes. Entrees are \$10.95-\$18.95. Major credit cards.

HOCKEY CLUB

2100 Massachusetts Ave. N.W.
659-8000

6:30 a.m.-10:30 p.m. seven days. Reservations suggested, jackets and ties required for men. Continental/French cuisine, elegant English country setting. Live music in the cocktail lounge nightly. Crab cakes are a house specialty. Dinners average \$24-\$27.50 per person. Free valet parking. Major credit cards.

KATMANDU

1800 Connecticut Ave. N.W.
482-6470

11:30 a.m.-10:30 p.m. weekdays, 5-10:30 p.m. Saturday and Sunday. Reservations suggested, casual dress. Cozy atmosphere with live sitar music. Nepali/Kashmiri cuisine features vegetarian dishes as well as meat specialties such as mutton biryani. Dinners are \$10-\$15.95. Major credit cards.

KRAMERBOOKS & AFTERWARDS CAFE

1517 Connecticut Ave. N.W.
387-1462

7:30 a.m.-1 a.m. Monday through Thursday, 7:30 a.m.-1 a.m. Friday through Sunday. Reservations not required, casual dress. Bookstore/cafe with two-story solarium and sidewalk dining. Live music on Friday and Saturday. Light meals of home-made soups, fruit deserts, quiche, specialty drinks and cappuccino. Entrees are \$7-\$10.75. Major credit cards.

SUZANNE'S

1735 Connecticut Ave. N.W.
483-4633

Lunch served 11:30 a.m.-2:30 p.m. Monday through Saturday; dinner served 6-10:30 p.m. Monday through Thursday and 6-11:30 p.m. Friday and Saturday; closed Sunday. Informal American bistro and wine bar features fresh and interesting menu that changes daily and thoughtfully selected wines by the bottle or glass. Take-out shop upstairs sells cheeses and many of the salads, entrees and desserts that make the restaurant popular. Average dinner \$22, plus wine. Major credit cards.

TABARD INN

1739 N St. N.W.
833-2668

7:30 a.m.-10 p.m. Monday through Wednesday and weekends, 7:30 a.m.-11 p.m. Thursday and Friday. Reservations suggested, casual dress. Country inn atmosphere. Features hazelnut chicken stuffed with ham and wild mushrooms, pan-fried salmon with red onions and grilled tenderloin. A la carte dinners are \$15-\$19.50. Major credit cards.

VINCENZO

1506 20th St. N.W.
667-0047

Noon-10 p.m. weekdays; 6-10 p.m. Saturday; closed Sunday. Reservations suggested, jackets and ties required for men. Italian trattoria featuring grilled seafood and pasta specialties. Courtyard available for outdoor dining. Dinners are \$25-\$40. Major credit cards.

Georgetown

APANA

3066 M St. N.W.
Between 30th and 31st streets
965-3040

Noon-11 p.m. Monday through Fri-

day, 5:30 p.m.-midnight Saturday and Sunday. Reservations suggested, casual dress. The Indian fare features curries and vegetarian specialties. Entrees are \$7.75-\$18.50. Major credit cards.

AU PIED DE COCHON

1335 Wisconsin Ave. N.W.
333-5440

Popular college dining spot open 24 hours. Specialties include pig's feet, duck a l'orange, lobster and a variety of sandwiches. Reservations not accepted, casual dress. Entrees are \$5.00-\$13. Major credit cards.

AUX BEAUX CHAMPS

2800 Pennsylvania Ave. N.W.

At the Four Seasons Hotel between 28th and 29th streets
342-0810

7 a.m.-10:30 p.m. Monday through Friday, 6-10:30 p.m. Saturday and Sunday. Reservations suggested, casual dress. Nouvelle cuisine offerings of seafood, poultry and meats as well as imaginative "spa" cuisine. Formal tea and casual lunches served in garden lounge. \$65 average per person for dinner. Major credit cards.

BAMIYAN

3320 M St. N.W.
338-1896

(Also in Alexandria: 300 King St.,
548-9006)

5:30 p.m.-11 p.m. Monday through Saturday, closed Sunday. Reservations suggested, casual dress. Savory lamb, beef, poultry and other specialties from Afghanistan. Entrees are \$6.50-\$13.50. Major credit cards.

BISTRO FRANCAIS

3124-28 M St. N.W.
338-3830

11 a.m.-3 a.m. Monday through Friday, 11 a.m.-4 a.m. Saturday and Sunday. Reservations suggested, casual dress. Venison, veal, seafoods and French specialties such as poulet bistro. Dinners average \$10.95-\$15.95. Major credit cards.

Continued on next page



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BI Washington guide

Restaurants

Continued from previous page

DAR ES SALAM

3056 M St. N.W.
342-1925

5-11 p.m. Sunday through Tuesday, 5 p.m.-2 a.m. Wednesday through Saturday. Reservations suggested, casual dress. Dine Moroccan style—with your fingers—on cous cous, cracked wheat semolina, pastilla and other Moroccan specialties. Three-course prix fixe dinner is \$18.95. Belly dancing nightly. Major credit cards.

EL CARIBE

3288 M St. N.W.
338-3121

11 a.m.-11 p.m. Monday through Sunday. Reservations suggested, casual dress. Authentic Latin American and Spanish Cuisine. \$7.95 to \$16.95 per person. Major credit cards.

ENRIQUETA'S

2811 M St. N.W.

338-7772

11:30 a.m.-10 p.m. Sunday through Thursday, 5 p.m.-11 p.m. Friday and Saturday. Reservations suggested for six or more people, casual dress. Classic Mexican specialties, seafoods and steaks. \$10.75-\$12.95 per person. Major credit cards.

FILOMENA RESTAURANT

1063 Wisconsin Ave. N.W.
337-2782

Dinner served 5-11:45 p.m. daily. Luncheon hours vary. Reservations recommended. Italian food served in casual atmosphere. Homemade pastas, seafood, salads, meats. Large array of tempting homemade desserts. Complimentary sambucco and amaretto with coffee and dessert. Entrees, served a la carte, are \$8.95-\$16.95; Major credit cards.

FLUTES

1025 Thomas Jefferson St. N.W.
333-7333

Elegant champagne bar featuring

more than 100 sparklers at \$28 a bottle and up. Also a good selection by the glass beginning at \$5. After dinner drinks include 10 cognacs, liqueurs and dessert wines. Also available caviar, belon oysters, whole gulf shrimp, pate de fois gras or smoked salmon appetizers, "designer" pizzas and pastas and tempting desserts. Major credit cards.

F. SCOTT'S

1232 36th St. N.W.
965-1789

6 p.m.-2 a.m. Monday through Thursday, 6 p.m.-3 a.m. Friday and Saturday, 6 p.m.-2 a.m. Sunday. Reservations suggested, jackets required for men. Dancing to big band music with disc jockey. Supper club offering Northern Italian cuisine. Entrees are \$9-\$20. Major credit cards.

GERMAINE'S

2400 Wisconsin Ave. N.W.
Below Calvert Street

965-1185
11:30 a.m.-10 p.m. Sunday through

Thursday, 5:30-11 p.m. Friday and Saturday. Reservations suggested, jackets and ties required for men. Pan Asian cuisine featuring Thai, Japanese, Vietnamese, Indonesian and Indian specialties. Dinners average \$25. Major credit cards.

HISAGO

3050 K St. N.W.
Washington Harbour
944-4181

Noon-10:30 p.m. seven days. Reservations suggested, casual dress. Tatami room features traditional Japanese dining and table top cooking. Shabu shabu and sukiyaki as well as sushi bar and tempura counter. Dinners are \$10-\$24. Major credit cards.

JAIMALITO'S

3000 K St. N.W.
Washington Harbour
944-4400

11:30 a.m.-11 p.m. seven days. Reservations suggested, casual dress. Standard Mexican fare. Dinners are \$6.75-

\$14. Major credit cards.

JAPAN INN

1715 Wisconsin Ave. N.W.
337-3400

Noon-10 p.m. Monday through Thursday, 6-10:30 p.m. Friday and Saturday, 5:30-9:30 p.m. Sunday. Reservations are suggested. Jackets are required for men. Traditional Japanese dining at sushi bar or in tatami room. Per person average is \$10-\$19.50. Major credit cards.

LA CHAUMIERE

2813 M St. N.W.
338-1784

11:30 a.m.-11 p.m. Monday through Saturday, closed Sunday. Reservations suggested, casual dress. Classic French bistro, specializing primarily in seafoods. \$20-\$30 average per person. Major credit cards.

LE CAPRICE

2348 Wisconsin Ave. N.W.
One block south of Calvert Street
337-3394

11:45 a.m.-10 p.m. Monday through Friday, 6 p.m.-10:30 p.m. Saturday, 6 p.m.-9:30 p.m. Sunday. Reservations suggested, casual dress. French bistro atmosphere. Entrees are \$9.75-\$16.75. Major credit cards.

MADURAI

3318 M St. N.W.
333-0997

11 a.m.-10 p.m. Reservations suggested, casual dress. Vegetarian dishes featuring mild curries. All-you-can-eat Sunday lunch and dinner buffets. Per person cost \$6.95. Major credit cards.

THE MARBURY

3000 M St. N.W.
The Marbury Hotel, Georgetown
726-5000

7 a.m.-10:30 p.m. Monday through Sunday. Reservations suggested, casual dress. Regional American cuisine, Colonial setting. \$7.95-\$16.95 average per person. Major credit cards.

MORTON'S OF CHICAGO

3251 Prospect St. N.W.
342-6258

5-11 p.m. Monday through Saturday, closed Sunday. Reservations suggested before 7 p.m., first-come first-served thereafter. Casual dress. Specializing in steaks, ribs and chops, but seafood is available. Dinners are \$32-\$45. Major credit cards.

SUSHI-KO

2309 Wisconsin Ave. N.W.
333-4187

Noon-10:30 p.m. weekdays; 5-10 p.m. weekends. Reservations suggested, casual dress. Two sushi bars in traditional Japanese setting. Tempura, teriyaki and main-course soups. Dinners are \$13-\$20. Major credit cards.

THE TOMBS

1226 36th St. N.W.
Georgetown University
965-1789

11 a.m.-2 a.m. Monday through Thursday, 10 a.m.-2 a.m. Sunday. Reservations not necessary, casual dress. Daily specials, as well as burgers and pizza, range from \$5-\$10. Major credit cards.

Old Town Alexandria

BAMIYAN II

300 King St.
548-9006

11:30 a.m.-10:30 p.m. seven days. Reservations suggested, casual dress. Savory Indian/Afghan cuisine from chicken, lamb and seafood kabobs to tasty vegetarian offerings. Entrees are \$6.95-\$14.50. Major credit cards.

CRUISE SHIP DANDY POTOMAC PARTY CRUISES

Zero Prince St.
George Washington Parkway
703-683-6076

6-10:30 p.m. Sunday through Thursday, 6:30-11 p.m. Friday and Saturday. Credit card reservations, casual dress. Continental cuisine of prime rib, seafoods and poultry. \$40 Sunday through Thursday, \$45 Friday and Saturday. Drinks, tax and gratuities not included. Private group dining arranged. Major credit cards.

EAST WINDS

809 King St.
Between Washington Street and
Route 1
836-1513

11:30 a.m.-10 p.m. Monday through
Continued on next page

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Agents and brokers for asbestos abatement contractors must be concerned about the type and quality of insurance coverage available for their clients' projects. Although several different types of policies are being marketed in this area, most fail to provide the coverage needed for real protection against the peculiar, long-term liabilities associated with exposure to airborne asbestos contamination. Only "occurrence" form insurance makes sense for long-term asbestos liabilities.

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BI Washington guide

Continued from previous page
Thursday, 6-10:30 p.m. Friday, Saturday and Sunday. Reservations suggested on weekends, casual dress. Grilled beef, steamed red snapper, quail, duck and other Vietnamese specialties. Entrees are \$8.95-\$14.95. Major credit cards.

THE FISH MARKET

105 King St.
703-836-5676
11:30 a.m.-1 a.m. Monday through Friday, 11:30 a.m.-2 a.m. Saturday and Sunday. Reservations suggested, casual dress. Pub atmosphere. Large variety of seafoods daily. Cold shellfish appetizers priced by weight. Entrees \$5.95-\$15.75. Group dining for up to 200. Major credit cards.

TERRAZZA RISTORANTE

710 King St.
Between Washington St. and Columbus St.
683-6900
11:30 a.m.-11 p.m. seven days. Reservations suggested, jackets and ties required for men. Italian pastas, seafood and veal dishes served in an elegant, rose-filled setting. Restaurant features excellent service, extensive wine list and a la carte menu with entrees ranging from \$14.95-\$21.95. Ladies receive a rose when leaving the restaurant. Valet parking. Major credit cards.

TRADITIONS

625 First St.
Best Western-Old Country Inn
703-548-6300
6:30 p.m.-10 p.m. seven days. Reservations not necessary, casual dress. French Creole buffet 5-10 p.m. \$15. Cocktail lounge offers live piano music nightly. Entrees average \$12. Major credit cards.

Upper Northwest (Near zoo, RIMS hotels)

CSIKOS

3601 Connecticut Ave. N.W.
362-5624
6 p.m.-10:30 p.m. Monday through Saturday, closed Sunday. Reservations suggested, casual dress. Frog legs, venison and other Hungarian specialties. Dinners are \$10-\$14. Major credit cards.

THE DANCING CRAB

4611 Wisconsin Ave. N.W.
244-1882
11 a.m.-11 p.m. Monday through Friday, noon-midnight Saturday, 3-11 p.m. Sunday. Reservations suggested, casual dress. Cajun seafoods, rustic setting. All-you-can-eat crab feast during season. Entrees are \$8.95-\$14.95. Major credit cards.

DONA FLOR

4615 Wisconsin Ave. N.W.
537-0404
11:30 a.m.-11:30 p.m. Monday through Thursday, 11:30 a.m.-midnight Friday, Saturday and Sunday. Reservations suggested, casual dress. Seafoods, poultry and beef specially prepared with Bahian condiments such as palm oil and coconut milk. Live piano music Tuesday, Wednesday and Thursday evenings. Entrees are \$8.95-\$14.95. Major credit cards.

L'ESCARGOT

3309 Connecticut Ave. N.W.
966-7510
11:30 a.m.-10 p.m. Monday through Saturday, closed Sunday. Reservations suggested, casual dress. Daily menu changes feature trout stuffed with crab meat, duck, calf's liver, stews and various desserts. \$10.95-\$16 average per person. Major credit cards.

PLEASANT PEASANT

5300 Wisconsin Ave. N.W.
364-2500
11:30 a.m.-11 p.m. Sunday through Thursday, 5:30-midnight Friday and Saturday. Reservations suggested for parties of six or more, casual dress. Soups, pastas, burgers, seafood and "awesome deserts." Entrees are \$8-\$18. Major credit cards.

THAI TASTE

2606 Connecticut Ave. N.W.
387-8876
11:30 a.m.-10:30 p.m. Monday through Thursday, 11:30 a.m.-11 p.m. Friday and Saturday, 5 p.m.-10:30 p.m. Sunday. Casual dress. Barbecues and seafoods specialties such as crispy fish and steamed fish with preserved plums. Pork and string beans with chili paste for those who enjoy spicy foods. Entrees

are \$4.95-\$9.95. Major credit cards.

YOSAKU

4712 Wisconsin Ave. N.W.
Between Chesapeake and Davenport streets
363-4453
11:30 a.m.-11 p.m. Sunday through Thursday, 5:30 p.m.-midnight Friday and Saturday. Casual dress. Sushi bar and sidewalk cafe serving Japanese specialties. Entrees \$8-\$12.50. Major credit cards.

Waterfront

CASA MARIA

700 Water St. S.W.
L'Enfant Plaza
554-5302
11 a.m.-10 p.m. Sunday through Thursday, 11 a.m.-11 p.m. Friday and Saturday. Reservations suggested, casual dress. Steak and chicken fajitas and other authentic Mexican fare. Entrees are \$6.95-\$10.95. Major credit cards.

BI asks readers to review preview

The preview sections for the annual Risk & Insurance Management Society Conference have become a tradition at *Business Insurance*.

Each year, we try to cover the host city and compile information that is useful for RIMS conference attendees. You can help us make this a better section by filling out the checklist below.

Please put a check mark next to stories you find most useful.

Also, please let us know what type of information you would like to see included in (or excluded from) next year's section. We want your input.

- Program updates (page T1)
- The sights (page T2)
- Restaurant guide (page T4)
- RIMS race (page T6)
- Hockey game (page T6)
- Hospitality suites (page T8)
- Map (page T12)

- Sights outside Washington (page T14)
- Events (page T16)
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- Weather (page T24)
- Presidents' remarks (page T30-T32)

Additional comments _____

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BI Washington guide

RIMS embraces its many roles: Bostwick

By ARTHUR P. BOSTWICK

In retrospect, the past year was very challenging for the Risk & Insurance Management Society Inc.

Through its many chapters, members and governmental affairs committee and staff, RIMS provided comment and testimony on a number of important national and local issues, including:

- The McCarran-Ferguson Act.
- The High Risk Occupational Disease Notification and Prevention Act.
- Legislation mandating minimum health care coverage sponsored by Sen. Edward Kennedy, D-Mass.

- The extended health care coverage provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985.

- Implementation of the 1986 Amendments to the Risk Retention Act.

- A model law banning brokers from placing business with affiliated insurers proposed by New York Insurance Superintendent James P. Corcoran at the summer 1987 meeting of the National Assn. of Insurance Commissioners.

- 1987 amendments to the Colorado Captive Insurance Company Act of 1972.

Also during the year, RIMS entered some relevant court cases by

filing amicus curiae briefs.



Mr. Bostwick

One of last year's more important developments was the establishment of a governmental affairs regional legislative "whip system" to identify and respond to important local issues and promote deputy member awareness of, and involvement in, the genesis of reasonable solutions to problems facing our members and the general public.

An example of this was the Rocky Mountain Chapter's efforts to encourage legislation governing the use of collision damage waivers in auto rental agreements. RIMS' Auto Rental Car Agreements Subcommittee of the Products and Services Committee is currently working on a consensus model bill for regulating CDWs.

These grass-root activities gave our Colorado membership a first-hand education in governmental and legislative processes.

RIMS also provides all of its deputy members with an opportunity for leadership development.

RIMS' achievements are derived essentially from two sources: Dep-

uty members and staff.

Our chapter and national committees are our creative force. Ideas, schools, issues and major programs originate at this level, and we have been blessed with an active and imaginative membership.

And, the synergism between the committees and the staff is what gives RIMS its identity and stature. We owe much to our staff members for their dedication and perceptiveness.

RIMS' staff conducts Chapter Officer Seminars to increase chapter leadership's awareness of the total services available to their members and to exchange ideas being used throughout the society.

This year, RIMS organized an Employee Benefits Task Force that stimulated employee benefit manager participation.

And, to encourage older member involvement, we are in the process of establishing a Risk Management Roundtable.

RIMS' research department this year introduced the first electronic transnational risk management data and communication system, called RIMSNET. The society feels RIMSNET is an important addition to our services and has made an appropriate capital and personnel commitment to it.

Also this year, RIMS' communications department introduced a new quarterly report titled "Inside RIMS," which highlights national committee activity.

"Risk Management," the society's monthly journal, increased its employee benefit article volume, and soon our publishing subsidiary will release a Risk Management Case Book for higher-level education, the first of its kind.

In the area of education, RIMS continued to offer quality educational opportunities for both members and non-members. RIMS last year introduced a new Employee Benefits Management course to its four "schools": The Fundamentals of Risk Management, Techniques of Finance, Loss Control and Claims Management.

The strong endorsement that registrants gave by literally selling out these courses was particularly gratifying.

Each of these RIMS schools, which are offered throughout the country, and the annual Risk & Insurance Management Society conference, are authorized to grant continuing education credits for those who need them to meet professional or licensing standards.

Continued on page T32

Frequent flier...



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Issue Date	Meeting	Location	Ad Close
Mar 21	12th International Captive Insurance & Reinsurance Forum	Bermuda	Mar 9
Apr 18	26th Annual Risk & Insurance Management Society	Washington, DC	Apr 5
May 26	National Association of Insurance Brokers	Pebble Beach, CA	May 4
Jun 13	National Association of Insurance Commissioners	New York City, NY	Jun 1
Jun 27	Group Health Association of America—Group Health Institute	Chicago, IL	Jun 15
Aug 1	BI Employee Benefits Communication Conference	New York City, NY	Jul 20
Aug 29	Rendez-Vous de Septembre	Monte Carlo	Aug 16
Sep 12	Independent Insurance Agents of America	Boston, MA	Aug 30
Oct 3	National Association of Casualty & Surety Agents & Executives	Greenbriar, WV	Sep 21
Oct 17	1st World Congress on Risk & Insurance Management	Brisbane, Australia	Oct 5
Oct 31	National Association of Independent Insurers	Boston, MA	Oct 18
Nov 14	National Association of Professional Insurance Agents	Orlando, FL	Nov 2
Dec 12	National Association of Insurance Commissioners	New Orleans, LA	Nov 30

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Risk & Insurance Management Society Inc. President Arthur P. Bostwick is risk manager for Stone Container Corp. in Chicago and a director of Forest Insurance Ltd. A past president of the Chicago Chapter of RIMS, Mr. Bostwick has chaired the society's Communications Committee, the Risk Management Industry Liaison Committee and the Industry Sessions Subcommittee. He also served on RIMS' Nominating Committee. Elected an officer of RIMS in 1981, Mr. Bostwick has served as vp-communications, vp-conference, vp-education, vp-member affairs and secretary and first vp. He is a director of Risk Management Society Publishing Inc., a wholly owned subsidiary of RIMS, and has been published in Risk Management and Cash Flow magazines.

BI Washington guide

Heydinger sees RIMS growth potential

By RICHARD C. HEYDINGER

I'm really excited about the Risk & Insurance Management Society Inc.'s next 12 to 18 months. Although they will be crammed full of activity and probably pass much too quickly, they offer RIMS great potential for continued growth, increased recognition and improved effectiveness.

Recent successes give us a very strong base from which to operate. The hard market cycle was frustrating and difficult, but RIMS and its members were ready. We approached the period with a positive attitude and performed as never before. In the process, we raised to new heights the society's value to its members, and members' value to their employers. Risk managers' self-esteem and standing in corporate America are at an all-time high.

Our plan is to use this breathing period provided by the softening in the property/casualty market to regroup, do some long-term planning and prepare for the next hard market cycle, which appears inevitable.

We'll improve our knowledge through education, enhance our communication systems for sharing ideas, extend our legislative networks to expand our political know-how and clout, and seek new ways to protect a free, competitive insurance marketplace. Above all, we'll solidify RIMS' position with regulators, legislators and the insurance industry as the voice of insurance consumers and risk-financing alternatives.

Many of our activities, including the annual RIMS conference, dovetail with these goals.

There is a great deal of excitement about the Washington, D.C., conference. Early registration figures far exceed our most ambitious expectations. This record attendance presents us with some unusual challenges, not just in the logistics of the crowded sessions, scarce rooms and full meal tables, but in preserving the climate for spontaneous communication.

We have long seen the conference as the crossroads for all segments of the insurance industry. It has become, literally, an exchange for viewpoints, ideas, experiences and friendships. Activities outside the formal sessions often prove to be exceptionally valuable.

This very successful format needs to be preserved no matter how large we grow, and the working sessions need to be responsive to a more diverse audience. The New York staff and conference committee already are looking

ahead to the challenges beyond our 1988 meeting.

The national spotlight is on politics and government this year because of the wide-open presidential election. Within RIMS, the governmental affairs function continues to garner more and more attention and resources. Because of past successes, legislators and regulators look to RIMS for input more frequently and seriously. Also, because of stepped-up efforts to expand chapter and membership involvement, we find RIMS engaged in more projects on more subtle fronts.

We have recognized our chapter efforts and improved our commu-

nications to members on legislative matters. At the same time, we have expanded industry liaison activities with other trade associations and professional groups, leading to joint projects and beneficial new allegiances.

There also is an ever increasing number of both federal and state issues of importance to our membership. Government and society have a way of producing an endless array of

opportunities.

Some of the top priorities in employee benefits and safety arenas today are mandated benefits bills and amendments offered by Sen. Donald W. Riegel Jr., D-Mich., to the Catastrophic Health Insurance Protection Act. RIMS has worked with legislative committees and staff on all of these issues and intends to maintain its level of input.

Other priorities on the federal level are passage of a first-generation product liability reform bill, development of some type of answer to the national lack of earthquake insurance capacity and the degree of federal involvement in insurance industry regulation.

At the state level, we'll continue our efforts with the National Assn. of Insurance Commissioners and state legislators on the general problems of insurer insolvency, Risk Retention Act implementation, state captive insurance laws and the appropriate level of guaranty fund protection for commercial policyholders.

With the Insurance Services Office Inc., we have the unrelenting issues of defense cost coverage, the potential filing of an endorsement to the commercial general liability form that would exclude employer's liability claims and the continued erosion of coverage in both the

Continued on next page



Mr. Heydinger

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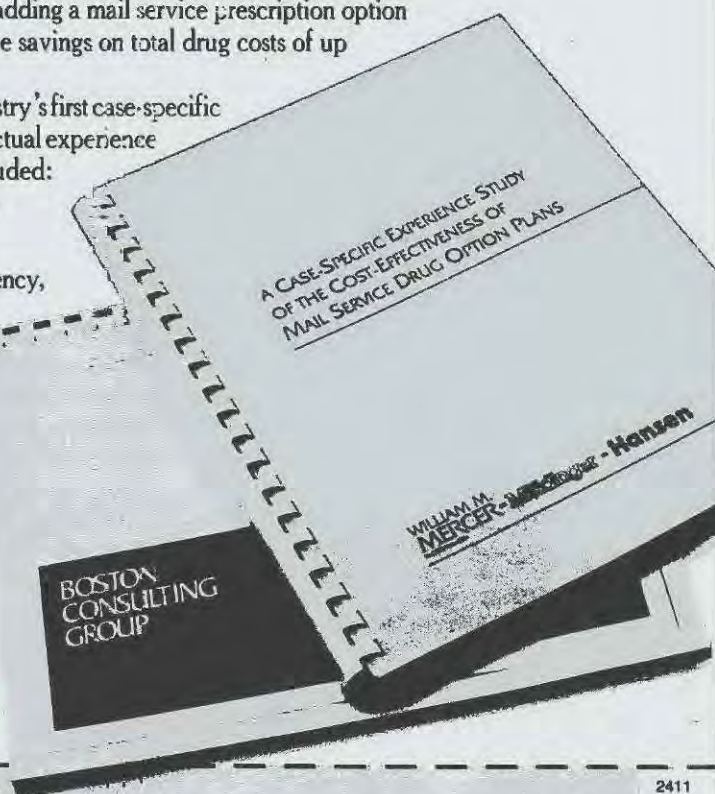
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2411

RIMS President-elect Richard C. Heydinger is risk management director for Hallmark Cards Inc. in Kansas City, Mo., a position he has held since 1979. A past president of RIMS' Ohio Chapter, Mr. Heydinger has served on RIMS' Governmental Affairs and Conference committees. He was elected to the RIMS Executive Committee in 1982 and has served as vp-finance and treasurer, vp-conference and vp-governmental affairs. Mr. Heydinger currently is first vp and chairman of the Human Resources Committee and a director of Risk Management Society Publishing Inc., a wholly owned subsidiary of RIMS. He also is a member of Risk Management magazine's editorial advisory board.

Bostwick

Continued from page T30

In addition, RIMS' educational department continues to work with the academic community through the Insurance Institute of America, the American Risk & Insurance Assn., the College of Insurance and the Robert S. Spencer Memorial Foundation Inc., which grants scholarships to college students studying insurance, employee benefits and risk management.

RIMS also serves as a liaison between members and insurers, brokers and other trade associations such as the National Council on Compensation Insurance, the National Assn. of Insurance Brokers, the Insurance Services Office Inc. and the American Insurance Assn.

The number of brokers and underwriters enrolled in the Insurance Institute of America's Associate in Risk Management Program last year was encouraging.

Illustrating the increasing global appeal of risk management, RIMS received numerous inquiries last year from other nations seeking to translate our texts.

And, the internationalization of risk management continues as global interdependent economies have opened the door to the truly international discipline.

Illustrating the increasing global appeal of risk management, RIMS received numerous inquiries last year from other nations seeking to translate our texts.

The international Risk Management Forum last fall in Monte Carlo, Monaco, jointly sponsored by RIMS and the Assn. Europeenne des Assures de l'Industrie of Brussels, Belgium, was tremendously successful.

Even the Peoples Republic of China sent representatives to the Assn. of Risk & Insurance Managers of Australia conference in November. RIMS is committed to a Pacific presence.

Membership is and always will be the lifeblood of an organization like RIMS, and this year we enjoyed membership growth of approximately 10%. Considering all the recent merger and acquisition activity, we felt this was quite respectable. ■

Heydinger

Continued from previous page
liability and property policy forms of any kind of pollution or environmental exposures.

Turning to the area of education, we find some successes and some real concerns. Certainly the Robert S. Spencer Memorial Foundation Inc. can be hailed as a rapidly maturing success. While it is still growing, it has developed into the major source of funds for attracting and educating bright minds in the risk management field.

Most RIMS members believe there is a tremendous shortage of underwriting and risk management talent in the commercial property/casualty insurance industry. This problem damages the image of the industry in North America and results in unfilled service needs for

corporate consumers. Our desire is for the Spencer Foundation to provide the financial support that will, in time, increase the skill level of the industry.

We're also concerned that some institutions of higher learning are reducing their commitments to risk management and insurance course work and programming. Just the opposite should be occurring. RIMS is exploring ways to add risk management and insurance courses to the general business curriculum so that more future business leaders will have a better understanding of our industry.

RIMS' Continuing Education Program courses have flourished and provide our membership with valuable information. We have yet to find a way, however, to successfully meet the needs of our growing employee benefits-oriented membership. This challenge is once again receiving committee and staff attention.

Following up on careful research, we recently launched a major communications initiative with RIMSNET, our electronic news and information network. The idea is great, but hasn't yet lived up to its potential. We'll be looking closely at how to further harness this innovative technology.

As a general comment on research, RIMS believes that if we are to elevate further the professional stature of risk management, we need to become less intuitive in our decision-making processes and much more analytical. Good analytical tools and theory need to be firmly rooted in valid research practices and skills. We are looking for ways to get more of our members committed to contributions that help build that base.

RIMS' membership continues to swell at a gratifying rate. Nevertheless, we are initiating a campaign to expand the society's reach in 1988. The key objective is not to enlarge for size's sake, but to be accessible to the rapidly expanding ranks of risk management practitioners. As organizations of all sizes in all fields devote more resources to risk management, we think it is important to make RIMS available to them. This means forming new chapters in areas not previously covered and revitalizing certain existing chapters.

Interest in the risk management discipline developed abroad several years ago and appears to be flourishing throughout the world. Risk management associations in many countries have turned to RIMS for organizational, educational and communications assistance. RIMS' international activities are burgeoning in response to these requests and the transnational needs of our North American-based members. We have a large and active international committee that will continue our overseas expansion.

Clearly, with all these growing demands on the association, RIMS acutely needs to nurture its base of participating members. RIMS is, after all, nothing more than a collection of individual volunteers trying to make a difference in their field. Our future will be only as strong as those individual members are willing to make it.

That is why the Executive Committee has adopted membership commitment and involvement as its theme for the upcoming year. We want to use this slack period in the insurance cycle as a real opportunity to draw even greater contributions from our many members to sustain the momentum that has been built. We know the talent and interest are there. We need to be wise enough to capitalize on it and forge ahead. I think that should be sufficient challenge to keep the fires lit in all of us! ■

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Continued from previous page
group's U.S. operating units increased to \$1.2 million from a loss of \$3.9 million in 1986. GRE's U.S. combined ratio improved to 97.2% from 101%.

"However, the increased levels of competition and the consequent renewed pressure on commercial rates have continued to accelerate throughout the year, which gives rise for less optimism for 1988. . . It is especially disappointing when many other companies are still struggling with inadequate reserves for outstanding claims and problems with uncollectible reinsurance," a GRE statement said.

Dewey Warren

Lloyd's of London broker Dewey Warren Holdings P.L.C. suffered a 29.3 million pound loss (\$55.4 million at year-end 1987 exchange rate) last year as a result of last October's stock market crash.

Dewey Warren's loss resulted "from the diminution of value of investments during October," particularly shareholdings in merchant banking group Morgan Grenfell Group P.L.C., a statement said.

Dewey Warren acquired 5.6% of Morgan Grenfell before the October crash, and the consequent "unrealized loss on this holding accounted for the major part of the company's loss during the year," said Dewey Warren.

However, the company "believes that Morgan Grenfell has considerable potential and, despite the events of last October, (it is) currently of the opinion that Morgan Grenfell continues to be attractive," the statement said.

"The paper loss has had no adverse effect on the company, and we continue to look for potential acquisitions as part of our expansion plans in the financial services sector," said Dewey Warren Financial Director David Hart.

Dewey Warren is proposing to liquidate a portion of the company's reserve share premium account "to eliminate the negative balance which has arisen on the company's profit and loss reserve," the statement said.

Meanwhile, the company's major Lloyd's brokerage subsidiaries reported a pretax loss of 836,000 pounds (\$1.6 million) "which was substantially worse than anticipated," according to a company statement.

The brokerage loss was partly a result of reinsurance brokerage staff departures and partly because of the deterioration in the U.S. dollar during 1987, the statement said.

Shipping claim

The owners and agents of a ship damaged in the Indian Ocean in 1981 are suing insurers for the payment of a hull claim filed last September.

In three lawsuits filed in London's High Court, Avondale Enterprises Inc. and Lomar Shipping Ltd. are suing Prudential Assurance Co. Ltd. of London, Lloyd's of London syndicates and 30 other named insurers for the payment of claims made in connection with damage to the M.V. Aegean Sun.

The ship, which was insured for about 800,000 pounds (\$1.5 million), was sold for a salvage value of about 300,000 pounds (\$567,000) after its hull was ruptured in the Indian Ocean in 1981, according to Capt. Greg Tzavaras, operations manager of London-based Lomar, the ship's agent.

A 350,000 pound (\$570,500 at appropriate exchange rates) claim was filed in September 1987, but insurers have rejected it, alleging it was filed too late, according to Capt. Tzavaras.

The claim took several years to file because of the length of time

needed to gather information after the accident, he explained.

Hadley Cannon

Australian investment bank Duke Holdings Ltd. of Melbourne has bought Lloyd's of London broker Hadley Cannon (Holdings) Ltd. for 2.6 million pounds (\$4.9 million at current exchange rates) as part of a major expansion into the insurance industry.

London-based Duke Insurance Holdings Ltd. has been formed to provide an investment vehicle for Duke's worldwide insurance acquisitions, said Chairman Peter Riddell.

The Hadley Cannon group,

which includes two Lloyd's brokers—Hadley Cannon Ltd. and Hadley Cannon International Ltd.—as well as a loss adjusting and claims settlement agency, provides an ideal specialist base from which to build, Mr. Riddell said.

Hadley Cannon, previously owned by freight forwarding company LEP Group P.L.C., reported revenue of about 3 million pounds (\$5.7 million) last year and operated at a loss, Mr. Riddell said.

However, its new parent hopes the company will be profitable by year-end, he said.

Hadley Cannon specializes in marine insurance and special or financial risk insurance.

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Range of RMIS suits all needs

IDESCRIBED A method for classifying risk management information systems in last month's column (*BI*, March 21). The method was developed by Thomas Seligman, president of Seligman Information Systems of Roslyn Heights, N.Y., an independent vendor of personal computer-based RMIS software.

By looking at four different factors for each RMIS, the range of systems that meet your needs can be significantly narrowed down. This will reduce the amount of time and effort you will have to expend in selecting a system for your organization.

To recap, the four continuums described last month are:

- Small vs. large.
- Independent vs. dependent.
- "Insured" vs. self-administered.
- "Claims" orientation vs. "other" orientation.

The small vs. large continuum is the size and complexity of the organization that the RMIS was designed to serve, not the size of the RMIS itself. It is the most basic point of reference for deciding your organization's needs and differentiating between vendors' products.

The next continuum is concerned with who controls the RMIS. The degree of independence is a measure of who owns and controls the system and data. A basic rule of thumb is the physical location of the computer: Whoever has the computer generally is in control of the RMIS.

"Insured" vs. self-administered is concerned with who performs claims administration. Here, the insured systems monitor the claims paid by insurers or third-party administrators. They do not cut or reconcile checks, whereas self-administered systems do.

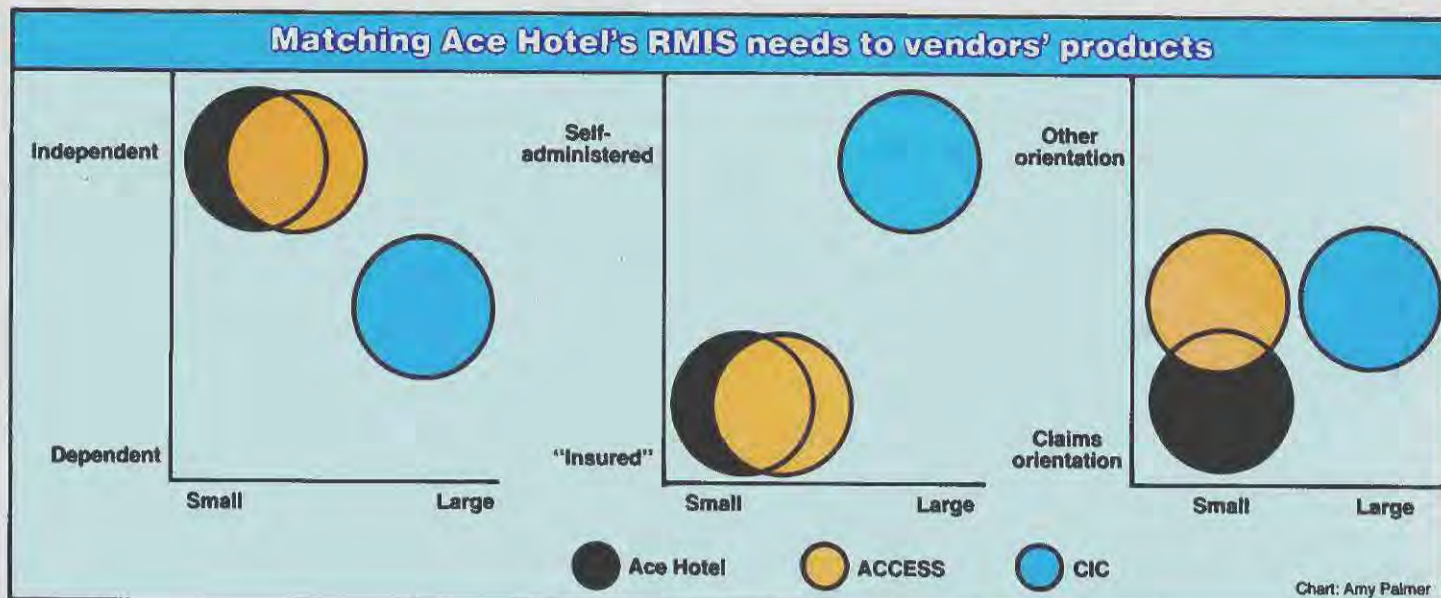
The final continuum distinguishes what the RMIS focuses on: claims management vs. another emphasis, such as underwriting issues, property management, etc.

All systems can be classified somewhere within each of the continuums. An RMIS covers a range in each category and not just a single point. General descriptions are used for each category, rather than quantitative ones.

For example, in the size continuum, claims volume might be used. However, this measure doesn't take into account the other parts of size such as complexity of the organization or the difficult-to-quantify issue of price. Again, it should be remembered that the placement of a system at either extreme of a continuum is not a negative, just an indication of the vendor's intent.

To make this categorizing easier to visualize, we shall employ a graphic example.

Let's see how the needs of a 10-hotel chain—Ace Hotel—experiencing 800 general liability and 500 workers compensation claims per year fit on



the RMIS continuums.

Management wants to have control over the data in the system, so Ace Hotel's needs are for an independent system. The hotel is insured under a retro program with an insurer that will be adjusting all claims. Therefore, it will require an "insured" system, since Ace Hotel will not be administering its own claims. Finally, Ace Hotel's risk manager has expressed little interest in a system with quantitative/analytical capabilities, placing it firmly in the claim-orientation end of the spectrum.

The next step is to see how existing vendors and their systems match Ace Hotel's needs. The Ace Hotel risk manager randomly selects vendors from *Business Insurance's* annual listing of risk management information systems: Seligman;

California Interactive Computing Inc.; Gallagher Risk Data; The Travelers Cos.-Risk Management Information Services; Risk

Sciences Group; and Cantor & Co. (Because this methodology is Tom Seligman's idea, I thought it only fair to include his ACCESS system).

Since Seligman's ACCESS software, hardware and data are under the complete control of the user, this system could be classified as very independent. In addition, ACCESS has been designed to service clients whose claims are handled by an outside party. While ACCESS is mostly oriented toward claims, there are insurance administration functions as well.

The reporting functions and data maintenance are designed to monitor claims and not issue checks. And on the size scale, ACCESS covers the range from small to medium. Putting it on our chart, ACCESS comes close to meeting Ace Hotel's needs.

By contrast, California Interactive Computing's RMIS is different. It has been designed to serve self-administered businesses with a medium- to large-sized claims volume. While CIC's RMIS can run on a personal computer, it is usually configured for a microcomputer due to

the large number of claims its clients experience and their need for multiple users at one time.

The system handles the full range of functions that a self-administered business has to deal with, including check processing, workers compensation benefit computations according to state requirements and generation of the accompanying state forms and letters.

CIC is an independent vendor but you will require more vendor support on this system because of its full range of features and general size of its data base. CIC's main focus is claims management, but it does have some quantitative capabilities. In all, CIC's system does not meet the needs of Ace Hotel, as the chart indicates.

The RISX-FACS system from Gallagher Risk Data is an example of a very dependent system. This RMIS is fully controlled by the system provider. However, this type of RMIS can often be included as part of the package of services you may get with your insurance. The insurance company or broker can also load the claims data directly into the RMIS and maintain it with no work on your part. Gallagher's system, however, services both "insured" and self-administered ends of the spectrum.

By contrast, Travelers' CARMA system has been designed to serve only clients with outside claims administration. It has no capabilities for a self-administered organization. Generally, insurance providers' RMIS are available to the medium-sized to larger clients of that company. Also, the systems tend to be claims oriented.

Neither the Gallagher nor the Travelers systems would meet Ace Hotel's needs.

The final RMIS continuum is exemplified by two current vendors: Risk Sciences Group and Cantor & Co. While both systems do handle claims, their strong suit is their quantitative analysis capabilities.

Cantor & Co. produces a micro-based RMIS designed as a stand-alone system (independent), while Risk Sciences provides a mainframe/timeshare system (dependent). Cantor's system can be used by "insured" and self-administered clients alike, but Risk Sciences' RMIS is more oriented toward self-administered clients.

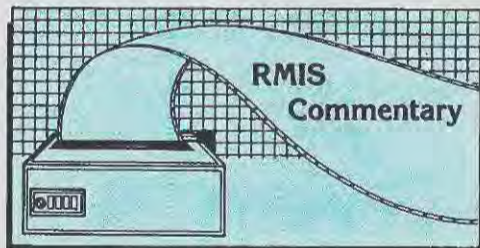
The Cantor system meets the hotel chain's need for an independent system and, though its emphasis is on quantitative analysis for self-administered clients, it can perform claims administration for "insured" clients, like Ace Hotel. Risk Sciences' RMIS does not meet the hotel chain's needs.

So, what does the risk manager of Ace Hotel do? Due to his use of this model he is able to narrow down his choices to two before getting to specifics. For example, because Ace Hotel has an insurer handling its claims, experiences a moderate annual claims volume, does not need sophisticated quantitative analysis and wants to have a system on site, the two most logical finalists from the risk manager's randomly selected list would be ACCESS and Cantor & Co.

In looking at the different RMIS vendors during the upcoming Risk & Insurance Management Society conference, you can use this method of categorizing the systems and comparing them to your needs to narrow down the range of systems that you have to investigate. Time and space did not permit me to classify or chart all existing RMIS vendors.

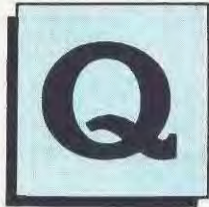
This methodology is not meant to be all-inclusive. And it is not very quantitative, which is essential for a serious comparative analysis of risk management information systems. However, it does provide a framework for decision making and some basic rules-of-thumb, which can help reduce the confusion so rampant at RIMS. When chatting with the vendors at the conference, try to gauge where their particular system(s) fall on the charts and how your own organization's needs mesh.

David A. Tweedy is a senior consultant for D.A. Betterley Risk Consultants Inc. in Worcester, Mass. He is the editor of *Betterley Risk Management Commentary* and the author of *RMIS Update*, a yearly publication analyzing major risk management information systems and vendors. Mr. Tweedy's column on risk management information systems appears the third Monday of the month.



ASK A RISK MANAGER

Manual is important as management tool



Our chief financial officer recently attended a financial seminar. The subject of risk management was discussed and, specifically, the importance of a risk management manual. I've been asked to prepare one.

Where should I begin?



The purpose of a risk management manual is to formalize, in writing, an organization's perspective of the risk management function.

You are, therefore, charged with communicating a risk management policy statement

and elaborating on the many activities associated with the effective implementation of a risk management program. I would suggest the following basic guidelines:

- Preface the manual by clearly stating its purpose, which is quite simply to communicate the vital role of the risk management department within the organization.

Provide specific examples of your activities, such as establishing acceptable limits of risk retention, purchasing commercial insurance coverage as applicable, directing the loss prevention program, establishing risk financing guidelines (premium or loss allocation) and reviewing contractual obligations for proper indemnification and transfer of risk to third parties when appropriate.

You mentioned that your CFO requested the manual. The CFO's personal endorsement of the policy statement would lend invaluable credibility to the text.

- Elaborate on the major changes that have occurred in the risk assumption and risk transfer areas.

The dramatic change from marketing coverage

during a soft market vs. a hard market has no doubt caused you to seek larger retentions and purchase decreased levels of insurance protection. The manual recipients should be made aware of the organization's involvement in the critical area of risk assumption. Focus on the importance of loss prevention and management's commitment to safety as it relates to all areas of operation.

- Identify the key players!

Provide an organizational chart of your department and include a summary of individual responsibilities. Too often, a major complaint in companies large and small is not knowing "who is responsible for what."

- Include a schedule of major coverages.

Workers compensation, general liability, auto liability, umbrella and excess liability and property insurance come readily to mind. Under each, provide additional information such as the name of the insurer, policy effective dates, deductibles and/or retention levels and policy limits. If a coverage is self-insured, describe details of the program.

When preparing our risk management manual, I provided specific claim reporting procedures for these coverages. I recall with particular satisfaction a weekend phone call from a vp in the Midwest. He phoned to inform me of a restaurant fire. After obtaining the pertinent facts, I thanked him for the prompt notification. His response was "I was just following the procedures you outlined in the risk management manual." Success!

Your manual should be distributed to management personnel throughout the organization. Executives, departmental managers, divisional managers and field managers have a definite need for the information. Our company is composed of several divisions and operates multiple locations in several states. I have confined distribution in the field to the director of operations level. However, the insurance coverage data and claim reporting procedures are addressed in a separate manual that is sent to each facility.

You have been given an opportunity to design an important management tool. A well-prepared risk management manual will certainly remove much of the mystique often associated with the risk

management function. It brings responsibilities into focus and reinforces the value of this position within an organization.

Susan M. Werner, director of risk management for Hardee's Food Systems Inc. in Rocky Mount, N.C., debuts this month as the new author of Business Insurance's Ask a Risk Manager column.

Ms. Werner replaces Ralph F. Perry Jr., vp-risk management at Amfac Inc. in San Francisco. After 3½ years of fielding questions on risk management topics in the bimonthly feature, Mr. Perry retired his pen with the Dec. 21, 1987, column.

Ms. Werner, who was selected as a member of BI's 1987 Risk Management Honor Roll representing companies with more than \$300 million in annual sales, joined Hardee's in 1973 as a clerk in the food conglomerate's insurance department. In 1978, Ms. Werner became Hardee's first full-time risk manager and in 1982 was promoted to director of risk management.



Ms. Werner

Ms. Werner, 40, received a bachelor of arts degree in English and journalism from Villa Marie College in Erie, Pa. In addition, she is a member of the Eastern Carolina Safety Council, the National Restaurant Assn.'s Safety Officers Group and is a deputy member of the Risk & Insurance Management Society.

Ask a Risk Manager is one of four features in the Perspective section of Business Insurance that provide advice from an experienced colleague on risk management, benefits management or actuarial issues.

The features—Ask A Risk Manager, Ask A Benefit Manager, Ask A Benefit Actuary and Ask A Casualty Actuary—answer written questions from readers on risk and benefits management issues and actuarial problems.

Joseph W. Dupa, director of employee benefits at Allied-Signal Inc. in Morristown, N.J., answers benefits management questions. William J. Miner, an actuary with The Wyatt Co. in Chicago, answers actuarial questions on benefits issues. And, Richard E. Sherman, a principal with Coopers & Lybrand in San Francisco, answers actuarial questions in the casualty field.

Mr. Dupa's and Ms. Werner's columns appear alternately on the second Monday of each month. Mr. Miner's and Mr. Sherman's columns appear alternately on the first Monday of each month. Ms. Werner's next column will appear in June.

Address your questions to ASK, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611. Please give us your name, title and employer; however, Business Insurance will consider unsigned letters.

Setting up a flex plan from A to Z

"Flexible Benefits: How to Set Up a Plan When Your Employees Are Complaining, Your Costs Are Rising and You're Too Busy to Think About It"

By The Staff of Catalyst
Published by Catalyst, 250 Park Ave. S., New York, N.Y. 10003
140 pages; corporations, \$49;
non-profit organizations, \$29

By Alison Kittrell

THIS HANDY MANUAL, funded with a grant from the U.S. Department of Health and Human Services and published by Catalyst, a national research and advisory organization, is designed to guide small to mid-sized businesses considering implementing a flexible benefit plan.

The authors explain: "It is our belief that flexibility can increase the value of your benefits package and can be instituted in smaller organizations without an inordinate amount of effort."

First, the authors outline reasons for implementing a flex plan. They point out that employers' costs for benefits have continued to increase during recent

years, while employee satisfaction with their benefits has not increased and often has decreased. The result is that many employers are paying a lot of money for benefits their workers do not use.

The authors note that most benefit plans were set up during the 1950s to meet the needs of the typical worker of the time: a married man with a non-working wife and children. But today, that "typical" employee makes up less than 10% of the work force.

Today's workers are increasingly female, part of a two-income household, working parents, single or older than 50 and they have a variety of benefit needs that differ from those of the typical employee of the '50s, the authors explain.

The answer for many employers is a flexible benefits plan, which allows employees to choose the benefits they most need. And, such plans can be set up without adding to the employer's benefit costs.

The first step, according to the book,

Books & ideas

is defining goals and evaluating needs.

This step has four parts:

- ✓ Determining the company's benefit objectives.
- ✓ Scrutinizing the current plan.
- ✓ Assessing the pros and cons of flexible benefits.
- ✓ Surveying employees.

The book provides detailed advice about assessing the needs of employees, including a sample survey to be used to gather employee input.

The second step in the process is designing the flexible benefit plan. This step has three parts:

- ✓ Evaluating benefit options and plan designs.

To help employers with this task, the authors explain the various types of flexible benefit plans available, the options that can be included, the legal and tax ramifications of each type of plan, and ways to control adverse selection and contain costs.

- ✓ Locating insurers and other service organizations. The book tells employers how to survey brokers, insurers and

administrators to find the ones best suited to develop and maintain the plan.

- ✓ Finalizing the plan design.

Employers, working with their outside firms, must now decide on the specific makeup of the plan and have a lawyer draw up the necessary documents.

The final step is actually implementing the plan. This step has four parts:

- ✓ Drafting communication materials.
- ✓ Explaining the plan to employees.
- ✓ Enrolling employees.
- ✓ Evaluating the plan.

The authors suggest that employers regularly seek input from workers to determine how the plan is working and where, if anywhere, it should be refined.

The Catalyst authors do an extremely good job at unraveling many of the mysteries, explaining the options, and helping employers through the steps of setting up a flexible benefit plan.

Certainly it cannot take the place of talking to lawyers, insurers or consultants about flexible benefits, and it was not meant to do so.

But, for employers who have been considering flex and just have not figured out where to turn, this manual offers a welcome helping hand.

A woman's place is in the upper ranks

By Shirley A. Timmons

IT WILL COME as no surprise that, as president for 1987-1988 of the 20,000-member National Assn. of Insurance Women (International), I would like to see the maximum number of qualified women workers in the insurance business attain the highest level executive and management positions.

In the last several years significant progress has been made in that direction for many reasons, including women's growing interest in business careers and a realization by insurance senior management that there was underutilization of the existing industry female talent pool.

But changes in the mind sets of those who make the promotion and hiring decisions—as well as in women who aspire to leadership positions—will be needed to ensure that deserving women have the same opportunities as men to reach the executive suites.

I will detail those necessary attitude changes and present my blueprint for women interested in significant career advancement to senior management. But first it's appropriate to reflect on how we arrived at the current point in women's insurance management progress.

Female employees traditionally have outnumbered male workers in the insurance business. Statistics from the federal Equal Employment Opportunity Commission revealed that women constituted 65% of all insurance company employees and 60% of those in the agency ranks as of the mid-1980s.

Not surprisingly, the EEOC figures showed that about nine out of 10 office/clerical workers in both companies and agencies were women. But, interestingly, the EEOC data also demonstrated that women occupied 32% of the company and 27% of the agency managerial positions; 49% of the company and 39% of the agency professional slots; and 23% of the company and 50% of the agency sales positions.

In all cases those percentages represented considerable increases from the 1970 figures.

Why has this trend occurred? I

Speaking out

believe there are several reasons.

One is the increasing interest by women in business careers in general and in the insurance business in particular.

For example, the percentage of women holding college degrees—a known prerequisite for many professional jobs—in business and management increased to 44% in 1984-85, from 20% in 1975-76 for bachelor's degrees, and to 31% from 12% for master's degrees, according to the Carnegie Foundation for the Advancement of Teaching.

According to the American Institute for Property & Liability Underwriters and the Insurance Institute of America, female participation in the Chartered Property & Casualty Underwriter program jumped by more than 11% from 1982 to 1986, and there is strong female representation in the institute's designation programs.

Also, undeniably, there has been a dramatic increase in women in the American labor force due—in part, as David Bloom noted in a September 1986 article in *American Demographics*—because of economic problems such as the need by married couples for two incomes to ensure a middle-class standard of living.

Enforcement of EEOC laws probably also has played a large part in the attainment by women of more meaningful management positions.

But, based on many years of observations and discussions with women in insurance, I attribute the upward mobility trend primarily to two factors.

First, women who have been given important supervisory and management responsibilities—some for the first time—have succeeded to the extent that they have opened doors for other women to follow.

Second, a great many of the older male insurance executives—who for spurious reasons were not favorably disposed to having women in senior management positions—retired and their younger replacements appear not to have some of the prejudices of their predecessors. Perhaps this was because the new chief executives had

worked successfully with capable women along the way.

Thus, large numbers of women are entrenched in insurance company lower-level managerial jobs and a significant number have advanced to the middle levels.

And women are beginning to attain positions—such as company branch manager—that long-time industry observers once thought improbable.

Concerning the risk management profession, NAIW's risk manager members say that female representation in this especially challenging profession has risen impressively.

Progress in the producer ranks has been even more noteworthy, as more and more women are both owning and helping to run agencies and brokerages throughout the country.

Yet, women are practically non-existent in the rarefied atmosphere at the top of the insurance company hierarchy. I see no evidence that that will change in the immediate future.

It is evident to me that despite the aforementioned progress, formidable barriers still exist that can prevent qualified women from advancing to senior management positions.

There are still large numbers of bosses who—for the sake of "custom" or other reasons—don't think of women as senior managers and executives. This manifests itself, for example, in the failure to consider a woman applicant for such a position because it might set a precedent. Or a male boss may delude himself that it is "chivalrous" to not have to put a woman in a "make or break" type of situation that could damage her health or psyche. Such attitudes are nonsense but, make no mistake, they exist.

Other barriers also remain, including:

- The appearance issue, in which especially attractive or sexy women are rejected by bosses who don't look beyond looks to see if the applicant has a brain.
- The pregnancy/child care issue, in which a boss refuses to believe that career women usually have

partnership-type agreements and plans for balancing child raising and job responsibilities.

• Differing job performance standards, which sometime require women to perform their present job demonstrably better than a male applicant to be considered for promotion.

Women, frankly, also are responsible for the existence and maintenance of other career advancement barriers. For instance, women interested in higher-level positions do themselves irreparable harm by not revealing their aspirations to the appropriate persons and/or departments.

Also, sometimes women don't advance because they aren't savvy about the corporate politics.

Additionally, women must be willing to take risks in their current positions that can lead to corporate recognition and they must not automatically reject any such strategies that, even if correct and justified, might antagonize others. Nice gals can finish last, too!

And women not considered or turned down for advancement should not internalize their anger and frustration simply because of pride or for other similar reasons. Making your feelings known in a business-like manner is a far better strategy to ensure further upward mobility.

I believe strongly that the performance of women who assume senior executive positions will help determine the extent to which other women will attain these types of jobs in the immediate future. Thus, they bear a special burden in helping to influence the mind sets of the chief executives and the boards of directors who will be monitoring their performance and deciding on the insurance leadership of tomorrow.

Shirley A. Timmons is president of the National Assn. of Insurance Women (International). Ms. Timmons is vp of marketing and underwriting at Dorth Coombs Insurance Inc., a Wichita, Kan.-based agency. She holds the Chartered Property & Casualty Underwriter and Certified Professional Insurance Woman designations.

Insurer had duty to defend exterminator

An insurer has a duty to defend its policyholder even though there may ultimately be no liability on the insurer's part, according to a Louisiana appellate court.

In 1980, the Ragland family discovered insect damage to the wood structure of the home they had recently purchased.

The Redlands sued the sellers of the home, as well as Dugas Pest Control of Baton Rouge Inc. and Dugas' insurer, Mutual Fire, Marine & Inland Insurance Co.

Dugas had provided extermination services at the house and an inspection certification at the time of the sale. The Mutual Fire, Marine policy was in effect when Dugas worked on the house. Mutual Fire, Marine at first declined to represent Dugas but later decided to defend.

In the defense, Mutual Fire, Marine admitted the existence of the policy but specifically denied that

Legal briefs

coverage was provided. During the trial, Mutual Fire, Marine informed Dugas that it was going to deny coverage. Judgment in the first trial was rendered against all of the defendants and a new trial resulted in a second judgment against Mutual Fire, Marine.

Thereafter, Dugas sued Mutual Fire, Marine for breach of contract of its contract obligation to defend Dugas in the earlier suit. The trial court awarded Dugas about \$6,000.

On appeal, Mutual Fire, Marine argued that it had no duty to defend Dugas and, even if it did, it had properly discharged that duty.

The appellate court said that if an insurer chooses to represent the policyholder but deny coverage, it must employ separate counsel. "If it fails to do so,"

the court said, "the insurer is liable for the attorney fees and costs the insured may incur for defending the suit."

The court believed that a conflict of interest developed when Mutual Fire, Marine filed its motion for new trial denying coverage. The court said that Mutual Fire, Marine failed to provide Dugas a defense from the liability issue on appeal and was liable for those attorney fees incurred by Dugas. *Dugas Pest Control of Baton Rouge Inc. vs Mutual Fire, Marine Insurance Co.*, Court of Appeal of Louisiana, March 4, 1987 (BI/04/N.—\$10).

These abstracts were prepared by Cases Unlimited Inc. Copies of these decisions are available by sending a \$10 check payable to Cases Unlimited to Business Insurance, 740 N. Rush St., Chicago, Ill. 60611-2590. List the number for each opinion.

Chamber seeks funds to fight Mideast piracy

PARIS—Private shipping lines and insurance companies should contribute money to fight growing shipping losses caused by piracy off the Lebanese coast, which has severely damaged the market for cargo insurance, according to the International Chamber of Commerce.

About 80,000 pounds (\$150,400) is needed to fight the forced diversion of merchant ships to Christian-held ports in Lebanon, said Eric Ellen, director of the ICC's International Maritime Bureau.

Insurers, noting that at least 15 such hijackings have occurred off Lebanon in the past year, are no longer insuring cargo bound for Lebanon or neighboring countries, he said.

Many more cases go unreported, he said, noting cases in which crews fraudulently "sell" cargoes to local buyers.

At least \$30 million worth of goods bound for other countries have disappeared over the last 12 months, he said.

"Cargo owners hit by such losses are now finding that insurers are increasingly refusing reimbursement," Mr. Ellen said. "Usually the reasons given are that the cargo owners or their brokers have not sufficiently verified the reputation and financial soundness of the shipowner, manager, charterer or operator entrusted with their cargoes."

Shippers particularly hard hit by the piracy are based in Switzerland, Turkey, Pakistan, India and Sri Lanka.

—By John Parry

Shipping rules

GENEVA, Switzerland—Shippers and insurers remain deadlocked over adoption of the Hamburg Rules for cargo liability after a meeting last month of the shipping committee of the United Nations Conference on Trade and Development.

UNCTAD officials generally agreed that more countries are leaning toward ratification of the controversial rules, which would increase shipowners' liability for cargo.

The rules, adopted in 1978, must be ratified by 20 countries before they take effect. So far only 12 countries—none of them major maritime nations—have done so.

Despite the stalemate, Stephen R. Katz of the U.N. Commission on International Trade Law predicted at the meeting that there was a growing momentum for ratification and it would occur within the foreseeable future.

Insurers continue to oppose the more balanced allocation of risks between insurers and cargo interests that the Hamburg Rules provide, according to Mr. Katz. He pointed out that insurers, which are well-organized worldwide against the rules' ratification, have been able to influence governments even in countries where insurers have less political clout than cargo interests.

However, he said, representatives of cargo interests also are presenting their arguments in favor of the rules in a more organized manner.

Mr. Katz said other features of the Hamburg Rules—notably provisions that would facilitate the use of non-negotiable transport documents such as sea waybills and the use of electronic data processing for documentation—now have assumed greater commercial importance to the trading community than in 1978, he said.

George P. Livanos of the Baltic & International Maritime Council or BIMCO, another shipping lobbying organization, said he did not

Worldwide

see the need for an immediate decision on the Hamburg Rules.

"This is obviously not the right time to discuss a change that would drastically change the rules by which both users and providers of transport services have lived," he said. He appealed for careful evaluation of both sides of the argument.

Taking the other side, George Verhaar of the European Shippers Councils, whose members participate in more than 50% of world trade activity, called for urgent implementation of the Hamburg Rules.

The current Hague-Visby rules, now 60 years old, "suffer from in-

herent faults which cannot be remedied," he said.

In particular, he said, the Hamburg Rules' provision for more balanced allocation of risk "is not only important in itself but will also bring maritime transport more closely into line with other transport regimes in such a way as may ultimately facilitate uniformity between liability regimes governing all transport modes."

Mr. Verhaar said, "There can be no doubt that the Hamburg Rules are of more relevance in facilitating world trade than any other options."

Opposition to the Hamburg Rules stems largely from third par-

ties like insurers and marine lawyers, he said. "A smooth transition from the current fragmented maritime regimes to a uniform world system based on the Hamburg Rules can be achieved," he said, though he did not set a time frame.

—By John Parry

Trade barriers

BRUSSELS, Belgium—The trade barriers among European Community countries could account for between 10% and 20% of an insurance company's overall costs, according to a recent study by the European Commission.

The commission's report on the elimination of trade barriers among EC nations, which is to begin by 1992, predicts millions of new jobs will be created when the

carriers are lifted.

The study was compiled by 15 consulting firms and is based on surveys of 33 industries, including insurance companies. The report concludes that the benefits of a so-called "single market" vary depending on the business or industry concerned. Insurance and other financial services are likely to benefit more than other businesses because their current restrictions are greater, the report says.

In announcing the report's results, Lord Cockfield, the commissioner responsible for the report, said the insurance industry played a vital role in the unification of the European market. He said the EC's goal in creating a single market by 1992 is a challenge to governments and industry.

—By Denise Claveloux



Jardine, Emett & Chandler forms new unit

Markets

Jardine, Emett & Chandler Inc. has spun off a new company that markets and administers employee-financed group insurance programs to professional associations, labor organizations and corporations.

Based in Schenectady, N.Y., Jardine's Group Services Corp. will operate as an independent company, according to W. Michael Carroll, chairman and managing director.

The company was formed from three existing divisions of Jardine: the division that marketed products to labor groups; the division that marketed products to professional associations; and the division that provided claims administration services to these clients.

Currently the company markets and administers insurance pro-

grams for which employees pay the entire premium to 15 professional associations—such as lawyers and accountants—four labor organizations and 10 corporations.

The company markets life, accident, health and professional liability insurance business whose premium volume totals \$50 million.

The company, which began operating March 1, has 155 employees. Thomas P. McDonough is president, Nels E. Carlson is executive vp, and Willis Griffith and Gary Hickey are both vps.

For more information contact Mr. Carroll, Jardine's Group Services Corp., 433 State St., Schen-

ectady, N.Y. 12305; 518-381-1600.

California insurer

American Sentinel Insurance Co. has been granted a certificate of authority by the California Department of Insurance.

The company hopes to begin writing primary insurance by the end of this year.

The foundation of Monterey, Calif.-based ASIC was laid last year, when Bancroft Holdings Inc. raised \$4 million in operating capital for the new insurer by selling 909,000 shares of stock to 75 shareholders.

Bancroft also launched Ameri-

can Sentinel Insurance Agency, a managing general agency, last year.

Both ASIC and the MGA focus onwriting multiperil and business owners policies for small to medium-sized commercial risks in selected areas of California, said President Charlie Bancroft.

The company has secured reinsurance through Employers Reinsurance of Kansas City.

In an effort to begin operations quickly, ASIC has developed a relationship with Houston General Insurance Co. of Fort Worth, Texas. ASIC agents currently are brokering all their business through Houston General. Houston General, in turn, cedes 50% of its net written premiums after reinsurance to ASIC.

After ASIC is established, it will

cede 50% of its net written premiums to Houston General.

For more information contact Mr. Bancroft at Bancroft Holdings Inc., 419 Webster St., Suite 202, Monterey, Calif. 93940; 408-375-7575.

New consultant

Memphis, Tenn.-based Casualty Insurance Consultants Inc. is now offering risk management services, self-insurance program administration, insurance program and claims audits and insurance placement for general, professional and product liability and workers compensation risks.

The company also offers help in forming and managing alternative risk financing vehicles, such as captive insurers, said G. Buddy Nichols, president.

Mr. Nichols formerly was president of United States Security Fire & Casualty Insurance Co. in Memphis, Tenn., and also served as senior vp for Methodist Health Systems in Memphis. Most recently, Mr. Nichols was president of Multi Systems Agency Ltd., a Chicago-based agency.

CIC is a licensed excess/surplus lines broker in Tennessee, located at 1211 Union Ave., Suite 270, Memphis, Tenn. 38124; 901-276-0673.

New Seaboard unit

Seaboard Financial Group of Norfolk, Va., has formed Blankinship & McCurdy Inc., an Atlanta-based property/casualty insurance broker.

William M. Blankinship is president of the brokerage and O. Thomas McCurdy is executive vp. Previously, both men were principals with Boger & Reid in Atlanta.

Blankinship & McCurdy Inc. is located at 200 Galleria Parkway, N.W., Suite 910, Atlanta, Ga. 30339; 404-984-2910.

New PPO

Intracorp Preferred Care, a preferred provider network, is now available in California, Denver, Detroit and Memphis, Tenn.

"We are integrating PPOs into our medical review services in order to maximize savings opportunities for our employee benefit customers," explained Don Wilson, vp-PPO development at Intracorp.

The medical review services offered by Wayne, Pa.-based Intracorp include pre-admission certification, concurrent review and case management.

Intracorp plans to expand the PPO network into Georgia, Illinois, Ohio, Texas, Florida, Tennessee, Wisconsin and Louisiana by year-end.

The provider network in California currently includes 102 hospitals and 5,400 physicians, and, according to a company spokesman, it will be expanded to include 120 hospitals and 10,000 physicians by year-end.

Also in California, a 202-hospital network handles workers compensation claims only.

Seven hospitals and 12,000 physicians make up the Denver provider network.

The Detroit provider network includes 28 hospitals and 28,000 physicians.

In Memphis, five hospitals and 450 physicians make up the provider network.

The Philadelphia network includes 32 hospitals and 1,600 physicians.

In Indianapolis, 16 hospitals and 1,300 physicians make up the provider network.

Continued on next page



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Markets

Continued from previous page

The Intracorp PPO program has more than 7 million members nationwide.

For more information, contact Don Wilson, Vp-PPO Development, Intracorp, 701 Lee Road, Chesterbrook Corporate Center, Wayne, Pa. 19087; 215-687-9450.

Travelers PPOs

The Travelers Corp. has expanded its preferred provider network into four new markets: Philadelphia, Central Florida, New Orleans and Nashville.

Travelers Preferred-Greater Philadelphia/Southern New Jersey has 24 hospitals and more than 1,200 physicians in its provider network.

For more information, contact Patricia Hedden, Executive Director, Travelers Preferred, 1600 Market St., Suite 1528, Philadelphia, Pa., 19103; 215-569-1528.

Travelers Preferred-West Central Florida has 10 hospitals and more than 600 physicians in its

provider network.

For more information, contact Jon Ellis, Executive Director, Travelers Preferred, 2 Corporate Drive, Suite 250, Clearwater, Fla., 34622; 813-875-3455.

Travelers Preferred-New Orleans has 15 hospitals and more than 600 physicians in its preferred provider network. For more information, contact Ernie Sylvester, Executive Director, Travelers Preferred, 1 Galleria Blvd., Suite 2100, Metairie, La. 70006; 504-836-5505.

Travelers Preferred-Nashville has 15 hospitals and more than 200 physicians in its provider network. For more information, contact Lois Brown, Highland Ridge, 565 Marriott Drive, Suite 350, Nashville, Tenn. 37210-0413; 615-885-6683.

All of Travelers' PPOs include the Patient Advocate utilization review program and the Taking Care wellness program.

Name change

Poquessing Insurance Co., a

Philadelphia-based brokerage, has changed its name to **Heritage Insurance Services Inc.**

Mergers/acquisitions

National Claims Service Inc. has acquired the Rocky Mount, N.C., office of **Southeastern Adjustment Co.** In addition, Henry B. Roberson Sr., owner/manager of the Rocky Mount office, has been named branch manager for NCS.

Munich Re has acquired 99.8% of the share capital of the **New Reinsurance Co. of Geneva.** New Re will continue to pursue its activities from Geneva as an independent Swiss reinsurer.

Kalvin-Miller International Inc., a New York-based insurance brokerage, has acquired **A. Matarasso & Co. Inc.**, a brokerage in White Plains, N.Y. Daniel Matarasso, president of Matarasso & Co., has been appointed executive vp of Kalvin-Miller. Both companies will be operated out of the Kalvin-Miller headquarters in New York.

Alexander & Alexander Inc. of Oklahoma has merged with two other Tulsa brokerages: **Siegfried Insurance Agency Inc. and Wilcox, Jones and Rogers Inc.** The newly merged company will retain the name Alexander & Alexander. The merger gives the Tulsa office of A&A 70 employees. J.H. Taylor, formerly president of Siegfried, was named senior vp of A&A of Oklahoma, and Dennis Jones, formerly president of Wilcox, Jones & Rogers, joined A&A as vp.

Associated Agencies Inc. of Chicago has acquired **Pinnacle & Associates**, an Orange County, Calif.-based brokerage.

Crum & Forster Inc. of Morristown, N.J., has acquired all the capital stock of New York-based **UIC Ltd.** from Arthur J. Gallagher & Co. of Rolling Meadows, Ill., and UIC founder David Avasthi. The purchase price was not disclosed. UIC is a managing general agency specializing in the underwriting of political risk insurance.

Zurich Insurance Co. of Schaumburg, Ill., has acquired 50% of **Union Iberoamericana Compania Anonima de Seguros & Reaseguros** in Madrid.

Humana Medical Plan has acquired the subscriber and provider contracts of **Maxicare/HealthAmerica of Florida Inc.**, a federally qualified health mainte-

nance organization and affiliate of **Maxicare Health Plans Inc.** of Los Angeles. The acquisition adds 24,000 subscribers to **Humana Medical Plan**.

Robert F. Ray & Associates of New York and **Claims Management Services** of New York have merged their reinsurance and insurance consulting operations. Both companies will work under the Robert F. Ray banner out of the company's North Babylon, N.Y., office.

Alexander & Alexander Inc. of New York has acquired **Kadowaki Associates International Corp.**, a Pasadena, Calif.-based firm specializing in insurance brokerage and risk management services for Japanese businesses.

Indianapolis-based **American States Insurance Co.** has signed a letter of intent to acquire all the outstanding shares of **Covenant Corp.** in a cash purchase. The purchase price was not disclosed.

Fred S. James & Co. Inc. has acquired **Wohlman & Sargent Inc.**, a Seattle-based brokerage specializing in employee benefits accounts.

Alternative Health Care Systems Inc., a managed health care firm in Naugatuck, Conn., has acquired 48% of **Columbia Management Co.**, a Columbus, Pa.-based life insurance holding company.

G.A. Mavon & Co., a Hinsdale, Ill.-based agency, has merged the wholesale insurance division of **O'Malley & McKay Inc.** in Des Plaines, Ill., into its operations. Jerry Mavon, president of G.A. Mavon & Co. said the merger will increase his company's total writings by more than 50%.

Hilb, Rogal & Hamilton Co. of Richmond, Va., the nation's 12th largest broker, acquired **Crawford & Mitchell Insurance Services** of Dallas. Terms of the acquisition were not disclosed. The addition brings to 520 the total number of Hilb, Rogal employees.

Royal Insurance of Charlotte, N.C., acquired **Milbank Insurance Co.** of Milbank, S.D. Milbank generates nearly \$80 million in premiums annually, split equally between personal and commercial business.

Transamerica Insurance Co. of Los Angeles has completed the purchase of 51% of the **River Thames Insurance Co.** from **Sedgwick Group P.L.C.** of Lon-

don for \$24.5 million in cash. The purchase by Transamerica of 11 million newly issued Class A shares of River Thames for \$2.23 per share will double the capitalization of River Thames to \$42.5 million. Sedgwick will retain a 49% interest in River Thames, a property and liability reinsurer.

Fireman's Fund Insurance Cos. of Novato, Calif., last month sold its British software subsidiary, **Fireman's Fund Systems Enterprises Inc.** to **British Telecom**.

Salt Lake City-based **ALTA Health Strategies Inc.**, the nation's largest third-party claim administrator, has acquired **Joseph & Associates Inc.**, a TPA in Canoga Park, Calif., that administers more than \$20 million in claims volume annually.

New offices

The Wyatt Co. has moved its offices to 303 W. Madison St., Suite 2400, Chicago, Ill. 60606; 312-704-0600.

Lindsey & Newson Insurance Adjusters Inc. has relocated its Abilene, Texas, office to 4601 Buffalo Gap Road, Suite C-3, Abilene, Texas 79606; 915-692-8117.

The Blue Cross & Blue Shield of Michigan has relocated its Washington office to Metropolitan Square, 655 15th St., Suite 350, Washington, D.C. 20005; 202-626-4780.

Metropolitan Life Insurance Co. has relocated its group sales office to 2400 Corporate Exchange Drive, Suite 170, Columbus, Ohio 43229; 614-899-6991.

Sovereign Group International Inc. of New York has opened a new office at 241 Radcliffe St., Bristol, Pa. 19007-0654; 215-785-2400.

J.H. Albert International Insurance Advisors Inc. has relocated its office to 72 River Park, Needham Heights, Mass. 02194-2631; 617-449-2866.

LMG Services of Illinois Ltd. has opened a new office at 18118 Martin Ave., Homewood, Ill. 60430; 312-798-5988.

Henry Dykowsky & Associates Inc. has opened a new office at 5226 W. Royal Palm Road, Glendale, Ariz. 85302; 602-435-1694.

Reliance Insurance Co. has opened a new office at 5800 Executive Center, Suite 103, Charlotte, N.C. 28212; 704-567-8200.

Washington Health Network has moved its offices to The Century Square Building, 1501 Fourth Ave., Suite 500, Seattle, Wash. 98111; 206-622-4214.

Fringe Benefit Review, a Charlotte, N.C.-based employee benefit consulting firm and third party administrator, has opened a new office at 300 Interstate Parkway, Suite 310, Atlanta, Ga. 30339; 404-980-4040.

Republic-RSB Companies Inc., a health care cost-containment firm, has relocated its corporate headquarters to 1717 Park St., Naperville, Ill. 60540-8479; 312-420-6800.

Berkley-Nobel Risk Retention Group Managers Inc. has relocated its corporate offices to 3010 LBJ Freeway, Suite 504, Dallas, Texas 75234; 214-243-8284.

NWNL Reinsurance Co. has relocated to 3601 Minnesota Drive, Suite 700, Minneapolis, Minn. 55435; 612-896-1600.

Wakely & Associates Inc. of Clearwater, Fla., has opened its first casualty actuarial consulting office at 2046 W. Park Place, Suite E, Stone Mountain, Ga. 30087; 404-469-6702.

William M. Mercer-Meidinger-Hansen Inc. has opened a new office at Suite 1100, 2405 Grand Ave., Kansas City, Mo. 64108; 816-474-0666.

Martin E. Segal Co. has opened a new office at 3131 Elliott Ave., Seattle, Wash. 98121; 206-285-7626.

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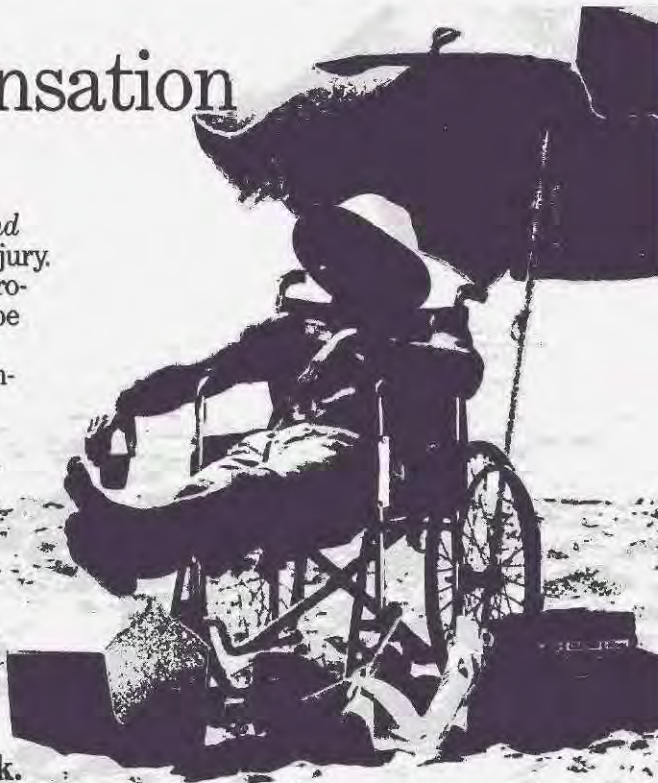
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Case Management
Bill Audit

Managed Care Networks
Customized Networks
Negotiated Fees:
M/Hospital



Comings & goings: industry

Michael White named chairman of A&A Inc.

Michael K. White has been named chairman and chief executive officer of Alexander & Alexander Inc., the retail brokerage unit of Alexander & Alexander Services Inc.

Mr. White, who joined A&A in 1970, had been president and chief executive officer of the unit.

Also at A&A Inc., James A. McCormick named president. Mr. McCormick, who joined A&A in 1965, continues as A&A Inc.'s chief operating officer, a post he assumed late last year.

Other agent/broker changes: James A. Liebenstein named manager and vp of the Milwaukee office of Alexander & Alexander of Wisconsin. He formerly was executive vp in charge of production at Rollins Burdick Hunter of Wisconsin Inc.

William H. Steele named managing vp at Alexander & Alexander Inc. in Detroit. Mr. Steele previously was managing vp of the Indianapolis office.

At Frank B. Hall & Co. in St. Louis:

Karen Canby, vp, appointed manager of commercial lines; James R. Caldwell, vp for risk management, additionally named vp of operations; Thomas M. Tapin promoted to vp of risk management; and Fred W. Krietemeyer promoted to vp of the claims department.

Arvid R. Tillmar named senior vp and Pacific Southwest regional manager of Frank B. Hall & Co. Inc. in Los Angeles. He oversees Hall's Los Angeles, Ventura County, Costa Mesa and San Diego offices. Previously Mr. Tillmar was executive vp and profit center manager of Fred S. James & Co. of California.

W. Travis Oxford named senior vp and Southeast regional manager at Frank B. Hall in Atlanta. Mr. Oxford, who most recently was senior vp and Southeast regional manager for Alexander & Alexander Services Inc., will oversee Hall's operations in Atlanta; Virginia; Coral Gables, Jacksonville and Tampa, Fla.; and New Orleans.

Val Nichols named president of Jardine Emmett & Chandler of Pennsylvania in Philadelphia. Mr. Nichols previously was president of Fred S. James of New York.

In addition, Jardine Emmett & Chandler Inc. promoted William

Poland, Linda Griffing, Linda Carnevale and Rebecca Heiberger to senior vps. Mr. Poland, based in Los Angeles, oversees special projects, including a companywide errors and omissions program. Ms. Griffing, based in Honolulu, specializes in large accounts, municipalities, transportation risks and purchasing groups. Ms. Carnevale, based in San Francisco, specializes in large accounts, fronting arrangements for captives, cash-flow plans and manuscript policies. Ms. Heiberger, based in San Francisco, specializes

Continued on next page



George C. Barone promoted at American Re

George C. Barone, manager of American Re-Insurance Company's Bond Department, has been promoted to Vice President.

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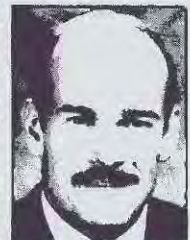
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Ms. Canby



Mr. Caldwell



Mr. Tapin



Mr. Krietemeyer

Comings & goings: industry

Continued from previous page
in JE&C's University of California account.

Robert E. LaPorta named vp in charge of Lockwood, Dipple & Green Inc.'s new office in New York.

Hilb, Rogal & Hamilton Co. of Charlottesville, Va., named **H. Edward Chapman** chairman and **Robert T. Lightner Jr.** president. Mr. Chapman had served as executive vp of HRH of Charlottesville since 1971. Mr. Lightner has been a vp of HRH of Charlottesville since 1986.

Also at HRH of Charlottesville, **Jacqueline H. Newton** promoted to vp.

Jean M. Donnell, Curtis W. Fisher, and **Thomas C. Kendall** promoted to vps at Johnson & Hig-

gins' Detroit office.

William A. Mahoney named senior vp of Marsh & McLennan Inc. in Tampa, Fla.

Frances S. Hanrahan named vp and **Oren H. Tomlinson** named vp and manager of the aviation department at M&M's office in Coral Gables, Fla.

B.R.I. Coverage Corp. in New York named **Bruno Rumignani** executive vp. Mr. Rumignani will continue as director of marketing, where he has served since joining the company in 1970.

In addition, **Cliff Miller** joined B.R.I. in New York as vp. Prior to joining the company, Mr. Miller founded and was president of Cook & Miller International.

Jonathan M. Chettle named managing director of James Inter-

national, a division of Fred S. James & Co. in New York. Most recently, Mr. Chettle was deputy managing director.

John P. Stanton II joined Fred S. James' Irvine, Calif., office as vp with the benefits production unit. Also, **Richard B. Mury Jr.** promoted to senior vp in the property and casualty division.

Ralph B. Cotran named senior vp and Western regional manager of Rollins Burdick Hunter International Inc. in Los Angeles. Mr. Cotran will coordinate production efforts with multinational accounts.

H. Frederick Mayfield III appointed vp of Rollins Burdick Hunter Co. in St. Louis. Previously, Mr. Mayfield was assistant vp.

Republic Hogg Robinson Inc. in Boston named **M. Renwick Severance** vp of special services. Mr. Severance was previously with Corroon & Black Corp. in Boston.

John J. Kelly promoted to chief executive officer of Corroon & Black Co. of New York Inc. Mr. Kelly was previously president.

Michael Lopeman joined Corroon & Black Corp. in Schaumburg, Ill., as vp of its production staff. Formerly, Mr. Lopeman was a district sales manager for Liberty Mutual Insurance Co.

Brian Kawamoto promoted to chief executive officer of Corroon & Black in San Diego. Mr. Kawamoto was named president and production manager of the San Diego operation in 1987 and prior to that was senior vp and production manager of Corroon & Black Inc. of Washington, D.C.

Charles R. Revie appointed vp of corporate accounts at Corroon & Black in Milwaukee. Mr. Revie was most recently vp of human resources and administration at Becor Western in Milwaukee.

Robert M. Rylko appointed vp and general manager of operations at Moore & Povenz Inc. in Mount

Clemens, Mich.

Stephen L. Byrnes named president of Norwest Agencies Inc. of Minneapolis. Norwest is the agency affiliate of Norwest Corp., a bank holding company. Previously Mr. Byrnes served as vp-marketing/product management for Norwest's banking group.

Daniel J. Brady joined San Francisco Agencies Inc. as senior vp. Mr. Brady comes to the San Francisco broker from Jardine Emmett & Chandler.

Robert Davis named president of Paragon Insurance Service Inc. The Atlanta-based brokerage specializes in providing coverage to asbestos abatement contractors.

Insurers

Robert S. Lackey has been named president of Hartford Life Insurance Cos. in Hartford, Conn., a subsidiary of Hartford Insurance Group. Mr. Lackey, 51, has direct operating responsibility for Hartford Life Insurance Co. and Hartford Life & Accident Co. He also is responsible for The Hartford's worldwide life operations. Prior to joining Hartford, Mr. Lackey was vp of corporate development for London Life Insurance Co. in Ontario, a subsidiary of Trilon Financial Corp.

David M. Zimmerman appointed vp in the group staff operations department of Metropolitan Life Insurance Co. in New York. Previously, he was assistant vp.

Catherine E. Buxton promoted to vp of Northbrook Property & Casualty Insurance Co. in Northbrook, Ill., a subsidiary of Allstate Insurance Co. Previously, she was assistant vp of commercial field marketing.

Continental Corp. in New York appointed **Sheldon Rosenberg** and **Raymond E. Gil** to its special operations group. Most recently, Mr. Rosenberg was vp of commercial lines underwriting in the company's actuarial, planning and accounting division. Mr. Gil had been vp of marketing in the former brokerage and special operations group.

Also at Continental, **George H. Ramsdell Jr.** joined as senior vp and chief underwriting officer of agency operations. Previously, Mr. Ramsdell was a senior product management officer at Travelers Corp.

Harry E. Davis appointed vp and general manager of The Home Insurance Co.'s Houston branch office. Mr. Davis previously was underwriting director of the Charlotte, N.C., regional office of CIGNA Corp.

At The Home in New York, **Charles D. Scull** named vp and director of loss control operations.

Stanley Lopata named senior vp for Southern California of Citation Insurance Co. of San Jose, Calif.

Scott A. Carlson promoted to vp of The North River Insurance Co., a subsidiary of Crum & Forster Commercial Insurance. Previously, Mr. Carlson was branch manager and marketing manager of both the Freeport, Ill., branch and the Minneapolis region.

At North River in Chicago, **Dale L. Acton** named vp. He previously managed the company's Milwaukee office.

Joseph M. Smith elected a vp of North River in Basking Ridge, N.J. Mr. Smith will be responsible for agency/field development.

Also in the Basking Ridge North River office, **Edward G. Sockler** named vp. Previously, Mr. Sockler was assistant vp.

Thomas D. O'Keefe promoted to vp and division manager of Industrial Indemnity Co. in Sacramento, Calif., another Crum & Forster unit. He previously was vp of Industrial Underwriters Inc., an affiliate of Industrial Indemnity in San Francisco.

David P. Madigan elected chief operating officer of Countrywide Insurance Co. in Irvine, Calif., a unit of Transamerica Insurance Group. He remains executive vp. Mr. Madigan joined Countrywide in 1985.

Leland Proimos named senior vp of Fireman's Fund Insurance Cos.' specialty insurance division in Novato, Calif. Mr. Proimos previously was head of the entertainment unit for the company.

George Benkie joined Fireman's Fund Insurance Cos. in Novato as vp of workers compensation in California. Mr. Benkie most recently was vp in the workers compensation division of United Pacific Insurance Co. of Federal Way, Wash.

Peter D. de Freitas appointed vp of Zurich Insurance Co.'s U.S. branch and vp at American Guarantee & Liability Insurance Co. in Schaumburg, Ill. Both insurers are units of the Zurich-American Insurance Group.

John Kessock Jr. named president of Mutual Group Ltd. in Philadelphia, the United States holding company for Mutual Risk Management Ltd. of Hamilton, Bermuda. Mr. Kessock previously was president of IPC Group of America Ltd., a subsidiary of Mutual Group Ltd.

Gary Draheim appointed vp of underwriting at Jewelers Mutual Insurance Co. in Neenah, Wis. He formerly was the insurer's manager of government affairs.

At Wausau Insurance Co., **John P. Dolan** promoted to vp of the Indianapolis regional office, serving Indiana and Kentucky. He replaces **Stanley W. Ferris**, who is now senior vp-marketing at the corporation's headquarters in Wausau, Wis.

John R. Willis named regional vp-commercial division at Reliance Insurance Co. of Philadelphia and its subsidiary, United Pacific Insurance Co. Mr. Willis oversees operations in Montana, Washington, Oregon and northern Idaho.

David F. Leichner named to vp at Reliance Special Risk Inc. of Philadelphia, a subsidiary of Reliance Insurance Co.

American General Life & Accident Insurance Co. of Nashville, Tenn., made the following appointments: **Joe Yates** named senior vp for the Eastern Division; **Gene Whited** named regional vp for the Northeastern Region, including portions of Pennsylvania, West Virginia and Ohio; **Terry Keiper** named regional vp for the Blue Ridge region of North Carolina and Virginia; **Gary Wright** named regional vp for the East Central Region, including portions of Georgia, Alabama and Tennessee; and **Howard McFadden** named regional vp for the Northeastern Region, including portions of Pennsylvania and Maryland.

The insurer is a subsidiary of American General Corp.

Reinsurance

Ronald K. Owen promoted to vp of claims at RFC Intermediaries Inc. in Atlanta. Most recently he was manager of facultative claims.

James R. Sulcer named vp of claims at Mead Reinsurance Co. in Dayton, Ohio.

Excess/surplus

Energy Insurance Mutual, a Bridgetown, Barbados-based excess liability insurer serving U.S. electric and gas utilities, named **Thomas A. Nunnally** and **Gerald P. Maloney** chairman and vice chairman, respectively.

Mr. Nunnally, of Atlanta, is executive vp of Southern Company Services. Mr. Maloney, of Columbus, Ohio, is senior vp of finance at American Electric Power Service Corp.

At Alexander Howden North

Continued on next page

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Continued from previous page
American Inc. in Chicago: **Bernard Labovitch** named vp; **Robert Merz** named vp of the professional liability department; **Ron Schwartz** named vp; and **Peter Von Sothen** named vp and head of a newly formed financial institution division.

In the Alexander Howden North America's Newport Beach, Calif., office, **Maureen Thomas** named vp of the property division.

Paul F. Mahaffey promoted to president of Professional Liability Underwriting Managers, a Minnetonka, Minn.-based managing underwriter of professional liability insurance for association programs. Most recently, Mr. Mahaffey had been an executive vp and chief operating officer of the Minnesota subsidiary of Corroon & Black Corp.

W. Douglas Wakeling promoted to senior vp of the wholesale division of Poe & Associates Inc. in Tampa, Fla.

Jean Bommarito appointed vp of Maclean, Oddy & Associates of Texas Inc. in Dallas. Ms. Bommarito joined the company in 1983.

Other suppliers

Peter B. O'Brien joined Price Waterhouse Employee Benefits Services in New York as a principal to expand the firm's employee benefit consulting practice. Mr. O'Brien had been a senior vp of Alexander & Alexander Inc. in New York and prior to that president of Johnson & Higgins of Colorado Inc.

Ralph M. Wilson named Western division vp of Alexsis Inc. in Chicago, the claims management and risk management services subsidiary of Alexander & Alexander Inc. Previously, he was president and chief executive officer of Self-Insurers Service Inc., a wholly owned subsidiary of Rollins Burdick Hunter Co.

Glyn J. Soehner named manager of group insurance and health care consulting for Touche Ross & Co. in Detroit, an accounting and benefit consulting firm. Previously, Mr. Soehner was a senior consultant with Johnson & Higgins in Michigan.

Irmgard Viera appointed general manager for BF&M Management Ltd. in Hamilton, Bermuda. Most recently, Ms. Viera was assistant vp of insurance for Marsii & McLennan Cos. Inc. in Bermuda.

Eugene D. Tetreault appointed vp of the claim department at Waite Hill Services Inc. in Glen Allen, Va. Most recently, Mr. Tetreault was regional claims manager in the Northeast region.

Steven J. Ferruggia joined Buck

Consultants Inc. in New York, an international pension and employee benefit consulting firm, as consulting actuary and director of group actuarial practice. Mr. Ferruggia previously was a senior vp and group actuary at Frank B. Hall Consulting Co.

At Buck Consultants in Denver, **James A. Frohne** joined as consulting actuary. Mr. Frohne had been a principal and consulting actuary at benefits consulting firm William M. Mercer-Meidinger-Hansen Inc. in Denver.

T. Stephen Helms named president of McNear Insurance Consulting Services in Charlotte, N.C., a division of Boone & Co. Mr. Helms previously was senior vp and a consultant.



Mr. Helms



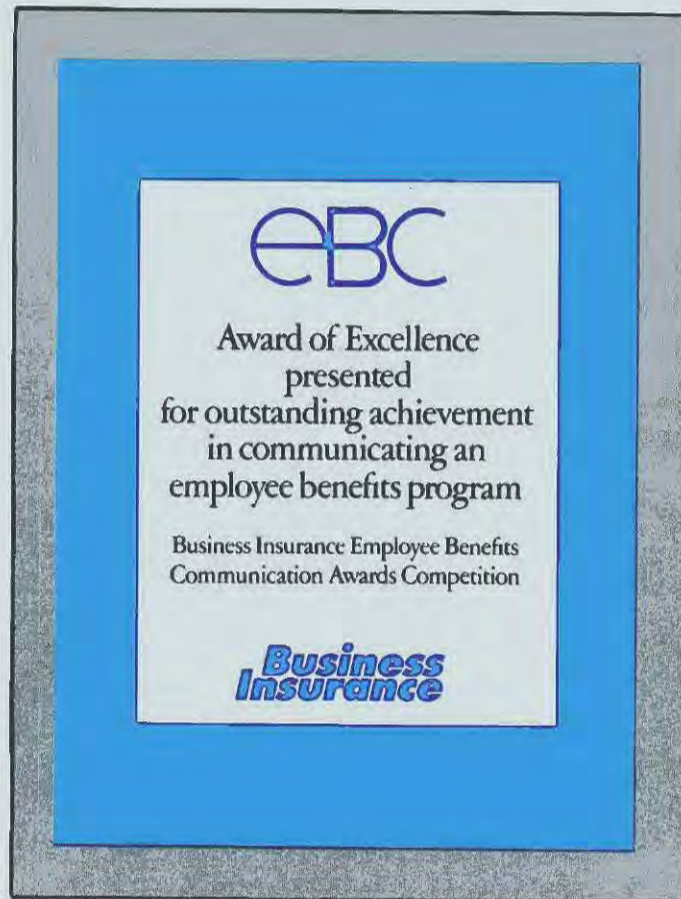
William H. Wetherell promoted at American Re

William H. Wetherell has joined reinsurance intermediary AM-RE Brokers as Vice President in the San Francisco Office. Mr. Wetherell's duties will include the marketing of Traditional and Balance Sheet Protection programs.



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UR best tool for trimming health care costs: Experts

By COLLIN NASH

NEW YORK—Utilization review currently is the most effective antidote to employers' chronic employee health care inflation woes, according to several health care experts.

"Whether it's an indemnity plan or an HMO, the goal is to ensure that the services provided are based on the patient's medical needs and not necessarily what the patient or physician wants. The plans that will survive are those that sort out this needs vs. wants problem," asserted Earl G. Mink, group insurance manager for Lockheed Corp. of Calabasas, Calif.

Because UR is designed to reduce unnecessary hospitalizations and treatments, it comes closer to bridging this gap than other health care cost-saving measures, he said at the 1988 Health Care Services Conference sponsored by Prudential-Bache Capital Funding in New York on March 29.

For example, "some companies are innovating now by having a deductible tacked onto an individual's pay, say 1% of annual salary for individual plans and 3%-5% for family plans," rather than set dollar amounts, Mr. Mink pointed out.

But, utilization review is the most effective mechanism for making providers accountable, agreed Dr. Robert J. Becker, chairman of HealthCare COMPARE, a Lombard, Ill.-based health care management firm.

Dr. Becker attributes the health care cost crisis to a surplus of physicians, too many hospital beds and extravagant use of health care facilities.

Mr. Mink recommended that employers implement a UR program to contain the costs of health care benefits provided through HMOs as well as indemnity plans since HMOs are starting to use experience rating, rather than community rating.

"If I were running an HMO, I would want to get everyone on experience rating," Mr. Mink said. "That way, the money I lose one year, I would recoup the next," he said.

But, "I don't see any reason to believe that their experience rating arrangements are going to work any differently than they did historically for insured medi-

cal plans, which essentially were cost-plus arrangements," Mr. Mink continued, adding that employers need to review HMO utilization to hold down costs just as they review indemnity plan utilization.

Others advocate teaming UR with preferred provider networks to save money.

Based on the premise that a lack of selectivity in choosing hospitals and physicians results in ineffective quality control, Salt Lake City-based health care management firm ALTA Health Strategies Inc. channels its clients to a preferred provider network.

"ALTA believes that well-designed provider networks, in combination with a targeted UR program, ensure long-term success in controlling health care costs, while, most importantly, promoting positive employee and provider relations," said W. Terry Nofsinger, ALTA's chief executive officer.

While few dispute the potential of UR to contain health care costs, current debate now centers around internal vs. external or independent review.

"The most workable alternative to internal review by friends, peers, colleagues, and fellow constituents, is outside, independent or external review," Dr. Becker contended.

"External review is good for patients and physicians because the physician's role is the care of patients, and this process expedites that goal," he said.

But, if UR is to be successful, employers, employees and physicians must establish a partnership to achieve mutual objectives, "which is to provide care to the population that we cover or organize care for," said Dr. Richard A. Huset, vp of HealthDecisions, a St. Paul, Minn.-based corporate health management company.

Dr. Huset recommends establishing a relationship with physicians built on an understanding of physicians' concerns as well as on corporate objectives.

For example, he cited a survey that found that the third-party payment mechanism is the No. 1 source of stress for physicians.

Dr. Becker also observed that the country has changed its attitude toward physicians. "Once gods, now they can do no right."

UR can cut mental health costs: Vendor

By COLLIN NASH

NEW YORK—Employers must contain the rapidly escalating costs of mental health care if they are going to get a handle on overall health care costs, says an official of a utilization review firm.

"What should be concerning the payer is not only the size of the expense—approximately 15% of the health care dollar, or \$70 billion—but the rate of increase: over three times that of general medical inflation," said Steven J. Schulman, a senior vp at Value Health Inc., an Avon, Conn.-based utilization review firm.

"When you include the indirect costs—other medical expenses, disability expenses and losses in productivity—the total impact is estimated to be \$200 billion-\$250 billion, which equals approximately 5% of the GNP," Mr. Schulman said at the 1988 Health Care Services Conference sponsored by Prudential-Bache Capital Funding in New York on March 29.

Mental health care costs can be controlled, once employers understand the economics of mental health care, Mr. Schulman notes.

Consumers lack "control of the demand for and consumption of services, thus predominant control rests with the provider," he explained.

"The vast majority of the costs can be traced back to the supply side." Providers' aggressive marketing and overuse of inpatient facilities are among the driving issues on the supply side, Mr. Schulman said.

Demand-side factors that Mr. Schulman said have led to increased mental health care costs are:

- Greater public awareness of mental health, which has diminished the stigma associated with seeking treatment for mental illness.

- The increased stress in today's society, fueled by the erosion of family and community support systems.

- The increasing availability of group mental health insurance and more states mandating that employers provide mental health benefits, especially for inpatient care.

In an effort to control mental health costs, some employers have reduced mental health benefits, Mr. Schulman said.

However, "curtailing mental health care benefits is a two-edged sword, since cutbacks may lead to increased expenses in other indirect areas," Mr. Schulman pointed out. Because employees with mental health problems often abuse alcohol and drugs, they "are often hospitalized for injuries related to their addictions and are also more likely to miss work days than any other category of employee," he explained.

"The bottom line is that benefit design by itself has not been successful," Mr. Schulman said.

He also noted that about 10% of mental health patients who truly need care are being denied access because of benefit restrictions.

Mr. Schulman sees specialty utilization review firms as an alternative to cuts in benefits that employers can use to control mental health care costs.

Traditional UR programs cannot control mental health care costs because they lack the expertise, he claimed.

However, specialty companies, like American PsychManagement, a subsidiary of Value Health Inc., have developed a system of mental health case management, he said.

"The goal is to work with the attending psychiatrist to develop a mutually agreeable, cost-effective treatment plan," Mr. Schulman said.

"In 65% of cases, we negotiate a meaningful change in the treat-

ment plan," he added.

"In mental health care, a provider's clinical orientation is extremely important," Mr. Schulman said, noting there are two cultures within the provider community: One group, including American PsychManagement, subscribes to crisis intervention and short-term use of acute facilities; the other group believes in long-term care and inpatient treatment.

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Architectural firms oppose Kennedy bill

By KAREN HUELSMAN

An overwhelming majority of small architectural and engineering firms oppose legislation that would require employers to offer minimum health care benefits, according to a survey of firms nationwide served by a California third-party administrator.

Executives of more than 700 firms responded when Association Administrators & Consultants Inc. of Irvine, Calif., asked its clients whether they support S.B. 1265, which would require most employers to offer health benefits that meet federal standards.

Ninety-four percent of the survey respondents were opposed to the proposal, which was approved by the Senate Labor and Human Resources Committee in February (BI, Feb. 22), while 3.5% of the firms backed the bill and 2.5% said they were undecided.

Under the legislation, proposed by Sen. Edward Kennedy, D-Mass., employers would have to provide minimum health care plans with annual deductibles for hospital and physician services generally not exceeding \$250 per

person or \$500 per family. Copayments for covered services, except for outpatient psychotherapy, generally could not exceed 20%, with an annual maximum out-of-pocket expense of \$3,000.

After tallying the survey, Association Administrators & Consultants sent the results to members of the Labor and Human Resources Committee, which at that time was still considering the measure.

Senators responding to the small employers' opposition to the Kennedy bill generally agreed the problems of the uninsured are severe, but they said they were not convinced the Kennedy measure is the appropriate solution.

"I am concerned that any new benefits legislation not impose undue burdens on employers, especially small businesses," wrote Sen. Howard Metzenbaum, D-Ohio. "At the same time, under the current system, responsible employers and the public often end up subsidizing the practices of the employers who do not provide health benefits."

Sen. Metzenbaum eventually voted for the measure when the Labor and Human Resources Com-

mittee approved it in February.

While the TPA forwarded its survey to Sen. Kennedy and the rest of his committee, many clients wrote their own senators and representatives to voice concerns about the costs of a federally mandated health insurance program, according to Wallace Jeffs, president of Association Administrators & Consultants.

Lawmakers responded both to the company and to individual clients, he said. "I'd say about 80% of the letters we've gotten have said the problems of the uninsured need to be addressed, but maybe this isn't the method," Mr. Jeffs said.

Several lawmakers pointed out that mandated health benefits could result in lost jobs and hurt the competitiveness of American industry.

"Unfortunately, fringe benefits cost money, and the trade-off for these benefits is that jobs will be lost for those employees who are trying hardest to break into the labor market," wrote Sen. Dan Quayle, R-Ind.

Sen. Quayle, who is a member of the Labor and Human Resources committee, pointed out that he sponsored an amendment to a trade bill that would require any Senate committee that approves legislation mandating employers to provide benefits to include "an objective analysis of its impact on domestic employment and American competitiveness."

Sen. Quayle voted against the measure in committee.

Small employers also have a supporter in Sen. Richard Lugar, R-Ind., who wrote a survey respondent that he is "resisting the current trend toward implementing a national system of health insurance through greater federal imposition upon private employers."

Sen. Pete Wilson, R-Calif., among the legislators most outwardly opposed to the benefit bill, wrote: "While I believe that all of our nation's workers should have some medical health protection, I am opposed to programs which mandate this protection at the expense of the private sector."

If Congress wants this type of program, it should also provide the necessary funding, he said.

"I am skeptical of government-regulated health insurance," wrote Sen. Robert Kasten Jr., R-Wis. "Not only would such a program contribute to the high cost of medical insurance, but it could threaten the livelihood of small businesses. As a member of the Small Business Committee, I will address your concerns should this legislation

come before the full Senate."

Some senators who voted for the bill pointed out that the proposal calls for insurers to bid on pools through which small employers could purchase a standard minimum plan, which should reduce the cost of coverage to employers.

Sen. John Breaux, D-La., wrote that the bill "recognizes the importance of minimizing costs for small businesses in initial phases of operation, and permits them to provide only low-cost catastrophic protection for their workers."

In addition, Sen. Terry Sanford, D-N.C., pointed out that a separate Senate bill "would allow small businesses and self-employed individuals a full tax exemption for the cost of health insurance. This is a tax benefit that only corporations are now accorded."

While most legislators who responded to Association Administrators & Consultants said they might consider some type of mandated benefit bill, employers that responded to the survey were more firmly opposed to the concept of benefit mandates.

Survey respondents that opposed the Kennedy bill chose the following reasons:

- 70% opposed any congressional mandating of employer-provided employee benefits.

- 57.2% opposed extending health care benefits to all part-time employees working more than 17.5 hours a week because it would be costly and could result in the elimination of many part-time jobs.

- 52.5% agreed that insufficient thought had been given to the proposal's broad economic implications for the country.

- 51.7% agreed that limiting employee contributions to health care plans makes coverage too expensive for employers.

- 29.5% called the minimum benefit levels in the proposal too generous.

- 13.5% listed other reasons. "These firms are now paying 3% to 5% of their revenues for group health benefits," said Mr. Jeffs. The cost of this bill to small employers is "rather astronomical."

Mr. Jeffs said that the way the bill is designed, "it would mandate what the benefits could be. It looked like a back door to socialized medicine."

He said his firm launched the survey because its clients are greatly affected by benefits legislation and need to influence its creation.

Four-fifths of the employers responding to the survey—80.5%—said they expected that their health care benefit costs would increase or increase significantly if the legislation became law. Some 7.5% predicted their costs would stay the same, 4.6% predicted their costs would decrease significantly and 0.4% said their costs would decrease. Some 7% were undecided about the cost impact of the Ken-

nedy proposal.

Employers also noted that their current health benefits may not measure up to Sen. Kennedy's proposal.

When asked if their current health care benefit programs met the minimum coverage requirements in the Kennedy bill, 62% responded no, 23% responded yes and 15% said they were not sure.

Likewise, 51.5% of the respondents said their plans would not meet the Kennedy bill's mandate that employee contributions be limited to 20% of total plan cost for individual or family coverage. About 32% said their current plans would satisfy the contribution limit and 16.4% said they were not sure.

These results echoed a similar survey by the New York-based benefit consultant Towers, Perrin, Forster & Crosby Inc. that found among 74 diverse clients, all would need to upgrade their plans in some way to meet provisions in the bill (BI, Aug. 31, 1987).

Regarding benefits and part-time employees, 65.6% said that if health insurance is mandated for those part-time employees working more than 17.5 hours a week, their firms would be very likely or likely to reduce the number of part-time workers. Some 24.9% of the firms said they would be unlikely or very unlikely to lay off part-time employees, while 9.6% said they were not sure whether the bill would affect their part-time staffing.

Also, 63.8% of the respondents said they would be very likely or likely to require part-time employees to work fewer than 17.5 hours a week if the bill became law. Another 29.3% said they would be unlikely or very unlikely to limit part-time employees' hours, and 6.9% said they were not sure whether they would limit those hours.

The survey also asked employers to give their opinions about who should have primary responsibility for providing Americans under age 65 with a minimum level of health insurance.

The largest number of respondents—39.3%—said employers and employees should share the burden. In addition, 18.9% said employees should have primary responsibility for health care financing; 10.7% said the federal government should; 5.4% said the burden should fall on employers alone; 5.1% said state governments should have primary responsibility; 4.4% said federal and state governments should share the burden; and 3% said the federal government and employers should take responsibility.

The remainder did not answer or gave some other response.

Free copies of the Association Administrators & Consultants Inc. survey are available from Nancy Hudson, Corporate Secretary, P.O. Box 19570, Irvine, Calif. 92713.

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Claims facility

Continued from page 2
dissatisfied producers.

A nine-member committee has been meeting in Washington, D.C., to discuss the possible restructuring or dissolution of the facility, but no decisions have been made, Mr. Fitzpatrick said.

Like the dissatisfied producers, Unigard also believes the facility is not the best means of settling asbestos bodily injury claims. As a result, the reinsurer has asked the U.S. District Court for the Southern District of New York to rule that it is not obligated to honor its reinsurance contract with North River.

North River, an excess liability insurer of Owens-Corning, has been a member of the Asbestos Claims Facility since it was formed in June 1985 with the signing of the Wellington Agreement.

Unigard charges in its Feb. 3 suit that the facility has adopted a definition of "occurrence" that is "more generous to insureds than any definition adopted by any court."

"It was and is the custom and practice of the insurance industry to require proof from each individual claimant that the claimant's injury was caused by the insured before making payment on a claim."

But, the facility has defended and settled asbestos bodily injury claims "in a manner inconsistent with the custom and practice of the industry," Unigard alleges.

Therefore, Unigard contends, North River has wrongly delegated its authority and responsibility for the defense and settlement of claims to the Asbestos Claims Facility.

Because of these actions, North River has "materially changed the risks covered" by the North River excess policy and the Unigard reinsurance contract, Unigard says.

In its March 18 response to the suit, North River argues that Unigard should have voiced its objections to how the facility is designed to handle claims in June 1985 when North River joined the facility, not almost three years later.

North River also disagrees with Unigard on the value of that reinsurance contract.

According to Unigard, it wrote one, two-year \$5 million facultative reinsurance contract between July 9, 1974, and Nov. 22, 1976.

However, in its response, North River says Unigard issued two, one-year policies for \$5 million each, bringing the total amount of the contracts to \$10 million.

Because of the ever-increasing number of claims being filed against Owens-Corning, the \$30 million in excess insurance North River wrote for the asbestos producer soon will be called on and thus the amount of that coverage North River ceded to Unigard will be tapped, North River says.

"At present there are tens of thousands of asbestos-related bodily injury claims pending that implicate Owens-Corning Fiberglas' liability coverage," explained North River in its response.

"At least \$9 million per month is currently being paid by or on behalf of OCF with respect to such claims, and new claims are being asserted against OCF at the rate of approximately 1,000 per month," the response says.

As a result, "the Unigard certificate will be invaded within a year," said North River in its response.

North River also argues that Unigard is guilty of breach of contract because the reinsurer is asserting that it does not owe coverage to North River.

North River is asking the district court to dismiss Unigard's lawsuit and to rule that Unigard owes it \$10 million in reinsurance cover-

age.

The insurer also is asking the court to award it legal costs.

North River also denies that any complaints about the facility are true.

"The facility is and has been an appropriate way for North River to fulfill its obligation to Owens-Corning Fiberglas," said North River attorney Dennis G. Jacobs, a partner in Simpson, Thatcher & Bartlett in New York.

"It is odd to say what North River is doing by being part of the facility and by signing the Wellington agreement represents a failure to observe industry standards," when one considers that many of the leaders of the insurance industry belong to the facility including Hartford Insurance Group, Aetna Life & Casualty Co. and Wausau Underwriters Insurance Co., explained Mr. Jacobs.

Mr. Fitzpatrick would not comment on the lawsuit. ■

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Flexible plans

Continued from page 3

that one-fourth of companies with 10,000 to 20,000 employees have a flex plan, while only 15% of employers with 1,000 to 2,500 employees and an equal percentage of employers with more than 20,000 employees have flex plans.

And, flex plans are more common in certain industries. For example, 46% of the respondents in the banking industry had flex plans in place by mid-1987, and an additional 16% reported they will have flex plans by the end of this year (see chart, page 3).

In addition, 42% of the respondents at other financial services companies had implemented flex plans by mid-1987, while 17% will add flex plans by year-end.

"Banks and other financial service firms are more than twice as likely to have established flex, probably because of the nature of their employee demographics, their historic emphasis on benefits and their generally more advanced ad-

ministrative capabilities," the survey authors note.

However, the authors point out, "in some of the industries where flex is currently least common—energy/petroleum, governmental agencies and hospitals and health services—a higher-than-average percentage of respondents plan to implement flex in the near future."

For example, only 13% of energy/petroleum firms had implemented flex plans by mid-1987, but an additional 29% planned to have plans by the end of 1988. Ten percent of government agencies had flex by mid-1987, but an additional 21% will have them by the end of this year. And, only 11% of hospitals had flex by mid-1987, but an additional 21% will implement the plans by the end of 1988.

The majority of employers with flex plans—59%—said they decided to implement the plans to help control benefit costs.

"Many that have adopted flex have done so in an attempt to contain costs—as a way to separate the subsidy of various benefit plans

and to encourage employees to utilize only the benefits they need," the survey authors say.

And, it appears to be working: The employers with flex plans reported lower average benefit costs than did the employers without flexible benefits. For example:

- Some 41% of employers with flex plans said their benefit costs were lower than they would have been had they not implemented the plans, and about one-third of those called their savings significant. Some 49% said there was no difference in costs, and only 19% said their costs were higher than they would have been without the plan.

- Some 31% of the employers with flex plans said they managed either to hold health care costs constant or reduce them in 1987, compared with only 21% of the employers without flex plans.

- Some 44% of employers with flex plans in place for three years or more said the flex plans reduced the health care costs they would have incurred under traditional plans, "suggesting that flex savings continue over time," the authors said.

- The cost of health care benefits as a percentage of payroll was 12% lower for employers with flex plans than for employers without flex plans. Employers with flex plans paid an average of 8.2% of payroll for health care benefits, compared with an average of 9.3% of payroll for the respondents without flex plans.

- Overall benefit costs as a percentage of payroll totaled 27.1% for employers with flex plan, compared with 29% for employers without flex plans.

- Almost half—47%—of employers with flex plans spent less than \$1,750 per employee on health care benefits in 1987, compared with 39% of the respondents without flex plans.

However, "it's difficult to say" whether these cost savings are "entirely due to implementing flex programs," Mr. DiBernardino cautioned. "Flex programs often are introduced in conjunction with structural changes in health care plans," he noted.

"Also, the newness of most programs makes valid measurement difficult," he pointed out.

While employers hope flex plans will help them contain escalating benefit costs, they also hope the benefit plans will help them meet the needs of a workforce no longer predominantly consisting of the "traditional" employee—a married man with a non-working wife and a few children.

"The impetus for developing a benefit system that would allow employee choice came from diversification in the American workforce," the survey authors explain. "With more double-income families, more single parents and a

growing tendency to marry and start families later in life, it became difficult—if not impossible—for a single program to fit all needs."

Among the other reasons employers cited for implementing flex plans were employee satisfaction, 22%; tax advantages, 11%; and competitive pressure, 2%.

Mr. DiBernardino said that employers may find additional reasons to implement flex plans in the future.

"We're seeing flex implemented as a benefit plan equalization strategy in mergers and acquisitions. We also are working with clients to help them offer long-term care coverage through flex plans and to design flex programs for retirees," he explained.

"Flex for executives is another area that's generating growing interest," he said.

The most common reason for not implementing a flexible benefit plan—cited by 42% of survey respondents—was concern over administration of the plans.

Other reasons were the cost of implementation, cited by 21% of the employers without flex plans; fear of adverse selection, 8%; and communication requirements, 5%.

The flex plans offered by the survey respondents give employees several different options. "The most frequently offered flex plan options are in medical coverage, an area where employees are more likely to have divergent needs," the survey authors noted.

"Flex plans are frequently introduced in conjunction with health benefit cutbacks and structured to encourage employees to elect lower levels of coverage," the survey authors pointed out.

Only 31% of flex plans provided by surveyed employers offer employees only one medical care option or a choice between a single indemnity medical plan and a health maintenance organization. Some 21% offer employees two medical plan options, 26% offer three medical plan options and 22% offer four or more medical plan options.

And, in plans in which more than one indemnity medical plan is offered, an average of 11.3% of employees enroll in the lowest-coverage option, "dispelling the myth that low-option medical plans are not popular with employees," the survey authors noted. "In a costly medical program, this could have a significant effect."

In addition, 68% of the flex plans provided by the surveyed employers allow employees to waive their medical coverage.

"Permitting employees to waive medical coverage can be a double-edged sword," the survey authors noted. "On the one hand, encouraging disenrollments can save money for both employer and employee. On the other hand, this policy can increase adverse selection and create personnel/corporate relations problems when employees who waive enrollment without being otherwise covered incur significant medical expenses."

Perhaps to avoid unduly encouraging employees to waive medical coverage, only 24% of the plans that allow employees to do so offer cash as an alternative if they waive coverage. However, when cash is an option, more than one-third of the employers report 10% or more of employees opt to waive medical coverage.

The survey also shows the impact of flex plans on alternative delivery system enrollment.

Under flex plans that offered only one indemnity option, HMO enrollment averaged 28.4% of eligible employees. But under flex plans with more than one indemnity plan option in addition to the HMO, enrollment in HMOs averaged 25.6% of eligible employees.

And, according to the survey,

some 32% of the employers with flex plans offered employees a preferred provider organization option, compared with only 24% of the employers without flex plans.

In addition, more than one-third of the employers planning to adopt flex plans by the end of 1988 also are planning to implement a PPO, compared with only 19% of the employers not planning to adopt a flexible plan.

Other elements of the surveyed employers' flex plans include:

- Benefit credits. Some 43% of the flex plans provide employees with "benefit credits" or "dollar credits" with which to purchase plan options. Sixty-four percent of those plans allow employees to convert their benefit credits to cash.

The survey authors note that programs with benefit credits "most directly incorporate the concept of value trading to make the employer's contribution to the program as valuable as possible."

- Medical care reimbursement accounts, offered by 67% of the flex plans, and dependent care reimbursement accounts, offered by 68%. These accounts allow employees to put pretax money aside to pay unreimbursed medical care and dependent care expenses.

The average employee participation rate in medical care reimbursement accounts was 17%, and the average rate of participation in dependent care accounts was only about 5%.

The survey authors suggest the low participation rate in dependent care accounts is "probably because many individuals have dependent care expenses which are ineligible for reimbursement under the tax code or which they choose not to report. Others find filing for an individual tax credit sufficient."

In addition, the Internal Revenue Service requires employees to forfeit any unused funds in a reimbursement account at the end of the year, the survey pointed out.

Sixty-six percent of the employers with reimbursement accounts said they had forfeitures of less than 5% of the total account balances, while an additional 8% had no forfeitures at all.

Employers reported a variety of uses for forfeitures that do occur, including returning them to the benefit program, reported by 42%, or returning them to the employer for general use, reported by 21%.

"It has been argued that medical reimbursement accounts drive up overall medical costs by motivating employees to increase utilization of services simply to use up account balances by the end of the year. However, only 6% of survey respondents felt this to be true."

- Dental care, offered by 67% of the flexible benefit plans surveyed.

- Life insurance, offered by 68% of the plans.

- Accidental death and dismemberment insurance, offered by 47%.

- Disability insurance, offered by 44%.

- The option to buy or sell vacation time, offered by 20% of flex plans overall. However, 45% of the flex plans provided by employers in the financial service area and 50% of plans provided by employers in the banking industry offered this benefit.

"More employers allow employees to buy vacation days than to sell them," the survey authors pointed out. "This is often more cost-effective, since employees who would tend to sell time are senior or long-service individuals who currently do not take all their allotted vacation time anyway."

Free copies of "A Survey of Flexible Benefit Programs" are available from Frank DiBernardino, A. Foster Higgins & Co. Inc., 212 Carnegie Center, Princeton, N.J. 08543; 609-520-2640.

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• As part of its effort to reform the tort liability system, the Alli-

ance of American Insurers offers "Avoiding Litigation Through Nonbinding Mediation," a monograph by Kenneth R. Feinberg. The booklet includes an explanation of the mediation procedure, consideration of mediation as part of the business decision-making process and selection of a mediator. Mr. Feinberg is a partner in the Washington, D.C., office of the law firm Kaye, Scholer, Fierman, Hays & Handler of New York and was a court-appointed special master in the Agent Orange product liability litigation. Free copies are available from the Alliance's Customer Service Department at 1501 Woodfield Road, Suite 400 West, Schaumburg, Ill. 60173-4980; 312-490-8500.

• "Employee Benefits for Part-timers" is a handbook avail-

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Business Insurance Circulation Breakdown*

Commercial Consumers

Administrative:

- CEO's Presidents and Owners 2,779
- Vice-Presidents, General Managers and Other Administrative Personnel 3,155

Financial:

- Chief Financial Officers and Vice-presidents of Finance 2,732
- Secretaries, Treasurers, controllers and other Financial Personnel 5,585

Risk/Employee Benefits:

- Vice-presidents, directors, managers, and other related department personnel of: insurance, risk, employee benefits, personnel, compensation, pension, safety, security, industrial relations, human resources and employee/labor relations 10,021
- Sub-total 24,272
- Associations 481
- Government, Unions and Educational Institutions 972

Commercial Consumers

- Sub-total 25,725
- Insurance Agents and Brokers 10,697
- Insurance Companies 7,644
- Actuaries, Attorneys, Adjusters, Appraisers and Consultants 4,311
- Others Allied to the Field 1,982
- TOTAL 50,059

* Source: Business/Occupational breakdown of qualified circulation, Nov. 30, 1987 issue, as submitted to BPA for Dec. 1987 BPA Publisher's Statement.

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Orange County, CA is seeking an experienced Claims Manager to manage the Property/Casualty Unit in the County's Risk Management Office. Salary \$2,971-\$4,482/mo. Application Deadline: April 22. Contact:

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PRIMA, USDA to aid small public entities

WASHINGTON—A two-year project is under way to help small municipalities cope more effectively with their liability and property risks.

The Small Communities Risk Management Project links the Public Risk & Insurance Management Assn. with the U.S. Agriculture Department's Cooperative Extension Service and the Oklahoma State University Cooperative Extension Service.

PRIMA is developing educational materials including a risk management manual, workbook, instructor's guide and video. It will also train at least two dozen USDA service specialists from around the nation so they can work with officials of small counties, towns and cities to protect their communities from unexpected losses.

The program is targeting small counties with about 50,000 in population and small towns with about 5,000 people, said Richard Wong, PRIMA's project director. However, other communities may also participate, he said.

PRIMA is currently seeking a county to serve as the site of a one-day pilot training program in November. A second pilot program is slated for April 1989.

The project is scheduled to conclude in September 1989 with a national satellite teleconference.

"As far as we know, it is the first project of this scope for small communities," Mr. Wong said.

"By teaching local government officials to identify, evaluate and handle risks, the program will benefit small-town America for many years," a PRIMA statement said.

The need for the project was emphasized by communities' decision to close public facilities like swimming pools and by the resignations of public officials during the liability insurance crisis of the mid-1980s, PRIMA said.

The project is funded in part by a \$462,485 grant from the W.K. Kellogg Foundation in Battle Creek, Mich.

—By Meg Fletcher

Kentucky FAIR plan

FRANKFORT, Ky.—Despite strong objections from the insurance industry, Kentucky's FAIR plan will become an assigned risk plan for both property and liability insurance under a law signed last week by Gov. Wallace G. Wilkinson.

At the same time, the governor also ratified a tort reform law, H.B. 551, that:

- Requires "clear and convincing evidence," rather than a "preponderance of evidence," before punitive damages can be assessed.

Around the states

- Limits the circumstances under which directors and officers of both for-profit and non-profit corporations can be held liable for damages.

Both bills become effective July 15.

Under H.B. 552, if the insurance commissioner determines a certain line of liability insurance is not available in the state, insurance buyers would be able to obtain this type of insurance from the state's FAIR plan.

Kentucky is the first state to offer liability coverage through a FAIR plan, according to a spokesman for the National Assn. of Independent Insurers.

FAIR (Fair Access to Insurance Requirements) plans were established in 1968 to make property insurance readily available to buyers who have difficulty obtaining such coverage.

Although the insurance reform bill passed both the House and the Senate last month by a wide margin, it came under heavy fire from the insurance industry.

Expanding the FAIR plan in Kentucky was unnecessary because the state already established a stand-by joint underwriting authority during the tight market. However, the JUA was never triggered because liability coverage became easier to obtain, said Patrick McNally, assistant vp and assistant general counsel for the NAII.

"There is no expertise to manage a commercial risk in the FAIR plan," Mr. McNally had said in Feb. 22 testimony before the House Banking and Insurance Subcommittee prior to passage of the bill.

"There is no risk management and no incentive to improve the quality of the risk. Very little, if any, underwriting is permitted. There would be no company/customer relationship, a vital part of controlling risk. The pricing mechanism for the commercial risk is subject to highs and lows that are not inherent in the homeowners/farm owners market," he added.

The Alliance of American Insurers and other insurance industry groups also testified against the measure, claiming its passage would ultimately drive up insurance costs in the state.

In addition to objecting to the FAIR plan expansion, the industry was particularly opposed to other provisions in the law, including:

- A section that extends the notice required before cancellation or non-renewal of one-year policies to 75 days from the current 20 to 30 days.

- Sections that require simplified lan-

guage in insurance policies.

- Sections that amend the NAIC Model Unfair Claims Settlement Practice Act to allow the insurance commissioner to punish insurers for a single violation of the act. Previously, the commissioner could only punish insurers that had a history of violations.

Both the insurance and tort reform measures were the product of a special study task force created by the state Legislature in 1986 to examine the insurance industry and insurance regulation in Kentucky.

—By Laura Mazzuca

Michigan HMO dispute

DETROIT—A Detroit-based health maintenance organization is embroiled in a dispute with the Michigan Insurance Bureau over whether the HMO pays too much in management fees, even though the HMO has no complaints about the arrangement.

The insurance bureau, which regulates the state's HMOs, claims that Michigan HMO Inc., a non-profit organization, is paying excessive amounts for management services to United American Healthcare Corp. of Detroit.

However, "the HMO is perfectly satisfied with the arrangement," said Ronald Dobbins, president of Michigan HMO.

Instead, the HMO's representatives say the bureau does not have any authority to monitor management contracts.

Mr. Dobbins said that Michigan HMO sustained a 1986 net loss of \$779,627 on revenue of \$43.7 million and will report a 1987 loss of \$500,000 on operations alone.

In addition, HMO West, a Battle Creek operation originally funded by Michigan HMO, was recently put into receivership by the Insurance Bureau due to heavy losses, said Dhiraj Shah, deputy commissioner of the bureau.

But, Mr. Dobbins attributes these losses to the fact that the state's Department of Social Services reduced the cap on Medicaid payments below 1985 levels, which caused the HMO to lose more than \$1 million on Medicaid procedures alone.

In addition, United American's management costs cover not only administrative services, but also services such as utilization review, home health care and emergency medical services, he said.

Michigan HMO is paying United American an amount equal to about 17% of its annual premium volume to manage the company,

according to Mr. Shah.

Before contracting with United American in July 1985, Michigan HMO was paying administrative costs of roughly 15% of annual revenues, he said.

However, Mr. Dobbins maintains that the figure was closer to 16%.

The matter probably will culminate in an informal hearing before it goes before an administrative law judge sometime next month, with the renegotiation of the management fees "the most likely scenario," Mr. Shah commented.

But, Mr. Dobbins said that if Michigan HMO is not happy with the settlement, the case then may end up in the court system. "We are prepared to take it all the way," he said.

—By Laura Mazzuca

Iowa campaign

DES MOINES—Iowa is increasing its efforts to woo insurers to locate their operations in the state.

The governor's office and the state's Division of Insurance have created an Insurance Industry Development and Expansion Task Force to identify factors that insurance companies find attractive, pinpoint positive elements that Iowa can offer and create a workable program to market Iowa throughout the United States and the world.

"We wanted to identify and implement a program for bringing additional insurance business to Iowa and for encouraging the expansion of business already established in Iowa," according to a letter signed by Gov. Terry Branstad and Insurance Commissioner William D. Hager.

Positive factors enumerated in a 23-page task force report include:

- "Tough but fair" insurance regulation that is both accessible and responsive to insurer needs.

- An academic community that is a national leader in insurance and actuarial science education.

- State resources and incentive programs including an on-the-job training program under which the state reimburses an employer up to 50% of a new employee's wages during the training.

The report emphasizes that many insurers already have located in the state.

As of late last year, Iowa was home to 58 property/casualty insurers. In addition, 34 life/health insurers were domiciled in Iowa last year.

The Des Moines metropolitan area is "one of the top five insurance centers in the world," the report said.

—By Meg Fletcher

Aetna offering \$10 million in D&O limits

Aetna Casualty & Surety Co. is offering a new comprehensive directors and officers liability insurance policy for outside directors with up to \$10 million in limits.

The policy can act as a difference-in-conditions policy and fills in gaps in underlying D&O policies, according to Stephen Sills, vp-underwriting for Executive Risk Management Assn., the Aetna subsidiary that is underwriting the policy.

The Independent Director's Liability policy is available to corporations of all sizes that are domiciled in one of the 35 states where Aetna is offering the policy. Those states have enacted some tort reform measures that limit the liability of outside directors, said Mr. Sills.

The price of the coverage ranges between \$75,000 and \$375,000 per \$5 million in coverage, depending on the size of the company and the corporate risk, said Mr. Sills.

There are only three exclusions in the policy:

- Bodily injury and property damage, though IDL does cover shareholder derivative suits arising from bodily injury or property damage.

- Suits by the corporation against its outside directors, though IDL does provide defense costs to outside directors who are sued by the corporations they work for.

- Dishonesty, though IDL will provide defense costs until a director's dishonesty is proven.

According to Mr. Sills, the policy is targeted at Fortune 500 companies, associations, financial services companies and non-profit entities.

He noted that in order to protect the directors, the policy cannot be canceled during the policy year unless there is a written statement from the directors unanimously approving such a move.

In addition, he said a free 12-month extended discovery period is provided automatically.

For more information on the IDL policy contact Stephen Sills, Vp-Underwriting, Executive Risk Management Assn., 82 Hopmeadow St., Simsbury, Conn., 06070; 203-244-8900.

Products & services

Lawyers coverage

Gray-Stone & Co., a Van Nuys, Calif.-based managing general agent, is now offering excess lawyers professional liability coverage underwritten by Golden Eagle Insurance Co. of San Diego.

Aggregate limits of up to \$2 million are available for California attorneys.

The policy can be written for attorneys who purchase underlying coverage through the Los Angeles County Bar Assn.'s professional liability program, Lawyers Mutual Insurance Co., The Home Insurance Co. or any A-rated insurance company.

For more information contact Barbara Howard, Vp, Gray-Stone & Co., 5900 Sepulveda Blvd., Suite 101, Van Nuys, Calif., 91411; 818-781-5900.

Work comp software

A new software program that helps employers calculate workers compensation experience modification factors—an important variable that influences work comp insurance premiums—has been introduced by the Tillinghast Division of Towers, Perrin, Forster & Crosby Inc.

Riskmaster/Experience Rating Program is compatible with most personal computers and Riskmaster products currently in use. The Riskmaster/ERP software also can be adapted to local area computer networks.

The program is fully menu-driven and provides for color display and ad hoc reporting. "Pop-up" help windows assist the user while output may be directed to either computer

monitor or printer.

The Riskmaster/ERP license fee is \$1,995 for a single user. Annual software enhancements and 60 hours of user support are available for an additional \$300 per year.

For more information contact Mark E. Dorn, Vp, Tillinghast, 33063 Schoolcraft Road, Livonia, Mich., 313-261-4440.

Risk management resource

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Inland marine text

The Insurance Institute of America has published the first new textbook on inland marine insurance in more than a decade.

Continued on next page

Work comp insurers

Continued from page 2

Workers compensation medical expenditures in states with such schedules are significantly lower than in states without them, according to the NCCI.

In addition, there is a need to evaluate claims "with medical evidence and not courtroom histrionics" to ensure that legitimate ailments are appropriately compensated, said Peter Lardner, chairman and chief executive officer of Bituminous Insurance Cos. in Rock Island, Ill., who participated in a panel discussion at the NCCI meeting.

However, some cost-containment techniques do not work as well as others, workers compensation experts point out.

For example, while several years ago outpatient care was considered a cost-effective means of reducing high hospital costs, hospitals since have raised outpatient and other fees to make up revenue lost when the number of inpatient hospital days declined, Mr. Morrison explained.

And, efforts to curb an injured employee's free choice of physicians may be unworkable politically, agreed New York state Sen. Donald Halperin, D-Brooklyn, and Robin Obez, an attorney with Vorys Sater Seymour & Pease in Columbus, Ohio, who chairs the U.S. Chamber of Commerce's workers compensation committee.

In addition, it would be difficult—if not impossible—to institute employee deductibles for medical procedures covered by workers compensation, Mr. Morrison explained.

"A program to make the injured worker pay a deductible, for example, would violate a basic principle of workers compensation, which is employer liability for workplace accidents. On the other hand, making the employer pay a deductible would not violate the spirit of the laws, but we should remember that it is not the employers that make the claims. Therefore, whether that (a deductible) would be effective is a good question," he said.

The "relentless" expansion of medical costs has been a major contributing factor to the "almost exponential" growth of workers compensation residual markets, Mr. Morrison said.

"The residual market, intended to serve as a market of last resort for employers unable to find coverage anywhere else, has become the largest single provider of workers compensation insurance," he said. In 1987, residual markets accounted for 18.7% of the overall workers compensation premium in the 41 states and the District of Columbia with NCCI-managed assigned risk pools.

The largest of these residual markets is the National Workers Compensation Pool, which reinsures residual market coverage in 31 states and writes direct coverage in an additional nine states where state funds do not or cannot provide certain coverages.

The NCCI also manages two statutory assigned risk pools in Maine and New Mexico.

The workers compensation residual market nationwide produced a 110% loss ratio and an operating loss of \$1.3 billion in 1987.

And, it is "ominous" that the residual market is filling up with larger and larger policyholders, Mr. Morrison said. "More than a third of (residual markets') premiums come from businesses with annual premiums greater than \$50,000, and another 40% comes from insureds with premiums between \$5,000 and \$50,000," he said.

"One of the worst aspects of the system is the fact that in most states there is no penalty at all for being in the residual market," Mr. Morrison said. "Employers enjoy the same rates as they would in the voluntary market and have available all the same rating plans and discounts," he said.

"A critical reform for the next decade, which we have begun to file already, is the establishment of a price differential for risks in the residual market," Mr. Morrison said.

The NCCI is proposing to file a second schedule of higher rates for the residual market and to eliminate the schedule of premium discounts for larger businesses in residual markets.

However, this is "a sticky political issue" that will not be easily won, he said. Regulators know that there is a disproportionate number of small businesses in residual markets and they will not want to penalize them, he explained.

Besides the problems created by soaring medical costs and the expansion of the residual market, other significant challenges to workers compensation insurers mentioned by speakers at the NCCI conference include:

- Progressively greater swings in the workers compensation underwriting cycle.

This is partly caused by states expanding workers compensation benefits at a time when medical costs began to soar, which made it more difficult for insurers to predict future claims costs, Mr. Morrison explained.

And, the swing is exacerbated by the growing number of employers that self-insure their workers compensation exposures.

"The only preventative to another severe downturn will be enhanced public understanding of the need for adequate rates," Mr. Morrison said.

- Continued difficulty in obtaining approval for rate levels that are substantial enough to cover insurers' costs.

"The attitude of the business community seems to be: Don't increase my rates but keep on paying all the claims," Mr. Morrison commented.

He said he is amazed that the NCCI has received approval for its rate requests in so many states, despite significant opposition from interest groups and some attorneys general. He credits the expanded role of the NCCI's regional vps and actuaries in strengthening the organization's role in many states.

- Changes in the workplace that likely will force changes in the workers compensation system, including the reduction of insurers' premium volume.

For example, the shift of workers from manufacturing and production to service sector jobs will reduce workers compensation insurers' premium volume because premiums charged for service sector employees are typically less than for heavy industry.

This shift in the workplace is also likely to increase the number of stress claims filed while reducing the number of traumatic injuries.

In addition, the aging of the workforce will increase claim costs because older workers typically require more time to recuperate and may generate more need for rehabilitative services.

Mr. Ryan also said insurers face short-term challenges including the increasing politicization of the workers compensation system at both the federal and state levels with the increasing involvement of consumers, politicians and the courts in ratemaking matters.

In addition, Mr. Ryan predicted that some type of high-risk notification measure is likely to be approved within the next decade.

Panelist Don Elisburg, executive director of the Occupational Health Legal Rights Foundation, emphasized the need for such a measure.

The Senate late last month shelved a controversial measure that would have set up a federal agency to notify workers who are or have been at high risk of contracting an occupational disease because of workplace exposure to hazardous materials (BI, April 4).

On a more optimistic note for insurers, Mr. Ryan said work comp insurers' underwriting results currently are improving, although insurers are not yet at the level of prosperity they enjoyed from 1980-83, Mr. Ryan said.

Results improved in 1987 because premiums grew quicker than losses and policyholder dividends were slightly reduced.

Earned workers compensation premiums rose by 15% to about \$22.5 billion last year, while workers compensation insurers' combined ratio fell to 118% from 121% in 1986, according to the NCCI.

Mr. Ryan predicted further improvement in 1988, with premiums increasing by another 15%, losses rising by about 10% and expenses being cut by about 1% because of better cost controls. This translates into a 113.5% combined ratio, he said.

Meanwhile, speakers also commented on the likelihood that Congress would amend the McCarran-Ferguson Act.

Recent lawsuits filed by state attorneys general and business groups alleging insurers conspired to restrict general liability insurance coverage in the mid-1980s is likely to reawaken congressional interest in modifying McCarran-Ferguson, predicted panelist Jon Harkavy, general counsel and governmental affairs director for the New York-based Risk & Insurance Management Society Inc. (see story, page 1).



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Products & services

Continued from previous page

Developed for the inland marine course in IIA's new Associate in Marine Insurance Management program, "Inland Marine Insurance," provides a comprehensive treatment of the inland marine field.

The text covers the various classes of insurance included in the nationwide marine definition, including contractors equipment, motor truck cargo and electronic data processing equipment.

For each class of insurance, the text also analyzes loss exposures, describes policy provisions and explains underwriting considerations and loss control techniques.

Co-authored by Roderick McNamara, vp of the Marine Office of

America Corp.; Robert A. Laurence, manager of Sponsored Automobile & Homeowners Operations, a unit of Aetna Life and Casualty Co.; and Glenn L. Wood, professor of finance at California State College, "the book can serve as a reference for inland marine underwriters and others who write marine insurance," said Arthur L. Flitner, technical editor.

The two-volume manual costs \$44 plus shipping and is available from the Insurance Institute of America, Order Department, 720 Providence Road, Malvern, Pa. 19355-0770; 215-644-2100.

Benefit package

The New England, a Boston-based financial services company, recently introduced Benefit Portfolio 150, a comprehensive benefit package designed for companies with 25 to 150 employees.

The program includes medical, group term life insurance, dental and long- and short-term disability coverages. In addition, Benefit Portfolio 150 offers options that allow benefit deductions to be made on a pretax basis and allow employers to institute full flexible benefit plans.

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- Availability of a nationwide preferred provider organization.
- A contract that clearly and specifically identifies covered expenses.

"With the many factors that lead to high health care costs, including chronic and catastrophic illnesses,

employers are looking for ways to cut costs and still provide meaningful benefits to employees," said Herbert F. Clark, senior vp of The New England Employee Benefits Group.

For more information, contact Product Manager Jim Toms at The New England, 399 Boylston St., Boston, Mass. 02117; 617-578-2729.

COBRA software

The Benefit Continuation Management System software program designed by Benefits Concepts Inc. is now available through Garner Consulting.

Designed to run on all IBM personal computers and compatibles with 512K memory, the menu-driven software manages the administrative details created by the health care continuation provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985.

"I believe BCMS is a complete, practical and efficient answer to the COBRA dilemma," says John C. Garner, president of the Pasadena, Calif.-based consulting firm.

BCMS generates the required notices, maintains a complete audit trail and provides premium, coverage and termination reports, Mr. Garner says.

The software is available in three versions according to employer size and requirements, with the most basic system starting at \$1,295. Customized letters and reports are available on the two more sophisticated programs, and a system that can receive information from a mainframe computer is available for \$2,785.

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Regulators' view

Continued from page 1

In the wake of the attorneys general's filings, plaintiff's attorneys around the country have launched similar actions against the same defendants on behalf of commercial insurance buyers and attorneys expect that many more such suits will be filed (see story, page 46).

The suits contend, among other things, that the defendants conspired to manipulate the U.S. commercial liability insurance market and that the Insurance Services Office Inc. as a result was forced to rewrite its new commercial general liability insurance policy forms to exclude all pollution coverage and to include a retroactive date in its new claims-made CGL policy.

The defendants also sought to eliminate occurrence-based CGL forms entirely and to include defense costs within excess liability policy limits, according to the suits.

Several former insurance regulators charge that the attorneys general did not consult with insurance commissioners when drafting the suits because they believed the commissioners would disagree with their actions.

The former regulators contend that the liability insurance affordability and availability crisis in the mid-1980s resulted not from collusion but rather from intense competition among insurers that drastically cut rates to garner more business. When insurers' losses began mounting and premium and investment income did not cover the losses, insurers increased rates and stopped writing unprofitable lines of business, they say.

Albert B. Lewis, who served as New York's insurance superintendent from 1978 to 1983 and currently is with the law firm Cole & Dietz in New York, says: "In the five years I was superintendent, the only thing the insurance companies did was skewer each other. I have never seen such competition in any industry. It was the greatest kamikaze operation since the U.S. fleet was off Okinawa."

"If the attorneys general did have something, they should have gone to the insurance departments," Mr. Lewis said.

But the attorneys general "didn't want any no-sayers," Mr. Lewis contended. "They were looking for something to hang their hats on and make big headlines."

Mr. Olson said he was aware of the Texas attorney general's investigation only through conversations with insurers.

Mr. Olson, who served as chairman of the Texas board from 1979 to 1987, said the board was "completely left out" while Attorney General Mattox developed his lawsuit.

"None of the AGs that filed these suits really cared what the insurance commissioners thought. They said they did, but they didn't," said Mr. Olson, who is now president and chief executive officer of National Group Corp. in Waco, Texas.

Bruce Bunner, California's insurance commissioner from 1983 until June 1986, said he was aware that the state's attorney general was attempting to build a case, but like other commissioners, Mr. Bunner was not involved in that process.

"I look at it as a political opportunity for the AGs," Mr. Bunner said. "It became a populist issue, particularly when we had so much adverse publicity about the insurance industry."

"I think they'll get their news out of it—it will drag on for years," Mr. Bunner said.

Mr. Olson agreed. "We'll hear about it for the next two or three years. These AGs will bash the insurance industry and then will be running for higher political office."

Mr. Hatch of Minnesota, however, disagreed.

There was collusion on the part of insurers who wanted to eliminate occurrence-based insurance policies, he said.

Representatives of several insurers told him that "if I didn't approve (the claims-made form), they weren't going to sell insurance in the state," he said.

"Collusion would be a kind word to describe how insurers were dealing with policyholders," he remarked.

Minnesota was among the last of the states that approved the claims-made form for use, Mr. Hatch said, adding that "the policy was so bad, the market rejected it."

Regulators in other states whose attorneys general launched nearly identical actions would not comment on the merits of the lawsuits. California Insurance Commissioner Roxani M. Gillespie would say only that "the courts will have to decide" whether the antitrust charges are valid.

Some, however, questioned why their attorneys general did not apprise them of either the investigation or that the suits would be filed.

Regulators who were told of the suits said they found out the day before or only minutes before the filing was announced to the public.

Indeed, most of the regulators last week had not seen copies of the suits and knew of the filings only through press releases and newspaper accounts.

"We found out from the newspaper," said a spokeswoman for Arizona Director of Insurance Vern R. Pierson. "Obviously, we would have liked to have known the suit was pending."

The spokeswoman said Arizona regulators have not

had time to form an opinion regarding the charges in the suit.

She said the Arizona Insurance Department fears a backlash from the insurance industry, creating a "stressful relationship" between insurers and regulators.

Staci Copelin, general counsel at the Texas State Board of Insurance, said, "We found out when the press releases were issued."

Wisconsin Insurance Commissioner Robert D. Haase said his department has a good relationship with the state's attorney general but admits that he "would have liked to have known about the suit."

"It seems like something you would normally discuss with the Insurance Department," he said.

Mr. Haase would not comment on the merits of the suit, explaining he might be called to testify when the Wisconsin suit goes to trial.

West Virginia Insurance Commissioner Fred E. Wright was "totally surprised" by the lawsuit. "We weren't consulted in any way."

But whether it was the responsibility of the West Virginia attorney general to involve the Insurance Department is "a judgment call," said Mr. Wright. "There is nothing in the law that says there is a need for us to look into antitrust matters. It may be that the attorney general knew this to be the case and ignored any ideas we may have had, pro or con."

Alabama Insurance Commissioner John S. Greeno said he learned that the antitrust suit prepared by that state's attorney general was going to be filed a half-hour before a press conference called to announce the filing.

Mr. Greeno also said the attorney general did not consult him as the case was being developed. "I have no idea why the attorney general didn't consult with me; the fact is he didn't," he said.

"I think any time a state agency is involved with a number of prominent companies, the regulator of those companies should be brought in."

Some state insurance departments, however, contributed to the attorneys general's investigation.

Massachusetts insurance regulators supplied the attorney general's office with some information from ISO hearings in the state regarding the claims-made form. But, the department did not know ahead of time that the state was filing suit, according to Commissioner of Insurance Roger Singer.

"We knew they were conducting an investigation, but we were as surprised as anybody else when they filed the suit," Mr. Singer said.

However, Mr. Singer does not question why the insurance department was not more involved in the attorney general's efforts. "The attorney general is a separate constitutional office," he remarked. "They have no connection with us."

Regarding the lawsuit, Mr. Singer would say only: "It appears the process is working the way it should."

In New York, the Insurance Department also assisted Attorney General Robert Abrams in preparing his lawsuit against the industry.

"We were asked early on by Mr. Abrams for assistance of different kinds," said a spokesman for the New York Insurance Department.

The insurance department made experts on various insurance-related subjects available for interviews by the attorney general's office.

"I wouldn't describe us as partners," but the department "doesn't object to the suit taking place," the spokesman said.

However, the department is not taking a stand on the charges, he noted.

New York Insurance Superintendent James P. Corcoran conducted his own investigation in 1986 into whether there was collusion among insurers doing business in the state, including several of the insurers named in the attorney general's suit.

In a statement released after the lawsuits were filed in San Francisco, Mr. Corcoran said the Insurance Department's investigation "was unable to make any conclusive statements regarding collusion on the part of any insurers. However, the record was kept open to await any further developments."

Mr. Corcoran pointed out that the attorney general's antitrust suit "raises new and disturbing questions about what actually occurred in the marketplace. The Department will continue its cooperation with Attorney General Abrams and will closely monitor the progress of the case to determine if any further regulatory action is needed."

Minnesota's Mr. Hatch says he understands why the attorneys general did not consult more closely with some insurance departments.

"Through the whole period, regulators were cheer-leading the industry," he said. An attorney general that spent time with an insurance commissioner during the investigation into possible antitrust violations "might as well be talking to the public relations department at Aetna," said Mr. Hatch, referring to Aetna Casualty & Surety Co., one of the defendants named in the suits.

He said his department spent time with Minnesota's attorney general, providing several briefings on the intricacies of the claims-made form.

In some states, such as Ohio, the insurance department and the attorney general together are pondering whether to join in the antitrust litigation.

Ohio Director of Insurance George Fabe said he finds it difficult to believe that an attorney general

Continued on next page

Update

Truck insurance fraud alleged

Continued from page 2

defendant, said: "As far as I know, Benchmark has never written a fraudulent insurance policy or taken money from anyone and then not provided coverage or tried to perpetrate a fraud against an insurance company."

At least two defendants' phones have been disconnected.

The suit was filed by American Casualty Co., a unit of Continental Casualty Co.; National Surety Corp., a unit of Fireman's Fund Insurance Cos.; Industrial Indemnity Co. and U.S. Fire Insurance Co., both Crum & Forster Inc. units; the Indiana Automobile Insurance Plan; and the California Automobile Assigned Risk Plan. They seek \$3.5 million in compensatory damages, treble damages under the Racketeer Influenced and Corrupt Organizations Act and \$10 million in punitive damages.

In addition, more than 10 other states are looking into the matter, and the Federal Bureau of Investigation is conducting criminal investigations of some of the defendants in California and Florida, said plaintiffs' attorney John E. Konowitz, with the law offices of Linda L. Pence in Indianapolis.

Seafirst wins first phase of trial

SEATTLE—Seafirst Corp. is seeking more than \$105 million from its directors and officers liability insurer after the bank and two of its former executives were found innocent of the insurer's allegations that they misrepresented the bank's financial condition when seeking the D&O policy.

In the second phase of the trial, slated for later this spring, Seafirst will seek to recover \$55 million in D&O policy limits and more than \$50 million in "bad-faith" damages from National Union Fire Insurance Co. of Pittsburgh, Pa., said Robert Hawk, an attorney for Seafirst with Heller, Ehrman, White & McAuliffe in San Francisco.

A U.S. District Court jury late last month cleared the company and the former executives of allegations that they fraudulently concealed or misrepresented information when seeking the D&O policy (BI, July 14, 1986). Seafirst sued its own employees in connection with the failure of energy-related loans following the collapse of Penn Square Bank in Oklahoma City.

Aneco Re accepts Forum bid

HAMILTON, Bermuda—The board of directors of Bermuda-based Aneco Reinsurance Co. Ltd. is recommending acceptance of a revised \$6.4 million bid by Forum Reinsurance Ltd. for control of publicly held Aneco.

Under an amended bid, Forum will purchase up to 1.5 million shares of Aneco stock at an increased price of \$4.25 per share. Aneco's stock was trading at \$3.75 last week on the over-the-counter market (BI, March 28).

Aneco said that Forum already holds 675,000 Aneco shares, or about 22% of the company. It said this stake could increase to approximately 73% if all 1.5 million shares are tendered.

Forum President Peter Wilson said Forum increased its offer because of Aneco's strong 1987 financial results. Aneco's net premiums earned increased 10.7% to \$11.4 million last year from \$10.3 million in 1986, while operating income climbed to almost \$2.5 million, up from \$1.5 million.

Employers must value benefits

WASHINGTON—New legislation would force employers with more than one health care plan to craft their own benefit valuation tests to comply with the 1986 tax law's non-discrimination rules for welfare plans.

Many employers had hoped that if the Treasury Department delayed drafting valuation tests, the department would ask Congress to delay the Jan. 1, 1989, effective date of the complex non-discrimination rules (BI, Sept. 29, 1986).

However, a technical corrections bill now pending in Congress would require employers to use "reasonable" actuarial methods to test whether their health care plans discriminate in favor of highly compensated employees. The provision, inserted at the Treasury's request, means that the Treasury fully intends that the non-discrimination rules go into effect as scheduled.

The legislation also says that the earliest effective date of Treasury Department benefit valuation tests would be six months after they are published. But some observers question whether the Treasury ever will publish the regulations.

"The legislation gets the Treasury off the hook. But it means that employers will have to start gathering plan data to meet the Jan. 1 compliance date," said Kevin Meehan, a consultant with The Wyatt Co. in Washington.

Briefly noted

TPA of America Inc. expects to post a loss for the year ended Dec. 31, 1987, of between \$15 million and \$16 million on gross revenues of about \$72 million. The health care claims administration and insurance concern—which owns American Benefit Plan Administrators Inc.—attributes the loss to its entry into health insurance underwriting in April 1987. . . . The Illinois Insurance Exchange reported a \$2.5 million underwriting profit in 1987, its first underwriting profit since it began operations in 1982. Net income rose 300% to \$4.8 million from \$1.2 million the previous year. However, gross written premium volume declined 9.1% to \$239 million last year from \$262.7 million in 1986. . . . The U.S. Supreme Court let stand a \$3.05 million damage award against CBS Inc. and Chicago anchorman Walter J. Jacobson for a commentary libeling Louisville, Ky.-based Brown & Williamson Tobacco Corp. The award includes \$1 million in compensatory damages and \$2 million in punitive damages against CBS and \$50,000 in punitive damages against Mr. Jacobson. Including interest, CBS has paid Brown & Williamson about \$3.4 million.

Attorneys expect antitrust litigation to grow

By DEBORAH SHALOWITZ

The massive antitrust litigation against the insurance industry is snowballing.

At least four more antitrust class-action suits against property/casualty insurers, reinsurers, brokers and trade organizations have been filed on behalf of commercial insurance buyers.

And, plaintiffs' attorneys predict that lawsuits already filed are only "the tip of the iceberg" of future antitrust suits similar to those filed against the industry by nine state attorneys general late last month (BI, March 25).

"I imagine that in every state in the union people would be looking to the lawyers to get relief from what the insurance companies did to them," declared Shamoon Zakaria, an attorney in the law offices of Melvin M. Belli, the prominent San Francisco plaintiff's attorney who filed one of the class-action suits.

"I believe there will be other cases filed throughout the United States," agreed plaintiff's attorney Stanley Chesley of Waite, Schneider, Bayless & Chesley in Cincinnati. "We're looking at the tip of the iceberg."

"I expect that there will be other federal court cases filed" and when "insureds go to their lawyers, they will find violations of state insurance codes" as well, said Eugene Pavalon, president of the Assn. of Trial Lawyers of America in Washington, who is with Asher, Pavalon, Gittler & Greenfield Ltd. in Chicago.

The attorneys general's suits were "like opening the floodgate," observed J. Robert Hunter, president of the National Insurance Consumer Organization in Alexandria, Va.

Overall, the litigation could cost the property/casualty industry tens of millions of dollars and last several years, according to antitrust attorneys (see story, page 47).

'I imagine that in every state in the union people would be looking to the lawyers to get relief from what the insurance companies did to them,' says attorney Shamoon Zakaria.

Eight state attorneys general filed separate lawsuits last month in U.S. District Court in San Francisco charging the defendants with antitrust violations and conspiracy to restrict commercial liability insurance coverage.

The Texas attorney general filed a similar suit in a state court.

While the insurance industry has limited antitrust immunity under the McCarran-Ferguson Act, the law specifically bars acts of "coercion, boycott and intimidation."

The suits allege, among other things, that the defendants conspired to eliminate occurrence-based commercial general liability policy forms and exclude all pollution coverage from the CGL form.

The San Francisco suits name as defendants: Hartford Fire Insurance Co., a Hartford Insurance Group unit; CIGNA Corp.; Aetna Casualty & Surety Co.; Allstate Insurance Co.; the Insurance Services Office Inc.; the Reinsurance Assn. of America; six U.S. reinsurers; eight Lloyd's of London managing agencies; six British reinsurance companies; and three reinsurance brokers.

Since the attorneys general filed their actions, commercial insurance buyers have filed similar lawsuits in both federal and state courts.

Sandy Litvack, an attorney specializing in antitrust law with the New York firm of Dewey, Ballantine, Bushby, Palmer & Wood, pointed out that class-action suits often are filed after an attorney general files a suit.

It is "really customary and not unusual at all" for the government to initiate an action and private sector suits to be filed thereafter, agreed ATLA's Mr. Pavalon.

Mr. Pavalon said the attorneys general must have known that a rash of class-action lawsuits would follow the San Francisco suits.

"It was obvious to them that the private sector would be sufficiently represented once the basis for their allegations on behalf of the public sector became known," he said.

Mr. Pavalon's law firm filed a class-action suit April 6 in U.S. District Court for the Northern District of Illinois on behalf of all U.S. buyers of commercial general liability insurance from March 1984 through the present against the same defendants named in the San Francisco suits or their subsidiaries.

The named plaintiff in the suit is Pickens-Kane Moving & Storage Co., a Chicago-based trucking firm.

The suit charges that "rates have been artificially increased and coverage has been artificially restrained and limited," Mr. Pavalon said, adding the suit seeks "all damages sustained."

Mr. Pavalon said he intends to "do some work on developing damages people have sustained as a result of not having coverage or having inadequate coverage."

One sustained damage is the inflated premiums policyholders paid during the liability insurance crisis, headed.

The suit also seeks an injunction to bar the defendants from continuing their allegedly illegal actions.

A similar class-action suit was filed April 4 in U.S. District Court in Chicago.

Continued on next page

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Regulators

Continued from previous page
would not consult with his state's insurance regulator before filing such a suit.

"An attorney general dealing with an issue like this must have been talking to the regulators," Mr. Fabe said.

"We're sort of a clearinghouse," he pointed out, explaining that an attorney general developing an antitrust suit would need access to the information kept by the insurance department.

In Florida, Insurance Commissioner Bill Gunter and Attorney General Bob Butterworth are working together to determine whether the state should join in the suits.

"If there is any evidence that indicates the liability insurance crisis of the mid-1980s was aggravated to benefit certain members of the insurance industry, the state of Florida deserves and demands redress," Mr. Gunter said in a release after the suits were announced.

A team of attorneys assigned by Mr. Butterworth is reviewing the issues in the lawsuits to determine whether Florida should bring action.

The Illinois Department of Insurance "will be paying attention to the suit" but has no plans to become involved in the litigation, said John E. Washburn, Illinois director of insurance and president of the National Assn. of Insurance Commissioners.

"Everyone is just watching to see what happens," Mr. Washburn said.

An NAIC spokesman said the association had not studied the charges and is "in no position to make any response" to the allegations contained in the suits.

Apparently the only regulatory response to the antitrust action to date has come from Washington Insurance Commissioner Richard D. Marquardt.

Mr. Marquardt put a temporary freeze on all primary and excess CGL rate filings and requests to write increased CGL limits in Washington by insurers named in the lawsuits.

A department spokesman said the intent of the order is to give regulators in Washington "a chance to look at the suit. It's kind of a stop-gap thing." He said the freeze "will remain in effect pending review of the charges."

Continued from previous page

Court for the District of Columbia on behalf of all U.S. day-care centers—except government-run facilities—that either bought or were denied CGL or excess liability policies from March 1984 through the present, said Jerry S. Cohen, with Cohen, Milstein & Hausfeld in Washington, D.C.

The suit charges the same defendants named in the San Francisco suits with violations of antitrust laws and seeks treble damages, which were not specified, attorney's fees and an injunction to bar the defendants from similar action.

The named plaintiff in the suit is Carlisle Day Care Center Inc., a non-profit facility based in Carlisle, Pa.

Another class-action suit was filed March 29 in U.S. District Court in Manhattan against the same defendants named in the San Francisco suits. That suit seeks unspecified treble damages and injunctions to bar the defendants from violating antitrust laws.

The suit was filed on behalf of all for-profit and non-profit commercial insurance buyers, excluding government entities, that purchased general liability coverage between March 1984 and the present, said David Burger of Burger & Montague in Philadelphia.

The plaintiff in the suit is Mobile Check Cash, a Camden, N.J. check-cashing agency (BI, April 4).

The various class-action lawsuits filed in federal courts probably will be consolidated into one action, according to Mr. Pavalon.

Mr. Belli, the noted plaintiff's attorney, filed a similar class-action suit in state court.

Mr. Belli's suit was filed March 30 in San Francisco Superior Court on behalf of California CGL policyholders from March 1984 to the present that experienced rate hikes or a "diminution in coverage" when CGL coverage was switched from an occurrence to a claims-made form or when defense costs were included within coverage limits, according to Mr. Belli's research clerk.

The suit charges the defendants with "conspiracy to defraud and

restrain trade" and with violating the state's business and insurance codes. It requests treble damages and attorneys' fees.

The suit asks defendants to justify the coverage changes and rate increases.

Mr. Belli's suit names all of the defendants cited in the attorneys general's federal court suit and leaves open the opportunity to add additional defendants.

The named plaintiff is Career Associates Inc., a San Francisco employment agency with seven employees.

The lawsuit was filed in state court in part because state laws are more specific about insurance than federal laws, so attorneys may be able to prove more easily that the defendants violated the state's laws, explained Mr. Zakaria, an attorney working on the case.

Mr. Zakaria also pointed out that the firm has talked to numerous other attorneys and plaintiffs in other states about filing similar lawsuits.

Philip Corboy, with the Chicago law firm Corboy & Demetrio, agreed on the merits of suing in state court, saying he would file suit in Cook County Circuit Court rather than federal court if he decides to file a class-action lawsuit against insurers.

Mr. Corboy also pointed out that state courts usually use 12 jurors, compared with six in a federal court, so "you get more jury dynamics" in state court.

Furthermore, federal court judges are so overburdened with a backlog of untried cases that a lawsuit likely would be heard sooner in state court, where the backlog is shorter.

Mr. Corboy said he has no immediate plans to file such a suit on behalf of Illinois CGL policyholders. However, he said that if Illinois Attorney General Neil Hartigan does not join the actions filed by other attorneys general, he would recommend that the state's plaintiff's bar association file such a suit.

The state actions, however, could be stayed pending the outcome of the federal actions, several attorneys agree.

BI Insurance Index



Insurance industry stocks broke their two-week fall last week, as the *Business Insurance Index* climbed 2.5 points to 425.46 on April 7 from 423.1 on March 31. Advancing issues were led by Fran B. Hall & Co. Inc., up 8.9%; Aneco Reinsurance Co. Ltd., up 7.1%; Lawrence Insurance Group, up 7%; Phoenix Re Corp., up 6.7%; Corroon & Black Corp., up 6.5%; and ITT Corp. (Hartford Insurance Group), up 5.9%. Declining issues were led by Belvedere Corp., down 7.1%; USF&G Corp., down 5.6%; SCOR US Corp., down 5.6%; American Indemnity Financial Corp., down 5.4%; The Home Group Inc., down 4.9%; and Zenith National Insurance Corp., down 4.2%. Issues showing the most activity during the period were: Farmers Group Inc., 3.3 million; General Re Corp., 2.2 million shares traded; and Sears, Roebuck & Co. (Allstate), 1.9 million shares traded. The *Business Insurance Index* gained 0.6% for the period, lagging behind the gains enjoyed by the leading market indicators: The Dow Jones 30 Industrials gained 3.7% gain; the Standard & Poor's 500 gained 2.8%; and the New York Stock Exchange Composite rose 2.5%.

Industry's defense to be costly

By DEBORAH SHALOWITZ

The massive antitrust litigation facing property/casualty insurers could cost the industry tens of millions of dollars in legal fees and last many years, observers say.

"These lawsuits are expensive, and they are lengthy and time-consuming," said plaintiffs' attorney Philip Corboy, with Corboy & Demetrio in Chicago.

The litigation "could take several years," estimated Sandy Litvack, an attorney specializing in antitrust law with Dewey, Ballantine, Bushby, Palmer & Wood in New York.

The litigation probably will last between a minimum of one year to six or more years, said Peter de la Cruz, with the Washington, D.C., firm of Keller & Heckman. The firm represents the Reinsurance Assn. of America, a defendant in the litigation.

Legal experts estimate that well-regarded

antitrust attorneys in major U.S. cities charge clients an average of \$250 to \$300 per hour.

Many of the defendants already have announced the attorneys that will defend them, but defendants and their attorneys declined to discuss their defense strategy.

Technically, a defendant has 20 days to respond to a complaint filed in a federal court, but defendants can request extensions, attorneys said.

Some of the defendants and the outside counsel they have retained include:

- Hartford Fire Insurance Co., a Hartford Insurance Group unit, which has retained Schiff, Hardin & Waite in Chicago as its defense coordinator.

- Hartford also has appointed Crosby, Heafey, Roach & May in Oakland, Calif., as its California trial counsel and Weil, Gotshal & Manges in Dallas as its Texas trial counsel.

- Allstate Insurance Co., which has retained Sonnenschein, Carlin, Nath & Rosenthal in Chicago.

- Aetna Casualty & Surety Co., which has appointed four law firms to work on its defense: Steptoe & Johnson in Washington, D.C.; Pepper, Hamilton & Scheetz in Philadelphia; Gibson, Dunn & Crutcher in Los Angeles; and Susman, Godfrey & McGowan in Dallas.

- The Insurance Services Office Inc., which has retained law firms in New York, Dallas and San Francisco.

The New York counsel is Davis, Polk & Wardwell; the Dallas counsel is Carrington, Coleman, Sloman & Blumenthal; and the San Francisco counsel is Cooper, White & Cooper.

- The Reinsurance Assn. of America, which has appointed Keller & Heckman.

- General Reinsurance Corp., which has appointed Skadden, Arps, Slate, Meagher & Flom in New York.

- Prudential Reinsurance Co., which has retained Howrey & Simon in Washington, D.C.

- North American Reinsurance Corp., which has appointed Lord, Day & Lord in New York.

- Constitution Reinsurance Corp., a unit of Crum & Forster Inc., which has appointed Paul, Weiss, Rifkind, Wharton & Garrison in New York.

- Mercantile & General Reinsurance Co. of America, which has retained Willkie, Farr & Gallagher in New York.

CIGNA Corp. and Winterthur Swiss Insurance Co. declined to name their outside counsels.

Other defendants could not be reached for comment.

Coming next week

Leonard M. Wilson's monthly column on the publicly held insurance brokerages will appear in the April 18 issue of *Business Insurance*.

British Issues

April 7 Companies	Price	P/E	Div. %	Yield %	1 Week	
					High-Low	Change
Comml Union	325	12.3	21.9	6.7	325-318	
Genl Accident	915	10.6	47.9	5.2	915-897	
Gdn Royal Exch	891	13.3	55.2	6.2	893-882	
Royal	409	10.8	26.4	6.4	412-396	
Sun Alliance	923	15.1	43.1	4.7	923-894	

Brokers	Price	P/E	Div. %	Yield %	High-Low
Bradstock	209	11.7	6.8	3.2	209-209
CE Heath	364	13.5	34.5	9.5	364-363
Hogg Robinson	139	10.7	9.6	6.9	139-138
Lloyd Thompson	160	13.9	6.8	4.2	160-158
PWS Holdings	175	7.4	14.4	8.2	176-175
Sedgwick Grp	200	12.4	16.4	8.2	203-200
Steel Brl Jones	158	9.8	13.7	8.7	158-158
Willis Faber	210	11.0	15.4	7.3	210-205

Source: Philip Olsen/Alan Clifton, Insurance Industry Specialists Kitcat & Aitken Stockbrokers, London

BI Industry Stock Report

APRIL 7, 1988

4/1/88 THRU 4/7/88

	Weekly Price	% change	Year to Date % change	Annual		Vol.(000)	\$ Div.	% Yield	P/E	Book value	Mkt/Bk. value
				High	Low						
BROKERS											
Alexander & Alexander Svcs	22.50	4.0	26.8	24.50	17.75	253	1.00	4.4	14.7	3.61	6.23
Baldwin & Lyons Inc.	13.50	0.0	12.5	15.00	12.00	0	0.20	1.5	5.1	18.66	0.72
Corroon & Black Corp.	32.63	6.5	15.5	34.75	28.00	864	1.08	3.3	15.5	6.82	4.78
Gallagher Arthur J. & Co.	14.38	-0.8	-10.1	18.00	13.88	11	0.48	3.3	9.9	4.81	2.99
Hall Frank B. & Co.	4.63	8.9	60.8	5.50	2.88	280	0.00	0.0	9.9	0.00	N/A
Hibb, Rogal & Hamilton	12.25	2.1	25.6	12.75	9.75	21	0.00	0.0	9.9	0.00	N/A
Lawrence Ins. Group	13.38	7.0	98.2	13.75	6.88	15	0.32	2.4	13.7	4.10	3.26
Marsh & McLennan Cos. Inc.	51.38	3.3	3.8	55.63	45.25	787	2.40	4.7	12.7	7.27	7.07
Poe & Assoc Inc.	7.50	0.0	7.1	7.50	6.75	0	0.40	5.3	7.3	0.57	13.16
BROKERS AVERAGE		3.4	26.7					2.8	11.2		
CONGLOMERATES & HOLDING COMPANIES											
Berkley W.R. Corp.	23.75	-1.0	-1.0	29.00	23.50	144	0.36	1.5	5.8	17.31	1.37
Berkshire Hathaway Inc. DEL	3550.00	4.4	20.3	3550.00	3000.00	152	0.00	0.0	19.0	96.82	5.95
CIGNA Corp.	46.13	-1.3	5.1	51.88	43.88	687	2.96	6.4	5.7	50.12	0.92
CNA Fin'l Corp.	59.13	3.3	6.3	61.00	51.00	294	0.00	0.0	9.1	42.71	1.38
General Re Corp.	47.63	-0.5	-14.8	56.38	45.50	2211	1.20	2.5	9.9	26.60	1.79
ITT (Hartford Group)	47.25	5.9	5.0	49.25	43.25	1402	1.25	2.6	6.6	44.08	1.07
Sears Roebuck & Co. (Allstate)	37.00	3.5	10.0	39.88	32.25	1857	2.00	5.4	8.5	32.94	1.12
Transamerica Corp.	32.50	0.0	9.2	36.75	29.75	459	1.84	5.7	5.9	30.32	1.07
CONGLOMERATES AVERAGE		1.8	5.0					3.0	8.8		
INSURERS											
Aetna Life & Cas Co.	43.63	-0.6	-3.6	49.88	42.88	1310	2.76	6.3	5.8	53.56	0.81
American General Corp.	32.75	-0.8	3.1	36.38	30.75	872	1.40	4.3	8.6	27.13	1.21
Amer Heritage Life Inv't	26.00	3.0	7.2	26.00	24.00	1	0.96	3.7	12.1	21.70	1.20
Amer Ind'y Fin'l Corp.	8.75	-5.4	-2.8	9.75	8.25	6	0.56	6.4	12.1	20.30	0.43
American Int'l Group	54.50	1.6	-9.2	65.38	50.88	1753	0.30	0.6	9.5	34.54	1.58
Aneco Reins Ltd.	3.75	7.1	10.9	4.00	3.13	57	0.00	0.0	5.1	1.93	1.94
Aon Corp.	25.00	-1.0	9.3	27.00	21.88	160	1.28	5.1	8.9	15.23	1.64
Argonaut Group	44.75	-1.1	50.4	49.00	29.50	168	0.00	0.0	8.0	19.19	1.53
AVEMCO Corp.	24.25	-2.5	23.5	25.25	17.88	42	0.28	1.2	12.6	7.74	3.13
Belvedere Corp.	5.00	-7.1	14.2	6.00	4.38	22	0.04	0.8	11.9	7.65	0.65
Business Mens Assum Co.	35.25	5.2	31.8	36.00	25.50	145	1.20	3.4	95.3	27.39	1.29
Chubb Corp.	57.50	1.3	2.9	63.38	52.00	511	2.16	3.8	6.9	39.52	1.45
Continental Corp.	37.88	0.3	-2.2	41.63	35.88	738	2.60	6.9	7.0	41.62	0.91
Durham Corp.	26.25	-1.9	22.1	28.00	21.50	2	0.92	3.5	22.4	25.00	1.01
Farmers Group Inc.	61.88	4.9	53.7	63.88	40.50	3325	1.44	2.3	15.9	22.15	2.79
Fremont's Fund Corp.	28.25	0.0	8.7	31.00	25.75	714	0.50	1.8	31.0	29.81	0.95
Fremont Gen Corp.	11.00	-3.3	14.2	-13.50	9.25	103	0.60	5.5	31.0	16.75	0.66
Home Group Inc.	12.13	-4.9	2.1	14.38	11.50	343	0.20	1.6	2.5	17.65	0.69
Hanover Ins Co.	24.25	2.1	4.3	26.25	22.50	95	0.36	1.5	5.3	25.10	0.97
Harleysville Group Inc.	16.00	-0.8	22.0	16.38	13.38	15	0.40	2.5	7.8	16.18	0.99
Hartford Steam Boiler Insp	28.00	2.8	21.7	29.25	22.50	60	1.20	4.3	10.7	11.87	2.36
Kans City Life Ins	29.50	2.6	12.4	29.25	25.25	0	0.00	0.0	10.7	0.00	N/A
Kemper Corp.	23.00	0.0	12.2	25.25	21.00	715	0.72	3.1	7.2	27.11	0.85
Liberty Corp. S.C.	44.50	-1.1	25.4	47.25	34.50	11	0.80	1.8	17.0	20.90	2.13
Lincoln Nat'l Corp.	46.13	0.3	15.0	48.75	40.25	129	2.36	5.1	8.9	44.85	1.03
NAC Re Corp.	23.25	-2.1	31.0	24.50	18.50	31	0.00	0.0	16.0	19.43	1.20
Nobel Ins Ltd.	5.00	0.0	-42.9	9.50	4.63	484	0.40	8.0	23.8	9.37	0.53
Northwestern Nat'l Life	25.88	0.0	13.1	29.25	22.63	100	0.96	3.7	7.0	35.18	0.74
Ohio Cas Corp.	35.50	4.4	-2.1	38.25	33.25	122	1.88	5.3	8.2	27.86	1.27
Old Rep Int'l Corp.	22.75	-1.1	13.8	24.63	19.13	48	0.74	3.3	5.2	19.80	1.15
Orion Cap Corp.	16.13	-4.1	19.5	17.25	13.13	38	0.76	4.7	16.0	9.39	1.72
Phoenix Re Corp.	8.00	6.7	23.1	8.75	6.75	19	0.00	0.0	5.0	10.15	0.79
Protective Corp.	15.13	0.9	23.5	15.00	12.25	34	0.70	4.6	14.8	16.98	0.89
Provident Life & Acc Ins Co.	1										

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