NEWSPAPER

APRIL 19, 1993

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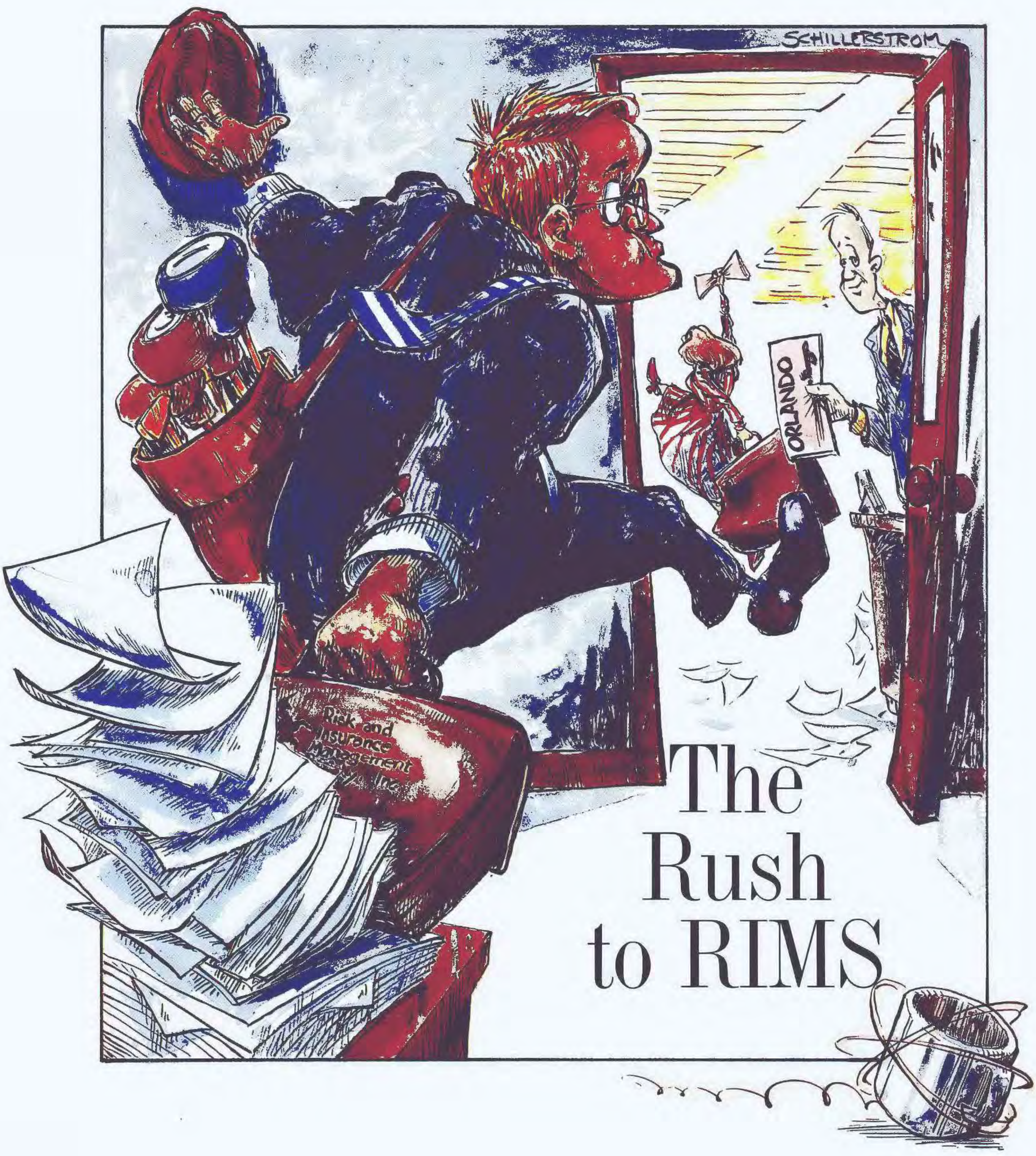


# The Rush to RIMS

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**Update**

### FASB to force insurers to value some assets at market value

NORWALK, Conn.—The Financial Accounting Standards Board has approved a controversial proposal that will require insurers to report more of their assets at market value.

FASB approved a statement draft last week, with the final rule expected in June, according to project manager Robert Wilkins. It will take effect in 1994.

Among other provisions, the proposed rule calls for bonds classified as "available for sale" or "held for trading purposes"

*Continued on next page*

# IRS ends wait for plan distributions

**By JERRY GEISEL**

WASHINGTON—The Internal Revenue Service will no longer make employees wait a month before they can receive distributions from 401(k) and other savings plans.

Effective immediately, the IRS is scrapping a much-assailed rule that was intended to help employers comply with a federal law imposing a 20% withholding tax on many types of saving plan distributions.

Employers had been required to notify employees—in writing—of the 20% withholding tax and of options for avoiding the tax no less than 30 days before a distribution, but no more than 90 days before a distribution.

As a practical matter, that meant employees had to wait 30 days—after they received the notice of their options to avoid the tax—even for hardship withdrawals.

But now the 30-day wait is over.

IRS Notice 93-26, published last week, says employees can, if their employers allow it, receive a distribution immediately.

Specifically, the IRS notice says employees can waive the requirement of a 30-day period between the time they receive information about the tax and when they receive a check. Employers, though, still must make clear to employees that they have at least 30 days to consider distribution options.

GRAPHIC BY CHRIS ROY

Benefit experts say the relief will be welcomed by employers and employees alike.

"Employers were caught in the middle. They want to deliver distributions quickly, but were prevented from doing so by an IRS rule. That is no longer the case," said Henry Saveth, a principal with A. Foster Higgins & Co. Inc. in New York.

Employees no longer will face what benefit consultants say was an arbitrary 30-day waiting period.

"Employees want their money when they ask for it," said Jeff Croyle, a partner with Kwasha Lipton in Fort Lee, N.J.

But the IRS notice didn't give employers everything they wanted.

The service has not provided any guidance on how employers can use interactive telephone systems to notify employees of their options and provide distributions, though it will continue to study the issue. Some employ-

*Continued on page 38*

# U.S. indicts exec of Bermuda insurer in fraud scheme

**By DOUGLAS McLEOD**

NEW YORK—A New York insurance executive is facing criminal charges that he defrauded policyholders using a Bermuda-based insurer capitalized with $52.5 million in phony assets.

Tony Habib, an officer of Bermuda-based Financial Services Insurance Ltd., was indicted last week on charges that he bilked policyholders out of more than $7 million in premiums for a variety of commercial insurance policies.

The indictment also charges that Mr. Habib defrauded clients of more than $3.5 million in a separate "advance fee" scheme, agreeing to arrange letters of credit and financial guarantees that he later failed to provide.

Financial statements for FSIL audited by Coopers & Lybrand in Bermuda included $52.5 million in U.S. Treasury notes and bonds the insurer never actually owned, prosecutors allege.

Over a two-year period, Mr. Habib allegedly produced a series of fraudulent documents purportedly confirming FSIL's ownership of the assets, including two from Oppenheimer & Co. in New York, the indictment charges.

Coopers & Lybrand withdrew its audit opinion after Mr. Habib was arrested April 1.

The arrest was based on a criminal complaint filed by U.S.

*Continued on page 28*

# Clinton plan takes shape

## Employers fear that states could stifle creation of private purchasing groups

**CLINTON AGENDA**

**By JERRY GEISEL**

WASHINGTON—Some business lobbyists are concerned that President Clinton's health care reform proposal could curtail or even kill employers' attempt to form health care purchasing cooperatives.

The suggestion that states would have broad authority over the establishment of health care purchasing co-ops worries business groups, who fear that states could require all employers to join state-sponsored groups. That could, in effect, establish state-run single-payer health care systems, they reason.

The fears of the business lobbyists began when administration officials outlined the broad features of the Clinton proposal at a press briefing earlier this month.

The officials, who spoke on the basis that they would not be identified, said that all Americans would be entitled to a comprehensive, federally defined health benefits package. Employers would be required to pay a yet-undefined portion of the premium on behalf of their employees.

All health care policies would be required to meet certain standards. Policies could not, for example, deny coverage on the basis of pre-existing conditions.

The officials did not say how universal coverage, which would be gradually phased in, would be financed. But last week, the administration floated a new financing concept: a value-added tax, which essentially is a national sales tax.

A Clinton plan proposal that is causing the most concern among business lobbyists would give states enormous discretion in establishing and regulating health care purchasing cooperatives, dubbed by officials as "health alliances."

Initially, these alliances were expected to be organized by states, trade associations and other groups to give small employers and individuals the same buying clout as big employers. Large employers would have the option of joining an alliance or standing alone.

The alliances would negotiate prices with insurers, health maintenance organizations and provider groups.

But at the press briefing, administration officials said states not only could organize and run purchasing alliances, but they also may be able to limit the number of purchasing alliances in the state.

A memo drafted by an aide to a Midwestern governor after the aide met with members of the presi-

*Continued on page 39*

# Storm winds push property rates upward

**By SARA MARLEY**

The three most important factors when buying property are "location, location, location."

The same now holds true when renewing property insurance.

Businesses in regions hit by natural catastrophes in 1992, particularly Hurricane Andrew, are seeing property rate increases of up to 60% during spring renewals, with sharp declines in capacity.

Large policyholders elsewhere are reporting 15% to 20% increases and newly imposed sublimits for earthquake, flood and windstorm coverage.

However, medium-sized and smaller risks—especially those with no catastrophes exposure—are seeing their property rates hold steady or even decline.

"It depends on what ZIP code you're in. (Underwriters) are getting that finite this year," said Gary Lewis, risk manager for Imcera Group Inc., a biotechnology company in Northbrook, Ill.

**SPRING RENEWALS**

"Property is starting to tighten on the West Coast and East Coast for more complex accounts," said Larry Drake, a managing director at Marsh & McLennan Inc. in New York. But those increases are still "erratic."

"In general, rates are floating up rather than rising radically," said Michael McIntyre, senior vp of Allendale Mutual Insurance Co. in Johnston, R.I. Rate increases "will be more in force come the third quarter."

"Price cutting doesn't exist" for large property accounts, said Norman Barhan, head of Johnson & Higgins' national property practice in New York. "In January and February a handful of accounts renewed as is, but I don't see it any longer. April 1 marked the beginning of tougher renewals."

Risk managers also are seeing more restrictive terms and conditions in their property policies.

"In this business environment, some companies can't accept rate

*Continued on page 40*

## Update

### FASB proposal approved

*Continued from previous page*

to be reported at their market value, though bonds that are being held to maturity can be reported at cost.

Insurers, accountants and others object to the proposal (*BI*, July 27, 1992). They charge it will unevenly impact insurers' balance sheet s by changing assets but not liabilities. They say the proposal—which would apply to banks—could create difficulties in classifying investments and cause greater volatility in the insurance marketplace.

### Hawaii seeks Medicaid waiver

HONOLULU—The state of Hawaii today will ask the Clinton administration for a waiver of Medicaid rules to implement a Medicaid Demonstration Project that features a purchasing pool and a focus on managed care.

The proposed program would provide medical benefits—including mental health care—through a single private insurance pool to approximately 88,200 individuals currently served by three public health financing programs: Medicaid's Aid to Families with Dependent Children, the state's general assistance program and the State Health Insurance Program.

The basic benefit plan would focus on preventive and managed care. That focus would keep costs down, as would competition among insurers for the pool's business, the state said.

If the waiver is granted, the program would begin January 1994. Oregon became the first state to receive a waiver of Medicaid regulations to carry out its universal health coverage plan (*BI*, March 22).

Hawaii already has a limited ERISA waiver that allows it to require employers to offer health insurance, but that waiver allows no substantive changes to be made to the state's health care system.

### $24 million implant settlement

SANTA BARBARA, Calif.—Mentor Corp., the only U.S. silicone breast implant manufacturer left, has agreed to pay $24 million to settle all its outstanding breast implant litigation and to discontinue making the silicone gel implants.

The agreement was reached with the Federal Multi-District Litigation Plaintiffs Steering Committee which, upon approval, will settle all claims against Mentor from women who allege they were injured by the implants. Distribution of the $24 million fund will be determined by a federal court in Birmingham, Ala., which has been overseeing the litigation against Mentor and a number of other manufacturers.

In January 1992, silicone breast implants were taken off the market by a Food and Drug Administration moratorium (*BI*, Jan. 13, 1992). But Mentor received FDA approval last year to distribute the implants in post-mastectomy breast reconstruction studies.

Mentor has agreed to stop making all silicone implants within 18 months after completion of the settlement. Forty percent of Mentor's sales comes from plastic surgery devices, the bulk of which are silicone breast implants.

As a result of the settlement, the manufacturer expects to incur a one-time charge of $12.2 million in the fourth quarter of its fiscal year which ended March 31. Mentor expects a portion of that will be covered by insurance.

### Report faults Gooda Walker

LONDON—Misuse of time-and-distance policies helped disguise the true results of syndicates formerly managed by Gooda Walker Ltd., charges a scathing report sent to Britain's Serious Fraud Office and Lloyd's of London.

Randall Insurance Services Ltd., hired by Lloyd's to investigate syndicate losses, suggests in its report that the results of syndicates 164, 290 and 295 were "significantly enhanced" by time-and-distance policies, purchased mainly from Pinnacle Reinsurance Co. Ltd. Those inflated results may have contributed to the growth in capacity at Gooda Walker syndicates in the 1980s, it adds.

Gooda Walker members face total losses of more than 1 billion pounds ($1.54 billion at current exchange rate).

There is nothing improper about the use of time-and-distance policies, said the report. However, some of the Gooda Walker policies were not disclosed and some were retroceded by Pinnacle to other Gooda Walker syndicates, a practice not allowed by Lloyd's.

The Randall report's charges may become part of an ongoing disciplinary investigation of the Gooda Walker syndicates.

### Harbor objects to jury finding

LOS ANGELES—Harbor Insurance Co. has asked a Los Angeles Superior Court judge to set aside a jury interpretation that pollution occurring over several years was "sudden" despite a recent state appellate court ruling that narrowly defines the term.

The March 29 verdict in *Purex Industries Inc. vs. Harbor Insurance Co.* surprised attorneys for both sides since it followed *Shell Oil Co. vs. Winterthur Swiss Insurance Co.*, a January ruling by a California appeals court that held "sudden and accidental" in the comprehensive general liability policy means quickly (*BI*, Jan. 25).

Even the plaintiffs' attorney in the Purex case conceded there was

*Continued on page 38*

### Errors & omissions

• Bermuda Registrar of Companies Malcolm Butterfield can provide U.S. regulators with certificates that affirm that insurers have complied with Bermuda regulations, not U.S. regulations as erroneously reported in a March 15 story.

# California HMOs angle for 24-hour business

**By JOANNE WOJCIK**

RANCHO CORDOVA, Calif.—In a deal that brings 24-hour coverage closer to reality in California, a second health maintenance organization in as many months has bought a workers compensation insurer.

Foundation Health Corp. of Rancho Cordova, Calif., has reached a definitive agreement to acquire Novato-based Business Insurance Corp. and its operating subsidiary, California Compensation Insurance Co., a leading specialty workers comp insurer.

That follows FHP International Corp.'s acquisition last month of Great States Financial Corp. and its two subsidiaries: Great States Insurance Co., a workers comp insurer licensed in California and Arizona, and Skandia Benefit Services Co., a workers comp third-party administrator (*BI*, March 15).

Both HMOs will now be in a position to compete for business under a four-county 24-hour pilot program authorized under legislation passed last fall. A.B. 3757, signed by Gov. Pete Wilson, will permit employers to contract with managed care organizations to provide both health care coverage as well as coverage for occupational illness and injuries.

Fountain Valley, Calif.-based FHP, one of the state's largest HMOs with 875,000 enrollees, was the first HMO in California

*Continued on page 26*

## Including work comp in national reform a mistake: Group

# Alliance vows a fight

**By MARK A. HOFMANN**

WASHINGTON—The Alliance of American Insurers will fight any attempt to incorporate the medical care component of workers compensation insurance into a system of national health insurance.

The Clinton administration appears set on folding a significant part of workers comp medical care into the overall health care system in its reform package, according to the Alliance.

Representatives of the insurer trade group have met with members of the president's Task Force on Health Reform three times to discuss the place workers comp will have in a reformed health care system.

The insurer representatives came away believing the administration is attempting to sell health care reform to employers by promising to reduce workers comp costs.

Putting the medical component of workers comp into a national health system while leaving the wage-loss component under state control would lead to administrative problems, jurisdictional spats and perhaps federalization of the workers comp system, said Paul Mattera, a vp at Liberty Mutual Insurance Co. in Boston.

*Continued on page 4*

# 'Perfect' disagreement

## Groups divided on how to improve insurer solvency bill

**By DOUGLAS McLEOD**

WASHINGTON—The American Insurance Assn. is trying to form a coalition of insurance company, agent and buyer groups to support a "perfected" version of the insurance regulation bill proposed by Rep. John D. Dingell, D.-Mich.

H.R. 1290, the Federal Insurance Solvency Act of 1993, was introduced by Rep. Dingell last month (*BI*, March 15).

Although the AIA's "Committee for Insurance Reform" is holding meetings to attract support, the group faces sizable hurdles getting interested parties to agree what a "perfected" version of the bill should say.

Andrew Wright, the trade group's vp-federal affairs, said the AIA has had little response from insurance industry representatives who attended a meeting last month outlining the coalition's goals.

He also said the coalition might not produce a detailed statement on what an insurance regulation bill should include, because many interested groups do not agree on the subject.

Instead, Mr. Wright said he sees the proposed coalition as an informal body with no set membership, meeting occasionally to

*Continued on page 37*

# Lloyd's seeks U.S. tax break

**By GAVIN SOUTER**

WASHINGTON—Lloyd's of London is stepping up its lobbying efforts to permit U.S. members to take tax deductions for their Lloyd's losses.

Through its U.S. lawyers, Lloyd's is urging the Internal Revenue Service to recharacterize Lloyd's losses as "active" investment losses, which can be offset against most income. Under the Tax Reform Act of 1986, most investment losses are considered "passive" and can be deducted only from passive income.

The issue has become more urgent for Lloyd's as losses continue to mount and members flee. Americans account for about 10% of Lloyd's membership and capacity.

Talks between Lloyd's and the IRS are primarily focusing on members who face losses from syndicates in runoff. In such situations, members can incur sizable losses but wait years before they are allowed to offset their losses against taxes.

Lloyd's may be successful in its technical point on runoff syndicates, but it will face an uphill battle in trying to convince the IRS and the Clinton administration of its broader case, observ-

*Continued on page 27*

## Inside

- IBM's cost-cutting measures extend to early retirement and layoff packages. **PAGE 6**
- Prepare to make the RIMS conference a learning experience, this week's editorial says. **PAGE 8**
- Risk managers must rethink their global strategies, broker Teresa L. Pahl says in Perspectives. **PAGE 23**
- The new French government's privatization push may be healthy for insurers and policyholders, according to analysts. **PAGE 31**
- The catastrophe loss record was smashed in 1992, a Swiss Re report shows. **PAGE 31**
- Most physicians doubt that a White House task force can make the right health reform decisions, a new survey finds. **PAGE 39**

### Departments



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# Maryland reform may limit provider billings

By NANCY P. JOHNSON

ANNAPOLIS, Md.—Maryland's new health care reform law creates a powerful state commission that may eventually control provider fees, as the state has done for years with hospital fees.

The law, signed last week by Gov. William Donald Schaefer, also aims to widen access to coverage by reforming how small group health insurance is underwritten.

Employers applaud the commission's agenda to study and possibly curb increases in provider fees.

But some consultants say not to expect dramatic savings. In addition, while the reform law may initially lower health insurance premiums for small employers, consultants and insurers say the adoption of community rating could eventually drive premiums up.

Under H.B. 1359, the governor, with the consent of the state Senate, will appoint a seven-member commission by July 1 that will collect data on

**Two more states considering health reform bills. Page 16**

all non-hospital medical costs in the state (*BI*, April 12).

Four of the seven members must have no connection with health care providers or payers.

The commission will be charged with developing a standardized system for processing claims, regulating electronic claims clearinghouses, establishing performance guidelines for health maintenance organizations and fostering the development of medical practice parameters.

After cost data is collected, the commission is to develop a framework by January 1995 for determining a target price for health care services.

The commission is to set two components of a three-part pricing formula. Those two parts are provider's resources—like overhead, experience and expertise—and the value of the service.

The third part of the formula, a "conversion modifier," would be determined by health care practitioners and payers.

The commission would use this formula to set target fees for non-hospital medical procedures.

The law does not now require providers to follow these guidelines. But, if costs are not voluntarily brought in line with the commission's goals, the law could mandate that the target fees be

*Continued on page 13*

# Costs spur retiree health cuts

By JERRY GEISEL

More employers, especially smaller firms, are eliminating retiree health care plans as retiree health benefit costs continue to escalate faster then overall health care inflation.

In 1992, total retiree health care costs—including premiums paid by employers and retirees—rose 10.5% for retirees 65 and older. That was considerably more than the 6.6% increase in the medical care component of the Consumer Price Index last year, according to a survey released this week by KPMG Peat Marwick.

The study did not track health care costs for retirees under age 65 who are not eligible for Medicare.

Individual coverage for retirees cost an average of $1,488 per retiree in 1992, while family coverage cost an average of $3,456, the survey found.

Peat Marwick asked employers to provide their 1992 costs and to estimate how much they had increased over the prior year. The survey is based on the responses of 1,057 employers, of which 491 offered retiree health care benefits. It did not ask for actual 1991 costs.

With expenses rising and employers becoming more aware of the true cost of their retiree health care programs, companies are scaling back these benefits.

According to the survey, only 37% of employers with between 200 and 999 employees offered a retiree health plan in 1992, down from 44% in 1991.

Likewise, 52% of employers with between 1,000 and 4,999 employees offered a retiree health plan last year, compared with 56% in 1991. Among big employers—those with 5,000 or more employees—the percentage that provided retiree health coverage held steady at 72%.

Smaller firms may be taking the lead in

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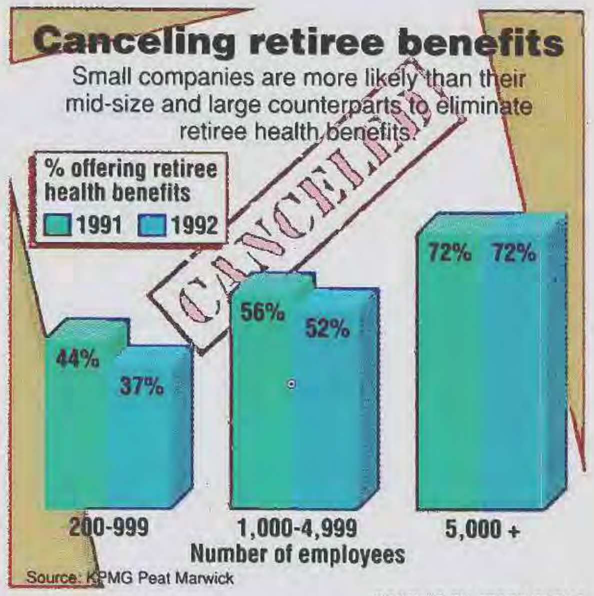



GRAPHIC BY JERRY PARKS

# Sway of Grant Thornton verdict limited

By NANCY P. JOHNSON

CHICAGO—A recent jury decision clearing accounting firm Grant Thornton of negligence in a savings and loan's collapse is being hailed by attorneys for accountants.

The decision could make the government more cautious about going after accountants for the failure of S&Ls they audited, one attorney says.

But attorneys generally agree that it remains difficult for many juries to differentiate between management and auditor responsibility in S&L failures.

In addition, the potential damages at stake in these cases are huge.

For these reasons, most big accounting firms named in S&L suits are likely to continue to settle these cases with the federal government out of court, they say.

A federal jury in Wichita, Kan., recently cleared Chicago-based Grant Thornton, the nation's seventh-largest accounting firm, and a smaller firm of government charges they were negligent in auditing a now-defunct savings and loan (*BI*, April 12).

The decision stands out because most lawsuits brought against accounting firms in connection with failed S&Ls have been settled out of court.

In one such settlement, Ernst & Young last year agreed to pay $400 million to settle federal

*Continued on page 10*

**Accounting suits add up**

Ernst & Young, the nation's biggest auditor of savings and loans, has also paid the largest settlement with the Resolution Trust Corp. over suits involving failed thrifts.

| Accounting firm | Financial Institution | Settlement Amount | Settlement date |
|---|---|---|---|
| 1. Ernst & Young | 16 institutions | $132,533,500 | 11-25-92 |
| 2. Arthur Young | Lincoln Federal S& L, (Calif.) | $37,500,000 | 2-22-91 |
| 3. Arthur Andersen & Co. | Lincoln Federal S& L, (Calif.) | $3,000,000 | 8-6-91 |
| 4. Crum & Forster/ Frost & Co. | Madison Guaranty S & L (Ariz.) | $1,025,000 | 4-8-91 |
| 5. Deloitte, Haskins & Sells | Royal Palm (Fla.) | $950,000 | 6-1-92 |

Source: Resolution Trust Corp.

GRAPHIC BY CHRIS ROY

# Continuing drive for local reform

## Employers told to keep an eye on states

By CHRISTINE WOOLSEY

WASHINGTON—Employers involved in pursuing collective health care purchasing arrangements should continue their efforts despite impending national health system reforms, says the executive director of a business coalition on health.

The National Managed Health Care Congress NMHCC

"Bill Clinton's plan will probably allow the states a great deal of latitude" to deal with health care reform, said Andrea Castell, executive director of the Health Care Purchasers Assn. in Seattle. The coalition does business as Washington State's Business Group on Health and represents the health care interests of 91 employers.

"If you are in a state that has already crafted its health reform legislation—like Florida—you are probably pretty safe" from any major federal intervention, Ms. Castell said. "But in a state like ours, it's still a big question mark," which is why employers in states that have yet to pass major health care reforms should follow their state legislatures very closely.

Ms. Castell participated in a panel discussion on employer collective purchasing organizations at the fifth annual National Managed Health Care Congress held in Washington April 12-15.

The association's Employer Health Purchasing Cooperative, which is owned and operated by association members, has a goal "to purchase employee health care benefit services of the highest possible quality and the best prices," Ms. Castell explained. And the group is proceeding with its efforts even though the state is about to pass a controversial comprehensive health reform bill.

The law would require employers to provide a uniform package of benefits to workers and their dependents (*BI*, April 12).

"The coalition members support health care system reform," Ms. Castell said. "In fact, our coalition could be a health insurance pur-

*Continued on page 18*

# Communicating impact of reform to employees

By CHRISTINE WOOLSEY

Employers' efforts to communicate the impact that national health care reform may have on employees is getting mixed reviews from consultants and employers.

Proponents say providing workers and their families with general information on the history of the health care cost crisis and proposed remedies like managed competition is good employee relations. Sending out such information now can prepare workers for health plan and health care delivery changes that will likely be recommended by President Clinton's Task Force on National Health Reform.

Others say distributing general information to employees may cause premature panic among workers who are accustomed to the status quo.

Both camps generally agree, however, that once specific reforms are recommended by the president's task force, employers should analyze and communicate how those proposed changes will affect their workers.

"Employees can pick up news about health reform from the general media, but because there are so many different messages, it's hard for them to sort out what is really important," said Kathy Nordhaus, a consultant with Hewitt Associates.

The Lincolnshire, Ill.-based consultant created a six-page newsletter with background on health care reform for clients to distribute to their employees and dependents. About 1,500 to 2,000 clients have requested the newsletter so far.

"We were hearing some comments in employee focus groups

*Continued on page 12*

# *BI*'s Souter joins New York bureau

NEW YORK—Associate Editor Gavin Souter, 29, has moved across the Atlantic to *Business Insurance's* New York office.

Mr. Souter, who joined the magazine in 1991 as an associate editor in London, replaces Stacy Gordon, who resigned last year to pursue a law career.

Mr. Souter will report on a variety of risk management and employee benefit topics and will cover New York-based insurance brokers.

Prior to joining *BI*, Mr. Souter was editor of Reinsurance magazine in London. He also was a reporter at Post magazine in London.


Mr. Souter

Mr. Souter received a bachelor of arts degree in theology from the University of Nottingham, England, in 1985.

Mr. Souter can be reached at 212-210-0288.

## Alliance campaign

*Continued from page 2*

These developments would more than wipe out any savings employers might realize through health care reform, stressed Mr. Mattera and Stan Hoffert, vp and corporate counsel for Employers Insurance of Wausau in Wausau, Wis., a unit of Nationwide Mutual Insurance Co.

In an Alliance "fact sheet" concerning the impact of a national health care program on the workers comp system, the insurer group said that absorbing the "workers compensation medical (component) into national health will shift part of the workers compensation medical (component) to all employees that have to pay a portion of the cost of health insurance coverage. Furthermore, even more of the cost will be shifted to injured workers in the form of deductibles and copayments."

The Alliance also fears that divorcing medical care from the rest of the workers comp mechanism would probably strip the system of its essential no-fault character.

"Employers would be subject to liability for workers compensation disability and tort damages. As a result, a major incentive among employers to provide safe, healthy workplaces would disappear," the Alliance said.

Messrs. Mattera and Hoffert said they left their meetings with the task force's "insurance reform" working group feeling there is some support for adding an element of experience rating in computing the cost of the workers comp medical component within a national health system.

**'We're going to attempt to educate members of Congress that this portion of the health care plan will not save money, either over the short- or the long-term and that it should be eliminated from the proposal,' says the Alliance's David M. Farmer.**

But, Mr. Mattera said the general thrust of the proposed plan, with its emphasis on community rating, runs counter to experience rating.

Mr. Hoffert also questioned what happens to reserves under proposals to replace the current commercial health insurance market with health insurance purchasing cooperatives: If a person with an employment-related injury moves and switches HIPCs, do the reserves move, too? What happens if one HIPC thinks the reserves set up by the other HIPC are inadequate?

Mr. Hoffert said that some task force members are considering eliminating reserves for workers comp cases.

He made clear that Alliance members' concerns aren't driven by altruism. "Of course we've got a self-interest," he said.

The extent of the self-interest is evident in an Alliance spokeswoman's estimate that about 40% of total workers comp premium is generated by the medical coverage—an amount that would be lost if the medical component was transferred to a national health system.

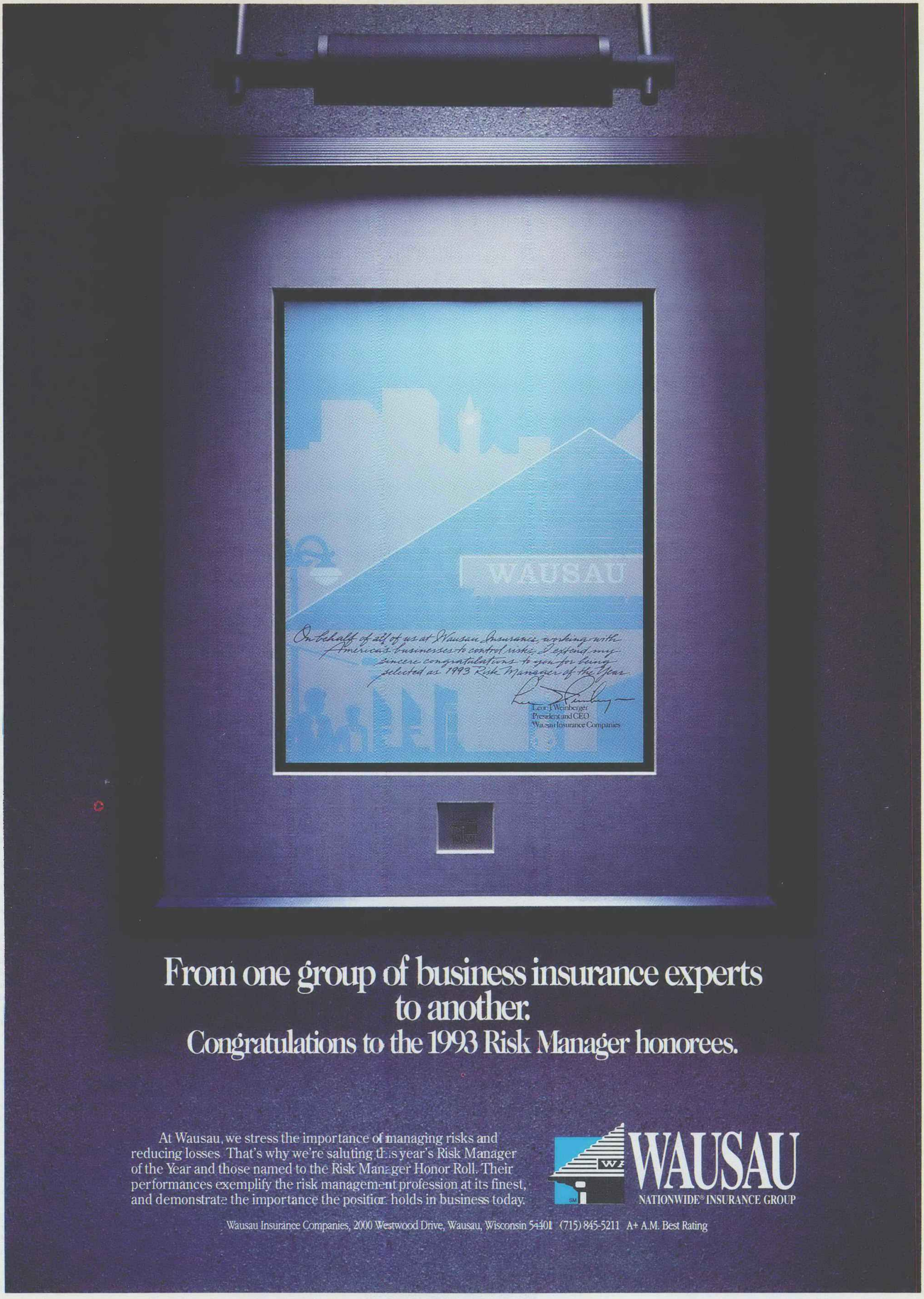
Mr. Mattera noted that because the workers comp medical component is a very small chunk of the nation's total health care bill and because the public is expecting quick action on health care reform, the potentially costly merger of the workers comp system with a national health system isn't raising many eyebrows.

Alliance representatives met with Gary Claxton, a former National Assn. of Insurance Commissioners staff member who heads the insurance reform group. Mr. Claxton reports to Walter Zelman, head of the Group System Infrastructure working group. Mr. Zelman, a former special deputy to California Insurance Commissioner John Garamendi, reports to Ira Magaziner, who coordinates the task force.

Mr. Hoffert said he doesn't expect any more meetings before the Clinton health care reform plan is unveiled next month. "We had our kick at the cat," he said.

However, David M. Farmer, the Alliance's vp-federal affairs in Washington, said the group would continue to press its case before the congressional committees responsible for reviewing the health care legislation throughout the summer.

"We're going to attempt to educate members of Congress that this portion of the health care plan will not save money, either over the short- or the long-term and that it should be eliminated from the proposal," said Mr. Farmer. BI


WAUSAU
On behalf of all of us at Wausau Insurance, working with America's businesses to control risks, I extend my sincere congratulations to you for being selected as 1993 Risk Manager of the Year.
Leon J. Weinberger
President and CEO
Wausau Insurance Companies
From one group of business insurance experts to another.
Congratulations to the 1993 Risk Manager honorees.
At Wausau, we stress the importance of managing risks and reducing losses. That's why we're saluting this year's Risk Manager of the Year and those named to the Risk Manager Honor Roll. Their performances exemplify the risk management profession at its finest, and demonstrate the importance the position holds in business today.
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# IBM to trim early retirement, layoff package

PURCHASE, N.Y.—As part of an ongoing cost-control effort, International Business Machines Corp. on July 1 will significantly cut the level of severance payments and health care benefits it provides to people leaving the company through voluntary retirement or forced layoffs.

IBM announced earlier this month that it will trim cash payments to outgoing workers by as much as half and will reduce the period for which health benefits are extended by as much as two-thirds.

"The changes are not designed to push people out now, but one could conclude that it is better to leave under current programs than after July 1," a company spokesman said.

An IBM employee who leaves the company before July 1 is eligible to receive up to two weeks of pay for every year of service, to a maximum of 52 weeks of pay, and full medical benefits for as long as 18 months. After July 1, the company will pay outgoing workers a maximum of 26 weeks' pay and will offer only six months of paid medical coverage.

Thus, employees who have been contemplating IBM's long-standing offer to leave the company early will likely do so before July.

The spokesman said IBM wants to cut at least 25,000 employees this year from its global workforce of more than 300,000.

IBM could not estimate savings from the changes, he added.

*—By Michael Schachner*

## Benefit Beat

### Gay partner benefits

HOLLYWOOD—The executive board of the Writers Guild of America West has unanimously recommended to its health plan trustees extending health insurance coverage to same-sex couples.

The Writers Guild becomes the first of Hollywood's guilds to propose recognizing gay couples under its health care plan.

Under labor law, the Writers Guild's Industry Health Fund is a separate legal entity from the guild. The labor organization can only make recommendations about the benefits provided by the fund. But a unanimous decision from the board carries a strong message to the fund's trustees, said a guild spokeswoman in Hollywood.

The guild's board decided to approve extending health care coverage only to same-sex couples and not to heterosexual couples who live together but are not married. The board's reasoning is that heterosexual partners have the option of marrying and receiving coverage under their spouse's plan.

Actuaries hired by the Writers Guild determined the costs of extending health care coverage to same-sex couples would not be prohibitive, said Richard Jennings, an adviser to the guild.

Mr. Jennings is executive director of Hollywood Supports, an organization formed by Sid Sheinberg, president of MCA Inc., and former Fox Inc. Chairman Barry Diller to counter discrimination in Hollywood on the basis of HIV status and sexual orientation.

MCA and Viacom Inc. were the first companies in the entertainment industry to offer same-sex coverage.

The approximately 40 companies and municipalities that to date have extended health care benefits to same-sex partners have found the cost to be "insignificant," according to Mr. Jennings. One reason is that many same-sex partners tend to be employed and are able to get their own health coverage, he said.

People with same-sex partners also tend to be younger and have fewer problem pregnancies, one of the most expensive medical claims covered by employer health plans, he pointed out.

*—By Louise Kertesz*

### Family benefit study

Employers increasingly are offering employees more benefits designed to help them juggle their work and family lives, a new survey shows.

Lincolnshire, Ill.-based Hewitt Associates found that 74% of 1,026 major U.S. employers surveyed last year offered some kind of child care assistance, up from 66% of 1,006 employers surveyed in 1991.

And, 43% of the employers said they offered some kind of elder care assistance, up from 36% the previous year.

"There is a growing awareness among employers that helping employees balance their work and family responsibilities—through leave programs, child care assistance and so forth—makes good business sense," said Carol Sladek, a work and family specialist at Hewitt.

The most common ways that companies offer child care and elder care assistance is through dependent care spending accounts and resource and referral services, according to the survey.

Of the employers that offered some form of child care assistance, 93% offered a dependent care spending account, up from 91% the previous year. And, 88% of employers offering elder care assistance offered a dependent care spending account, up from 87% in 1991.

Resource and referral services were offered last year by 41% of those offering child care assistance, up from 39% in 1991.

Similarly, 30% of those offering elder care assistance offered resource and referral services, up from 28% in 1991.

Less prevalent types of employer-provided child care assistance included subsidized and non-subsidized on-site, near-site or consortium child care centers; voucher programs; employer-arranged discounts with local child care providers; sick child care programs; financial support of outside child care facilities; emergency child care; and reimbursement for overnight travel or overtime.

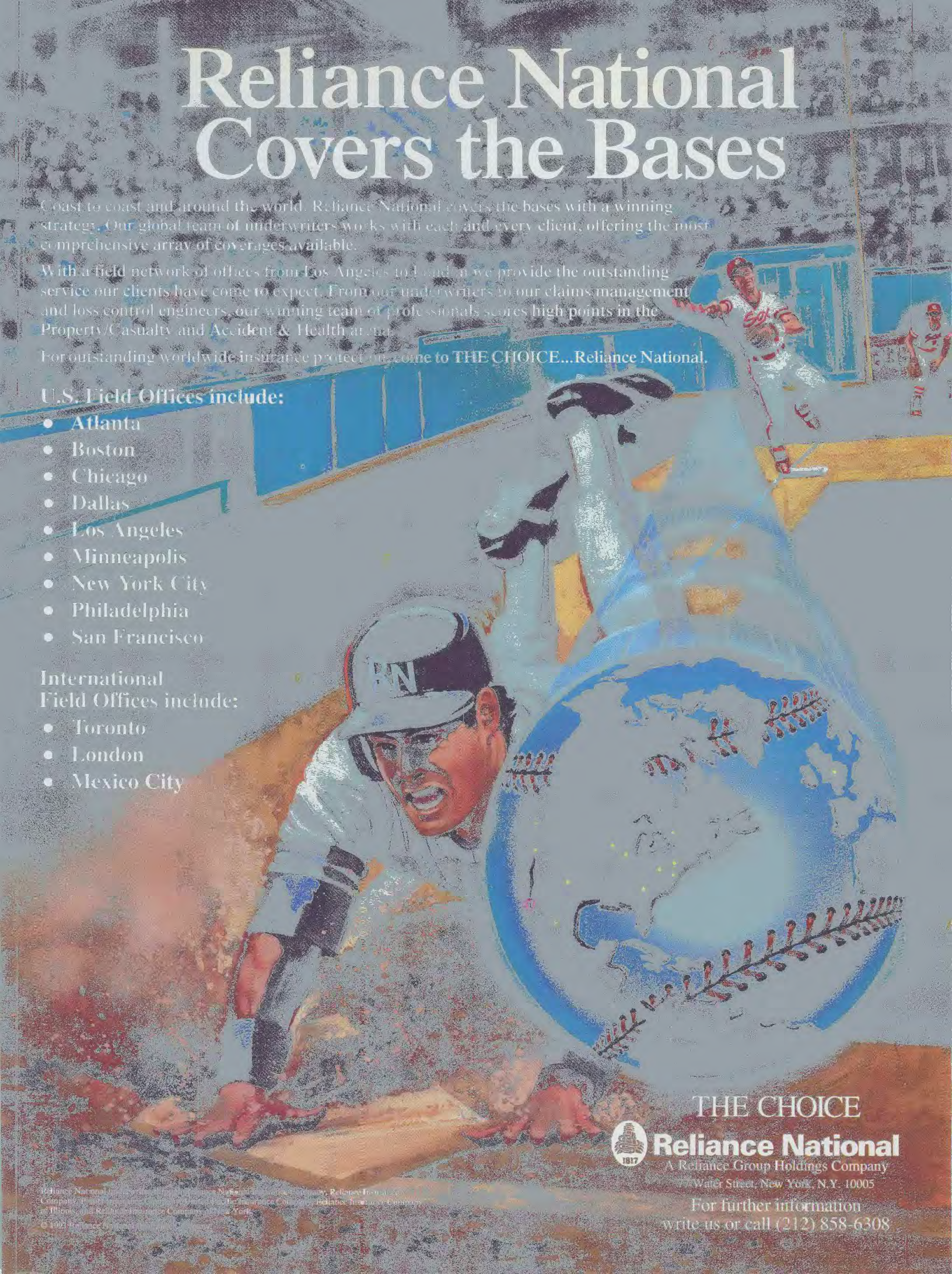
Less prevalent types of elder care assistance employers offered included counseling and long-term care insurance.

The survey also found an increase in the number of employers offering flexible scheduling arrangements: 58% last year, up from 53% in 1991.

Adoption benefits remain relatively uncommon, with only 15% of employers providing any type of reimbursement for adoption last year, up from 12% in 1991.

Copies of "Work and Family Benefits Provided by Major U.S. Employers in 1992" are available for $25 from Diane Schuett, Hewitt Associates, 100 Half Day Road, Lincolnshire, Ill. 60069; 708-295-5000.

*—By Deborah Shalowitz*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## Opinions

# The true purpose of RIMS

ORLANDO, here we come.

Like the thousands of others attending next week's Risk & Insurance Management Society conference, we are busy making dinner plans and lining up entertainment—though we're not bringing our clubs like the fellow on the cover. (Neither is our cartoonist.)

Many others are, however—and therein lies the problem: Is the RIMS conference becoming too much of a party and not the educational and professional gathering it was intended to be?

*Business Insurance* can be counted among the guilty parties. While the 52-page special section on the RIMS conference bound into the center of this week's issue highlights the major sessions to be held at the conference and reports on the activities of the Spencer Educational Foundation, much of the section focuses on what to see at EPCOT or where to eat dinner.

While RIMS and its conference committee take great pains to put the best possible program together—to keep risk and benefit managers in the convention center and away from Space Mountain or the golf course—we're also concerned that the keynote speaker is former quarterback Terry Bradshaw. Is he really the best person to kick off the conference or is he better-suited as a luncheon speaker? While regarded as a stirring motivational speaker, will his remarks really contribute to risk and benefit managers' understanding of their jobs and responsibilities? We'll see.

Of course, RIMS cannot ignore the fact that fun and hospitality are integral to any conference or convention. Every year, some people grumble about the site of the conference: "Too much Walt Disney," "New Orleans again?"—you've heard them all. But the simple truth is that holding a conference in a total business setting—


away from golf courses or other attractions—would result in a significant drop in attendance.

In fact, it's up to the attendees—whether they be risk and benefit managers, brokers, insurers or other exhibitors—to make the conference a true learning experience. So while we want you to take our special conference section on the plane with you to Orlando, also take along the advance program RIMS sent you and review what you want to learn at the sessions you will attend. The best sessions are ones in which the risk and employee benefit managers are prepared to ask probing questions.

Only then should you think about your tee times.

## Letters

# Two views (one artistic) of 'advisory committees'

To the editor: The editorial cartoon in the March 29 issue features the "baby" (insurance industry advisory panels) being thrown out with the "bath water" of insurer gratuities by the National Assn. of Insurance Commissioners. A more accurate depiction of the issue might feature the insurance industry advisory panels as the fox being booted out of the NAIC's hen house (see cartoon).


My two years of experience as insurance commissioner suggest to me that the old way of doing things kept industry interests in the forefront and allowed the industry too much influence in setting the NAIC's agenda. Fortunately, regulators have finally taken steps toward leveling the paying field, opening the door to participation from a variety of interests, and drawing lines of distinction between governmental and non-governmental functions.

Your own editorial unintentionally (I hope) makes my case in lamenting that regulation could suffer without "intimate, detailed conversations with industry representatives." Did you say "intimate"? Is the NAIC the National Assn. of Insurance Conversations?

At the risk of being found guilty of causing an alienation of affection, I say that government's job is to regulate, not seek intimacy with any group. After all, officials are public service. Eliminating advisory committees highlights the "public" in public service.

Let's have even more of it.

**Tim Ryles**
Commissioner of Insurance
State of Georgia
Atlanta

* * *

To the editor: Your March 29 editorial was very much on target. In respect of the NAIC, the perception that industry entertainment or event sponsorship was an influence is clearly the wrong signal.

I must question, however, the elimination of advisory committees as "throwing the baby out with the bath water." There are numerous issues that are highly technical and need industry input. The question of whether this activity became industry-driven or regulatory-driven depends on your point of view.

We share your concern that without advisory committees' opinion and input, regulators may release proposals prematurely. There is an argument that suggests the advisory committees were eliminated not entirely due to the perception that they often dictated the agenda in absence of direction from the NAIC. In other words, the industry dictated a faster pace than regulators were prepared to accept.

No one is in favor of making a decision so one can claim taking an early and premature position, nor are we in favor of accumulating staggering amounts of information that creates "analysis paralysis." An effective and timely regulatory process is in everyone's interest. . .including the regulator.

**Charles L. Ruoff**
Senior Vp
Sedgwick James Inc.
New York

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## Accountants

*Continued from page 3*

claims related to 16 failed S&Ls. Under the agreement, Ernst & Young, which was the nation's largest auditor of savings and loans, faces no further federal action related to its S&L audits.

The Resolution Trust Corp. received $132.5 million and the Federal Deposit Insurance Corp. received $267.5 million in the settlement.

The Grant Thornton case involved audits it conducted in 1985 for Rooks County Savings Assn. in Plainville, Kan. Audits performed in 1984 by a smaller firm, Fox & Co., were also involved because several Fox partners joined Grant Thornton in 1985.

The suit was filed by the FDIC after the thrift failed in 1988.

The FDIC charged that Fox and Grant negligently failed to uncover bad loans made by the S&L that eventually contributed to its failure.

The FDIC sought $23 million in damages, but offered to settle out of court for $9 million.

However, Grant Thornton argued that the responsibility for the failure of a financial institution rests with its management, not its auditors.

The "common approach of regulators" is to say that if the accountants had warned the directors and officers that they were making imprudent loans, they would have ceased making the imprudent loans, said Ellen Flaum, assistant general counsel for Grant Thornton in Chicago.

"We are not scapegoats for directors. We are not a substitute for management," she said. "We worked very hard to assist the jury in understanding what auditors do. We did an audit by generally accepted accounting standards and we stand by it."

"This decision is healthy for accountants," said Edward Brodsky, a partner with Proskauer Rose Goetz & Mendelsohn in New York, which deals in accountant liability.

"The government holds a club over accountants' heads," he said. The government tries to connect mismanagement by financial institution officials with the duties of their accountants, and hopes the jury does not see the difference, Mr. Brodsky charged.

The government looks to accountants and their insurers when they can't collect from failed financial institutions, he said. "These cases really shouldn't be brought.

"The whole accounting community would benefit from taking this position of standing up to the FDIC," said Mr. Brodsky, who suggested the decision will make the FDIC and RTC more careful in going after accounting firms in S&L failures.

"This reminds everybody that to win against an accounting firm, you have to prove that it deviated from the standard of care," said Michael Pope, a partner with Pope & John in Chicago.

However, the Grant Thornton outcome doesn't necessarily herald a trend, because each professional liability case is "fact-driven" and is based on the actions of the individuals involved, said Mr. Pope, who is the former president of the American Board of Professional Liability Attorneys.

Mr. Brodsky agreed that, in spite of Grant Thornton's victory, this case is not likely to lead other accounting firms to fight such cases in court. "Accountants have been apprehensive about going to trial," because it is difficult for juries to separate the actions of officers with those of the accountants.

Dan Goldwasser, a consultant to the New York State Society of Certified Public Accountants, agreed that accounting firms aren't likely to start fighting S&L cases in court.

In the Rooks County Savings Assn. case, the damages sought by the FDIC were well within Grant Thornton's insurance limits, he said. And, since this was Grant Thornton's only major savings and loan case, the accounting firm felt it could "take it to the mat," said Mr. Goldwasser, who is with Vedder, Price, Kaufman, Kammholz & Day in New York.

But, most of the other major accounting firms are still under pressure to settle because of the volume of S&L cases they face, which is likely to drive potential damages far beyond their insurance limits, he said. If an accounting firm lost any one of those cases, "they would be looking at fairly ruinous damages," Mr. Goldwasser said. "They can't afford not to negotiate with the RTC." BI

## Communications

Continued from page 3

that they are curious about health care reform," Ms. Nordhaus said. "They know it's important, but there is little out there to put things in perspective."

The general media often offer "conflicting messages," agreed Nancy Winfield, also a Hewitt consultant. "It's good employee relations for employers to get in the loop early and begin to set the stage for communicating health care reform in the future."

"Not all employees have the necessary knowledge base (to evaluate) health care reform, and they need additional information to understand the national scene," said Max Caldwell, a principal with Kwasha Lipton in Fort Lee, N.J.

"I like the idea," said Linn Baker, director of public employees' group insurance for the Utah State Retirement Board in Salt Lake City. "It's valuable for people to understand when things will happen and what is likely to happen. The problem we've had is we don't get our employees involved enough in health care issues."

Distributing general information can improve employees' understanding of the terminology of health care reform, said Cathy Todd, vp of employee benefits for First Bancorp. of Akron, Ohio. The self-insured company is mailing Hewitt's brochures to its 2,600 employees.

"General information is important because once a proposal comes out and employees read it, they may not understand the terminology. This brochure may give them a framework to make a more intelligent decision about reform. And, it lets them know health reform is something we think is important," she said.

In addition, the bank wants to prepare its workforce for impending benefit plan changes, which include a move to managed care. "We've been very paternalistic with employees in our plan design and they have come to expect benefits as an entitlement," Ms. Todd explained.

Educating employees about the health care cost problem and the reasons behind national health care reform may encourage them to view the bank's upcoming changes "more objectively and less emotionally," she said.

But, communicating the impact of potential health care system reform is something most employers should be doing, not just those who anticipate making major benefit plan changes once reforms are adopted, suggested Kwasha Lipton's Mr. Caldwell.

Others disagree.

"Until there is more specific information, it doesn't make much sense for an employer to act on its own" to educate employees, offered Leesa Key, a partner with Coopers & Lybrand's Human Resource Advisory Group in Chicago.

Also, particular reforms—like a mandated benefit package—may aid some employers but are certain to agitate others, Ms. Key said. The messages those two companies send to their employees regarding health care reform would be quite different when filtered through their perspectives, she said.

For example, a manufacturing company with a rich benefits plan may welcome the chance to offer a scaled-down package proposed by the government, but its employees would not.

A fast-food company, on the other hand, may be dismayed by a requirement to offer a set package of benefits, while its workers would view the mandate positively. Fast-food companies generally are not inundated with employee health care claims because they typically impose a waiting period before workers are eligible for coverage and their employee turnover rate is very high, Ms. Key explained.

"I say let's wait and see what (the task force) comes up with," said Mike Hemmert, director of compensation and benefits for Norton/CertainTeed in Worcester, Mass. "Unless you've got a crystal ball and know what's coming, it's too early" to alert employees and retirees to how potential reforms might affect them.

"People are nervous about benefit changes. If we sent out information now—particularly to our retirees—we'd just be flirting with a huge employee relations problem," Mr. Hemmert said. BI

# Maryland reform

*Continued from page 3*

followed.

The commission's $5 million budget will be financed by a tax on all health care providers, including doctors, nurses, technicians and other practitioners, as well as health insurers and claims administrators.

In attempting to get a handle on providers' fees, the state is hoping to duplicate its success in limiting increases in hospital fees by statute since the 1970s. In 1992, the average cost of a hospital admission in Maryland increased 3.7%, compared with 8% nationwide, according to the summary of the bill.

The commission also will create a model comprehensive health plan that must be offered by all small-group health insurers.

Effective July 1, 1994, policies for small groups also must use adjusted community rating and guarantee issue and renewal of coverage. Preexisting condition limitations must be phased out by Jan. 1, 1995.

These underwriting reforms could eventually be extended to health insurers of larger groups and individuals if one of two conditions are met:

- A sufficient proportion of state residents are paying into an insured plan. The proportion would be reached when the insurance commissioner determines that 60% of the population under age 65 is either receiving health care coverage through an insurer or HMO, or is covered by a self-insured employer that is willing to pay into an insured plan for a minimum of three years.

The reforms would take effect the second Jan. 1 after the commissioner makes such a determination.

- Or, the Employee Retirement Income Security Act is amended to allow states to control all benefit plans.

Amending ERISA could also allow the state to extend reforms to the rest of the market, including self-insured employers.

Maryland's reform law also establishes a voluntary reinsurance pool to assist insurers in assuming additional risks.

The law contains a number of other provisions aimed at containing costs. Under one provision, providers could not be held liable for damages stemming from medical malpractice suits unless it is established that the provider deviated from local practices.

The big news for employers in the Maryland reforms is the framework for controlling provider fees, said Carole Malone, an associate with Mercer Washington Resource Group, an arm of benefit consultant William M. Mercer Inc.

"I see (the law) as a tremendous help to all employers in the state. It will help them make sense out of physician reimbursement," Ms. Malone said.

"With the data collection effort, we will begin to truly understand the cost" of medical services, said Miles Cole, director-business affairs for the Maryland Chamber of Commerce.

Although medical groups at first had lobbied intensely against the measure, it now has mild support from the state's largest society of doctors.

"We are satisfied with the framework" by which the commission will look at provider fees, said Angelo Troisi, executive director of the Maryland Medical & Chirurgical Faculty.

The state already has a law forbidding doctors to charge unusually high fees or to practice "overutilization," he noted.

At least one benefit consultant, though, is skeptical of the law's potential for successfully controlling provider fees.

The provision for eventually controlling providers' costs is patterned after Maryland's law that now controls hospital fees and prevents employers from negotiating hospital discounts, observed Reed Joiner, a senior consultant at A. Foster Higgins & Co. in Washington.

Though the state says it has been very successful in keeping down hospital fees, most employers have not seen much difference in hospital costs, he contends.

"Maryland does not have significantly lower hospital costs than the surrounding states," Mr. Joiner said.

"In Washington, D.C., for example, hospital costs are higher, but employers there can get discounts," he observed.

Blue Cross & Blue Shield of Maryland supports the need for collecting data on provider fees, said a spokesman. "We don't support caps on physician fees, but we are comfortable with the methodology outlined in the bill."

The tax on providers to fund the commission's research is "grossly unfair, but someone has to pay it," said Mr. Troisi of the state medical society. The tax will amount to about $50 per provider annually, he said.

Business groups are enthusiastic about what the law will do for small employers that want to offer health coverage to their employees.

The small group reforms "will take the volatility out of the market that small businesses now experience," said Jim Goeden, director of Maryland government affairs for the National Federation of Independent Business.

But some insurers and consultants warn that the law's requirement to use community rating may eventually lead to higher premiums.

Mandated community rating in Maryland will raise premiums for some groups and lower them for others, predicted Mr. Joiner, who noted that when community rating was mandated in New York last year, some health insurers left the state.

Under community rating, premiums could increase or decrease as much as 10%, said a spokesman for BC/BS of Maryland. The plan had used community rating until about six years ago, when competition forced it to switch to experience rating.

The Health Insurance Assn. of America contends that premium increases are imminent under the reforms.

"We are not supportive of community rating," said Reginia Palmer, assistant general counsel at the HIAA in Washington. The HIAA is concerned that community rating will force younger, healthier employees with low salaries to subsidize higher-paid older workers, she said.

Instead, the HIAA supports the use of rating bands, which would allow health insurers to take into account factors other than age and geography—as permitted under the reforms—when pricing a risk.

Ms. Palmer also cautioned against the provision in the law that could eventually extend small group reforms to larger groups.

The Maryland law would apply an idea that was tested on the small group market in Rochester, N.Y., to larger groups—those with the 50 to 250 members, she said. "No one has studied what would be the impact of applying the small group reform to the larger group market."

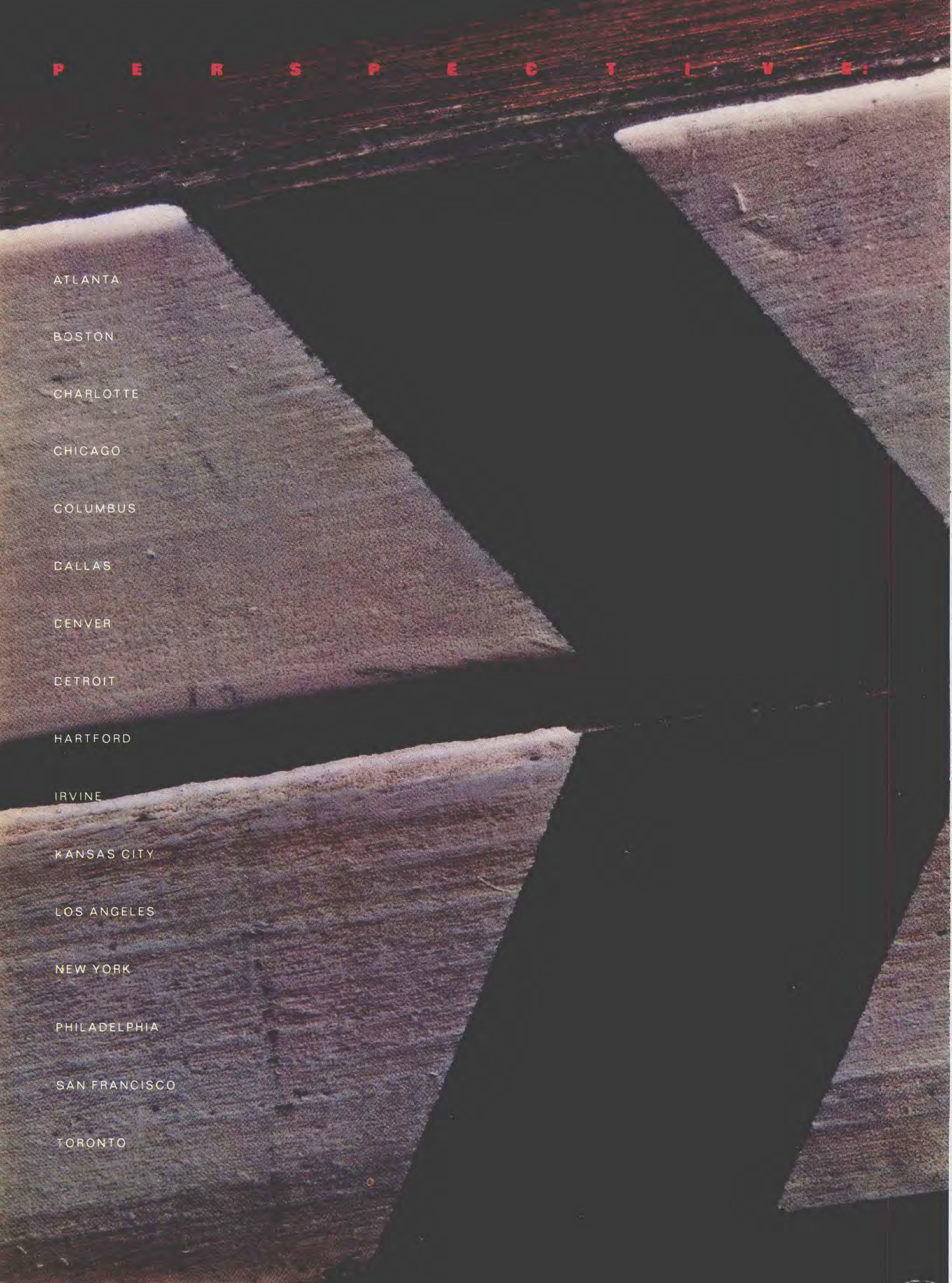
The medical malpractice portion of the law may help to stabilize provider fee increases, said Ms. Malone of Mercer.

Under the law, the provider is not liable for damages unless it is established that the provider did not act in accordance with local standards. Previously, a national standard of care was applied.

Proponents of the measure say this would limit plaintiffs' use of medical experts—often brought in from other states—to testify about national practice standards.

But the executive director of the Maryland Trial Lawyers Assn. calls that provision "ill-advised."

This "will relegate a lower standard of care to the non-urban portions of the state," said Janelle Cousino, executive director of the Maryland Trial Lawyers Assn. in Baltimore. BI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## State reform

*Continued from page 3*

chasing cooperative," which are the entities that would buy and manage health care for blocks of people under various managed health care reform proposals.

"But a lot can go wrong if you are not paying attention," Ms. Castell warned. Washington state legislators also are calling for the creation of HIPCs in the state's health reform law—and how those entities would operate is the coalition's biggest concern with the legislation.

When the coalition examined the fine print relating to the HIPCs, it became troubled.

"Our particular HIPC has to make available all certified health plans, and the law says every HIPC will support the cost of its operations by assessing fees from its members," Ms. Castell noted.

However, under the current bill, HIPCs would be unable to selectively contract with individual health plans, like health maintenance organizations, to get better prices. In addition, those health plans or HMOs would be prevented from selectively contracting with individual providers to improve quality and control costs, she explained.

"The HIPC is just an administrative agency to funnel premium dollars to the health plan and potentially assist consumers," she said.

What troubles the employer coalition is that individuals would be charged the same rate and receive the same treatment from the HIPC and its health plans as would the largest purchaser. "Yet the legislators in Washington state envision employers capitalizing by funding through HIPCs," she said.

"The bill also calls for community rating, so there is no incentive for an employer to continue wellness programs or health promotion," she said.

As a result, the coalition is proposing major changes to the bill. "We view it as a single-payer system in disguise," Ms. Castell said. "We are concerned that we'll have to go to our employees and say, 'We've been paying 100% of the cost of your health care, but now you are in a plan mandated by the state and we cannot help you select which health plan to use, and we can only pay 50% of your premiums.' That's a difficult message."

Ms. Castell suggested employers closely watch health reform legislation in their states. "Our concern is the federal government's decision will come too late and will allow states a great deal of discretion" in reforming health care, she said. State legislation could hinder employers' efforts to reform their local health care delivery systems.

"We will still proceed with our activities until the law is implemented in 1995. At that point, the Legislature will have to tell us what we are doing is null and void. But remember, these legislators were elected in the year of health care reform and in a good economy," she said. As politicians, they may not want to anger the large constituency the business group represents.

Jon Reiker, director of benefits for General Mills Restaurants Inc. in Orlando, and Marilyn Bell, executive director of the Central Florida Health Care Coalition in Orlando, also spoke during the session.

Dennis McCafferty, director of group insurance for Detroit Edison Co. in Detroit, moderated the session. BI

**'Our concern is the federal government's decision will come too late and will allow states a great deal of discretion,' in reforming health care, says Andrea Castell, executive director of the Health Care Purchasers Assn. in Seattle.**

# Covering contraceptives

## Birth control can aid women's health, lower costs: Physician

**By CHRISTINE WOOLSEY**

WASHINGTON—Providing health care coverage for contraceptives can be preventive care for women and lower corporate health care costs, contends a physician and health care professor.

The National Managed Health Care Congress
NMHCC

"Effective use of contraception is beneficial to women's health," according to Dr. Susan Harlap, who is chief of Epidemiology Service at Memorial Sloan-Kettering Cancer Center in New York and a professor of epidemiology at Cornell University Medical Center.

Although millions of American women are of child-bearing age, about 4 million of them do not use any method of birth control, according to Dr. Harlap, who spoke at a session on the economics of women's health at the fifth annual National Managed Health Care Congress in Washington April 12-15.

"Those women are responsible for 53% of the unintended pregnancies in the United States," she said.

In fact, according to Dr. Harlap, the majority of births in the United States are unintended, compared with about one-fourth in other developed countries.

There are several reasons why U.S. women do not use contraceptives or use ineffective methods: They may fear real or perceived side effects, lack knowledge about various methods or feel general ambivalence toward birth control, Dr. Harlap said.

However, many American women simply do not use contraceptives because their health plans do not cover the cost, she said.

Yet those same health plans typically cover the cost of unintended pregnancies and the sometimes costly complications

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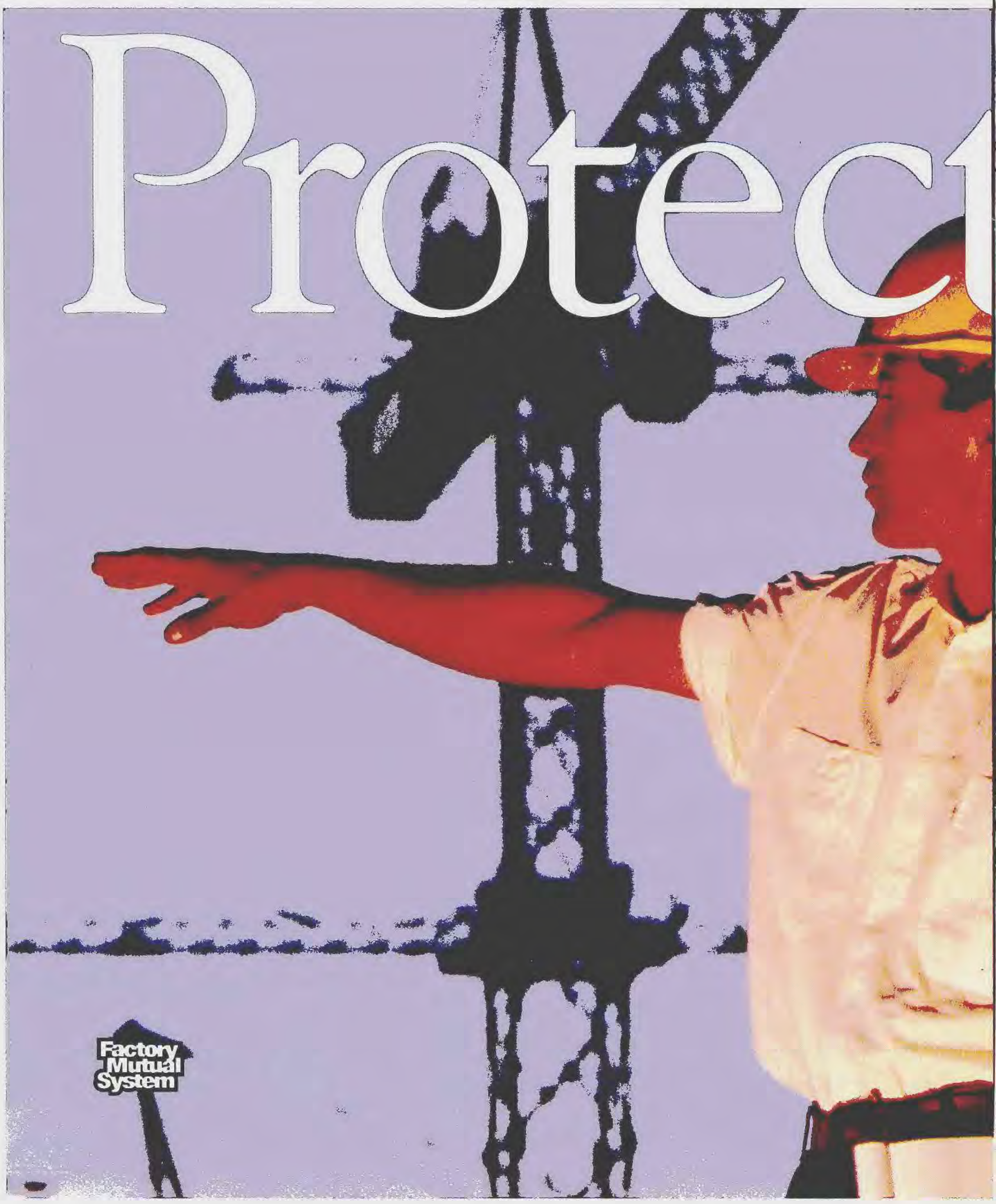

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that may result from them, noted Carol Korenbrot, an assistant professor in the Department of Obstetrics & Gynecology and the Institute for Health Policy Studies at the University of California-San Francisco.

Certain health care risks, like increased incidence of cardiovascular disease, are associated with various forms of birth control, Dr. Harlap explained. But, she said, "Pregnancy itself carries a very strong risk to health."

In addition, she said, "Highly effective methods of birth control will prevent deaths due to pregnancy." And, some methods of birth control, namely oral contraceptives, actually decrease women's risk for certain cancers.

Reproductive health issues are important to corporate America, said Gerry Martens, manager of benefit planning for Southern New England Telephone Co. in New Haven, Conn., and the session's moderator.

"The No. 1 DRG (diagnostic related group) in our $37 million hospital budget is related to reproduction—mostly childbirth—so it's an important area," he said.

"We should improve the level of women's health—not just because it's a nice thing to do, but because it will improve our businesses in the future," said Raymond Werntz, vp of benefits and compensation for Whitman Corp. in Rolling Meadows, Ill., who also spoke during the session.

Employers can determine whether it is cost-effective to cover contraceptive services through analysis, Ms. Korenbrot said. These benefits would be extended to female employees, as well as covered female dependents.

To determine the costs and benefits of providing contraceptive services, employers must answer two questions, she explained: How much will the contraceptive services covered by the health plan increase women's use of contraceptives? And, how much will the policy increase women's use of more effective contraceptives? "It's important to emphasize that at some point economics enters into" women's decisions to use contraceptives, Ms. Korenbrot said. "For most women the most affordable methods appear to be the least effective."

Employers contemplating whether to cover the cost of birth control have to calculate the cost of paying for the more effective methods, she said. "The rate of unintended pregnancies drives this cost analysis."

The outcomes of unintended pregnancies can be normal or abnormal, Ms. Korenbrot noted. Abnormal outcomes can include ectopic pregnancies, in which the fertilized egg is implanted in the fallopian tube. Such pregnancies can result in infertility, she added, noting that most health plans will pay for expensive infertility treatments that result from ectopic pregnancies because the infertility is considered a "complication of a disease."

Even normal pregnancies may result in low birth-weight babies, which, she pointed out, more commonly result from unintended pregnancies than planned pregnancies.

"Up-front birth control costs are high, but they are still much lower than the cost of complications" due to unintended pregnancies, Ms. Korenbrot said.

Before completing a cost-benefit analysis, employers must find out how much their current health plans pay for outcomes related to unintended pregnancies, she suggested.

Next, employers should determine, through surveys, what type of contraceptives their health plan members use. Then, again through surveys, they need to find out what kind of contraceptives plan members would use if they knew the plan would pay for them.

After that, a complete analysis can be performed based on how effective various contraceptives are in preventing an assumed rate of unintended pregnancies and complications based on health plan demographics, Ms. Korenbrot said.

Research is available describing the effectiveness rate and risk factors associated with different types of birth control, Dr. Harlap said.

Employers that add a policy to pay for more effective contraceptives should review utilization to ensure women stop or reduce their use of ineffective methods, Ms. Korenbrot said. BI



# Durenberger questions reform goals

By CHRISTINE WOOLSEY

The National Managed Health Care Congress
NMHCC

WASHINGTON—Federal policymakers need to move beyond rhetoric if they are to reform the health care system, a senator says.

Policymakers need to answer five key questions—questions that make clear at the outset the goals of national health reform, he said.

"We won't succeed at health care reform unless we answer these key questions," suggested Sen. Dave Durenberger, R-Minn., during a keynote speech last week at the fifth annual National Managed Health Care Congress.

Sen. Durenberger was indicted earlier this month by a grand jury on two felony charges related to expense claims he filed with the Senate.

At times the senator's comments sounded like politicking, but his criticisms of the current health care system often drew applause from the nearly 6,000 employers, health insurers, providers and managed care executives at the conference.

"First, if everyone agrees violence and other social problems are posing a serious threat to Americans' health, then can we do health reform without redefining health?" he asked.

"The key problem we need to come to grips with is the medicalization of U.S. health care. In our rhetoric, we have equated health with access to medical care. But we need to articulate a much broader definition of health—one that includes public health and long-term care as well as acute care medical services," Sen. Durenberger said.

Reform is not possible "until we address the social problems, like violence and poverty," he said. "These problems—as well as disease prevention and the general promotion of health—come under the heading of public health."

Long-term care needs of the elderly must also be addressed, he said. Those people need different types of medical services—like nurturing, housing and living assistance—not medicine, he said.

"Unless we have a new defini-

*Continued on page 21*

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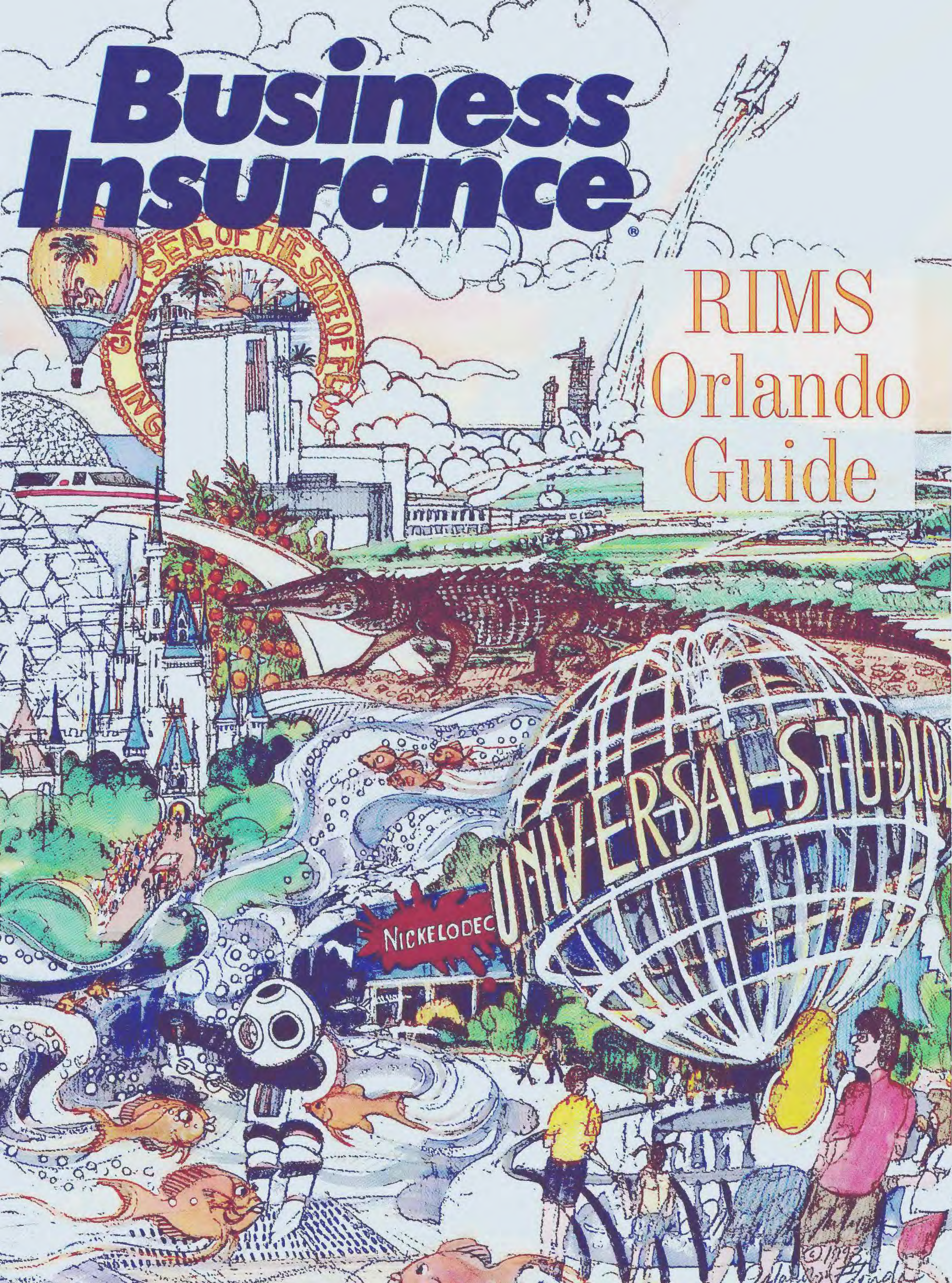
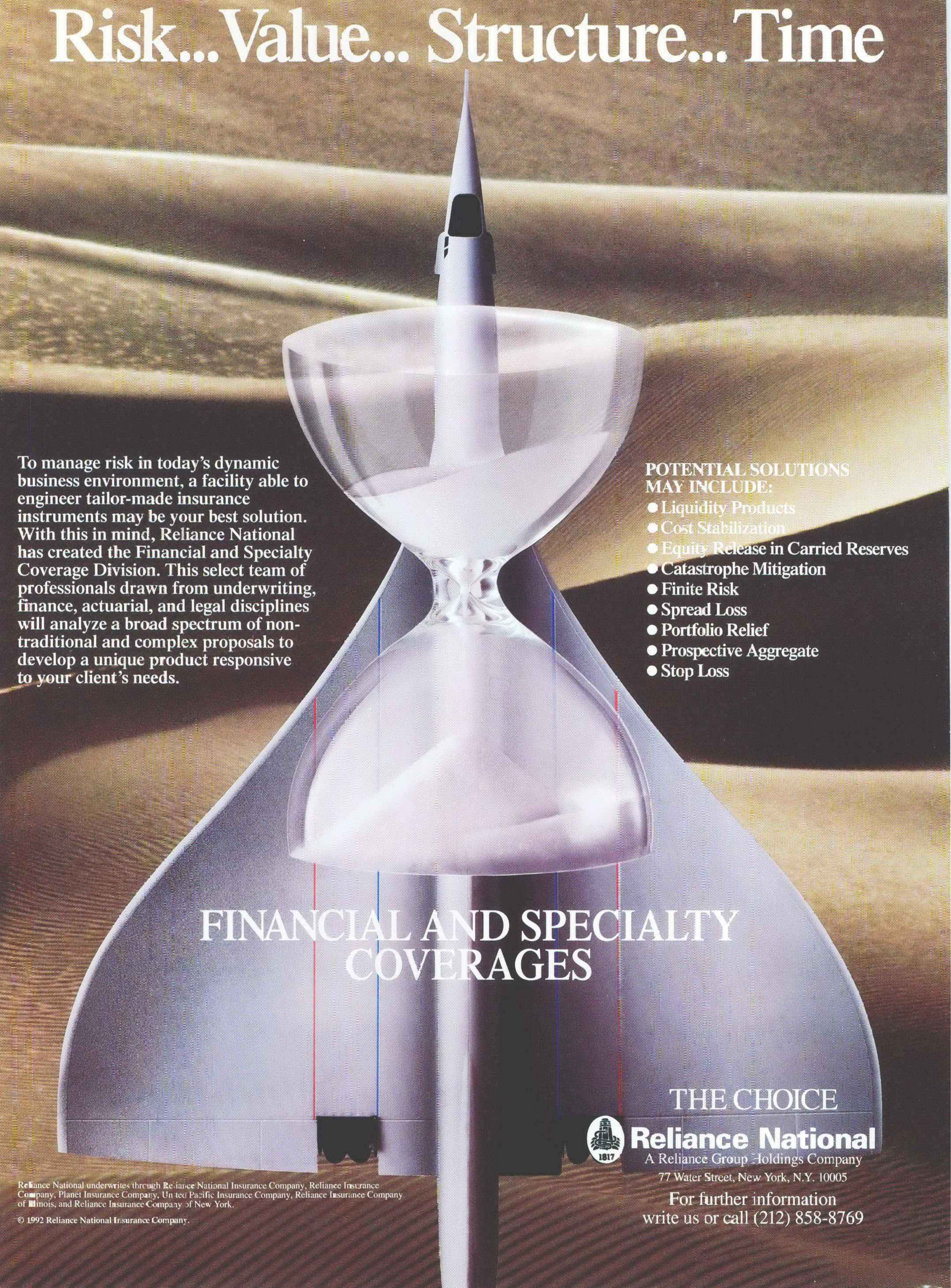
## RIMS Orlando Guide

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RIMS
Orlando Guide

INSIDE



Section edited by Roseanne White

Cover illustration by Mark McMahon

# RIMS set to shine in Orlando

## Members teaching members a big part of conference

By ROSEANNE WHITE

Success as a risk manager requires three fundamental elements: leadership ability, a strategic plan and a vision of the future.

So it is fitting that the theme for the 31st Annual Risk & Insurance Management Society convention, to be held in Orlando April 25-30, is "Risk Management: The Leadership, the Strategies, the Vision."

The 11-member conference program committee selected the theme because it sums up what risk management is all about, said Barbara Parker, assistant director of conferences at RIMS. "Risk managers play an integral part in their companies."

"Vision" refers to the need for risk managers to be involved in company activities at their inception, Ms. Parker said. The risk manager must then develop a strategic plan that cost-effectively protects the company against loss.

And, finally, it is the risk manager who must exert leadership in executing the strategy.

Because risk managers are best able to develop leadership potential in their colleagues, this year more than 30 of 110-plus educational sessions are being taught by risk managers rather than insurance company officials, brokers or agents.

"The committee concentrated on getting members to teach members," Ms. Parker said.

The educational sessions, which will be held at the Orange County Convention/Civic Center, are divided among seven areas: employee benefits; finance; insurance; legal/legislation; loss control; risk management; and workers compensation. Additionally, the conference will offer approximately 40 industry-specific sessions.

Current issues that will be handled in conference sessions include: the Americans with Disabilities Act, disaster preparedness, and post-retirement medical benefits.

To meet the educational needs of risk managers working on a global scale, 14 sessions will cover international risk management issues. These sessions include: "International Update—towards 2000," an all-day workshop that will discuss: environmental and product liability in Europe; the current state of the London market and market trends; and "1993 E.C. Health and

Continued on next page


Orlando/Orange County Convention & Visitors Bureau, Inc.

**The Orlando mural, from early settlers to today's tourists, is a salute to Orlando's history.**

# Orlando: A happy state of mind

By Nancy P. Johnson

Orlando is not just a place, it's a state of mind. A happy state of mind.

It is, after all, the site of Walt Disney's most ambitious dream, EPCOT Center. And the Disney touch is evident nearly everywhere you look: in the Disney theme parks, of course, but also in the competing entertainment centers, the restaurants, the beautiful parks, the modern, visually appealing downtown—even the airport.

Everywhere you go, the city and its businesses are living up to Disney standards: fast, efficient, cheerful service in a setting with visual appeal. Not to mention the city's well-deserved reputation for being squeaky clean. You get the impression that you could eat your dinner right off the sidewalk anywhere in the greater Orlando area.

From the moment you enter the city's airport—a modern wonder decorated in peach and deep-green marble—the message is clear that this city lives to please its visitors. And it does—with great success. Walt Disney World boasts of being the world's most popular visitor attraction, drawing 13 million people per year.

Without doubt, Walt Disney World dominates the Orlando scene. Spread over 43 square miles, this complex is far bigger than Disneyland in Anaheim, Calif., and offers far more attractions.

## Walt Disney World dominates the landscape but isn't only game in town

Walt Disney World contains several components:

- The Magic Kingdom park, which, with the familiar Cinderella's Castle, children's rides, and Main Street U.S.A., is roughly equivalent to Disneyland.
- EPCOT (Environmental Prototype City of Tomorrow) Center, which offers a glimpse into the future, pavilions representing 11 countries, and ethnic restaurants.
- Five championship golf courses.
- Typhoon Lagoon, the world's largest water park.
- Disney-MGM Studios Theme Park.
- Pleasure Island, a six-acre island packed with nightclubs, restaurants, shops and live entertainment.
- Disney Village Marketplace, an enclave of shops and restaurants.

If there is any place in the country that is tailor-made for children, this is it. The Disney parks, of course, are packed with children's activities. Strollers are omnipresent, and restaurants both in and out of the theme parks cater to little ones' palates. Babysitting is available at nearly all hotels.

If you can tear yourself away from the Disney allure, a host of other choices await you in the vacationer-friendly Orlando area.

Numerous theme parks compete with Disney. The No. 1 competitor is Universal Studios, which goes head-to-head with Disney-MGM Studios. Another contender is Sea World of Florida, with its trademark killer whale, Shamu. Silver Springs, a 350-acre nature park, offers glass-bottomed boats and a petting zoo, while Cypress Gardens features exotic flowers and birds, a waterskiing show and a flying circus.

But Orlando isn't one big theme park—it's also a sports town.

The tour books say Orlando is a golfer's paradise, and they aren't kidding. More than 100 golf

Continued on next page

Orlando/Orange County Convention & Visitors Bureau, Inc.

**An aerial shot of downtown Orlando includes a view of Lake Eola, a favorite leisure spot.**

## RIMS rundown

*Continued from previous page*
Safety Regulation." Stories on the sessions begin on page T34.

An added benefit to attending the sessions is a pilot continuing education program for agents and brokers that will debut at this year's conference. RIMS has received approval from Florida, Kansas, Mississippi, Oregon, Texas and Washington state to award continuing education credits for selected conference sessions. Approval is pending in Massachusetts and Michigan. A final list of approved states and sessions will be available at the continuing education desk in the RIMS registration area.

To receive continuing education credit, candidates must register for and attend approved sessions in their entirety, signing in and signing out on attendance records. Credit is awarded for individual days. To receive credit for Monday, candidates must attend an approved afternoon session. To receive credit for Tuesday, Wednesday or Thursday, candidates must attend a morning and an afternoon session or an all-day workshop. For Friday credit, candidates must attend an approved morning session.

Continuing education credit forms will be available at the continuing education desk. An administrative fee of $10 per daily certificate will be charged.

For the second year, the Executive Track Program will offer a special one-day series of sessions, to be held on Wednesday, April 28 (see story, page T31). This program provides an opportunity for senior executives who supervise risk managers to develop a greater understanding of and appreciation for the risk manager's role.

David Bell, a business administration professor at Harvard University, will talk about the risk management function and explain why Harvard Business School teaches risk management.

Another Executive Track session, "Strategic Risk Management Contributions to Organizations," will feature a panel of risk management executives who will help attendees explore whether they are fully utilizing the risk management function.

The RIMS annual membership meeting will be held Monday at 8:30 a.m. in Exhibit Hall A of the Orange County Convention/Civic Center. Outgoing President Suzanne H. Crager, assistant vp of risk management and insurance at PNC Bank Corp., a Pittsburgh holding company, and incoming President J.A. "Tony" Bridger, risk manager at the Bank of Montreal in Toronto, will address attendees.

In addition, the 1993-1994 Executive Council will be introduced. RIMS Executive Director Eugene Ricci will make opening remarks.

Following the membership meeting, the 1993 conference officially kicks off with a keynote speech by former Pittsburgh Steelers quarterback Terry Bradshaw.

Mr. Bradshaw's 10:30 a.m. speech is expected to "get everyone raring to go for the week," Ms. Parker said.

Other celebrities will be stepping up to a speaker's podium during the conference. The Tuesday luncheon speaker is Thomas Sutherland, who was held hostage in Beirut, Lebanon, from June 9, 1985 to Nov. 18, 1991. Lt. Col. Oliver North, who became a household name in 1987 during the Iran-Contra hearings, will be the Thursday luncheon speaker.

In addition to the educational sessions, conference attendees will be able to peruse exhibits of products and services from more than 300 vendors. The exhibits will be open daily in Convention Center halls B and C (see guide, pages T22-T23).

Highlighting the recreation agenda, Dolly Parton will entertain on Wednesday, April 28. The 9 p.m. concert will be held in Convention Center Hall D. Chicago-based broker Rollins Hudig Hall Co. and RIMS are co-sponsoring the performance.

A guest program includes tours of local attractions such as Sea World, Cypress Gardens, EPCOT Center and the Kennedy Space Center.

Perhaps the most unusual event at the convention is the American Red Cross blood drive to be conducted Monday from 10 a.m. to 2 p.m. Ms. Parker said the blood drive is appropriate because acting in advance to meet others' needs is part of a risk manager's job.

Prepaid registrations totaled 3,224 as of late last month, well ahead of the 2,851 registrations by the comparable time period last year. Final 1992 paid registrations totaled 3,874.

"Orlando is attractive to people," Ms. Parker said of the increased turnout. "And many people stayed home last year. The economy, although not terrific, is better than it was."

Registration fees for the conference are $795 for RIMS members, $895 for non-members. Partial week registration is $675 for members and $775 for non-members. One-day registration is $245 for members, $295 for non-members. For more information, contact the RIMS conference department 212-286-9292. BI

## Orlando scene

*Continued from previous page*
courses dot the area.

Tennis, waterskiing, horseback riding, hot-air ballooning, boating, charter fishing and even bungee jumping also are available. And Orlando is surrounded with pristine lakes where you can swim, take a glass-bottom boat tour or rent your own canoe.

Downtown Orlando is a jewel in itself with an impressive skyline punctuated by postmodern skyscrapers.

While in Orlando, you will hear a lot about Church Street Station, a dining, shopping and entertainment complex downtown that attracts locals and tourists. The mall offers three restaurants and more than 45 stores. Live entertainment in the "showrooms" include Dixieland jazz, can-can dancers and a country-western dance show.

Parks and museums in downtown Orlando can also offer the weary RIMS-goer a few hours of beauty and culture. Take an hour to walk around Leu Gardens, a 56-acre park that has the largest outdoor camellia collection in eastern North America.

And for those who must shake off the Disney culture altogether, escape to the posh suburb of Winter Park, which has elegant shops, art galleries and restaurants along Park Avenue.

Orlando is inland, but Atlantic and Gulf coast beaches are only a one- to two-hour drive away. Cocoa Beach, Daytona Beach and Tampa's Clearwater Beach offer tempting vistas of sand, surf and volleyball, as well as seaside dining.

Near Cocoa Beach is the Kennedy Space Center complex, where visitors can see museum exhibits on the history of space exploration and take bus tours to the two current space-launch sites.

The Kennedy Space Center is surrounded by lush orange groves and spectacular wildlife on Merritt Island National Wildlife Refuge. The island also offers four unspoiled beaches, two drives with good views of the wildlife and two hiking trails.

Just south of Orlando lie the towns of Kissimmee and St. Cloud, where you can get a feel for "the real Florida." This is where you find citrus groves, fruit stands, Mom-and-Pop restaurants and attractions that predate Disney.

Another place to experience Florida history is the Victorian-era village Mount Dora, about an hour's drive northwest of downtown Orlando.

One of Orlando's hottest new attractions is Shaquille O'Neal, the center for the Orlando Magic. But catch him on TV before you go to Orlando, because the team has no home games during the last week of April. BI

Orlando/Orange County Convention & Visitors Bureau Inc.

**Silver Springs is one of Central Florida's oldest tourist attractions and is famous for its glass-bottom boat rides and jungle cruises.**

Photo by Nancy Johnson

**Central Florida's cattle gave way to thousands of acres of orange groves, which dominated the area's economy through the 1960s.**

# From cattle country to orange groves to Disney's dream

## Orlando reshaped through history

Central Florida wasn't always the world's No. 1 vacation spot.

It was home to Seminole Indians until the 1830s, when the U.S. government built a string of forts across the state to protect settlers from Indian attacks. Orlando was named after a sentinel, Orlando Reeves, who was killed in an Indian raid one night. Some historians believe, however, that this sentinel was actually a wealthy plantation owner.

After the Civil War, central Florida was cattle country. But the Florida cowboy, unlike his Western counterpart, had to defend his herds from an unusual predator: the alligator. Thus began the sport of alligator wrestling, which in the late 1800s became a favorite form of Saturday afternoon entertainment in the Orlando area.

Cattle country soon gave way to groves of citrus trees, as the citrus industry drew more residents to Florida.

In the early 1900s, Florida began its era as a winter getaway as Northerners learned about the state's mild climate and pretty lakes. As highways were built linking Orlando to more developed tourist spots on Florida's east coast, the town became a minor tourist center.

Citrus production overshadowed tourism even through the development of Cape Canaveral in the 1960s.

But when an unidentified buyer quietly began purchasing huge tracts of land around Orlando, things really began to take off.

The mystery buyer was Walt Disney, who was planning the biggest project of his career: Walt Disney World.

Determined that his Florida theme park would not become hemmed in with cheap restaurants, motels and rival theme parks, as had been the case in Anaheim, Mr. Disney bought 28,000 acres—more than five square miles—that would give him exclusive control of the area.

Construction on the massive Disney park began in 1969. And, it was no easy feat.

Looking at the Disney complex's immaculately sculpted landscaping, you would never know that landscape gardeners believed those tracts of dry prairie, bald cypresses and swamps could not be turned into the boss's fairy-tale dream. The soil was so poor, the gardeners didn't think it would sustain grass, much less the elaborate flowers and trees called for in the plans.

But the landscape crew managed to accomplish the impossible. The Disney-controlled area is a masterpiece of river rides, boating lakes, lawns and flower gardens.

Orlando's newest resident had a tremendous impact on the city.

When news of the impending park was confirmed, the Orlando Sentinel ordered new presses to cope with anticipated increased circulation. And, the editors launched a drive to build a community center that could handle the huge numbers of conventioneers the city would draw.

In a little more than a decade, Orlando's population swelled to 250,000 from 30,000 in 1965. Real estate agents, hotel owners and restaurant owners welcomed the influx of visitors and new residents alike, as they continue to do today.

*—By Nancy P. Johnson*

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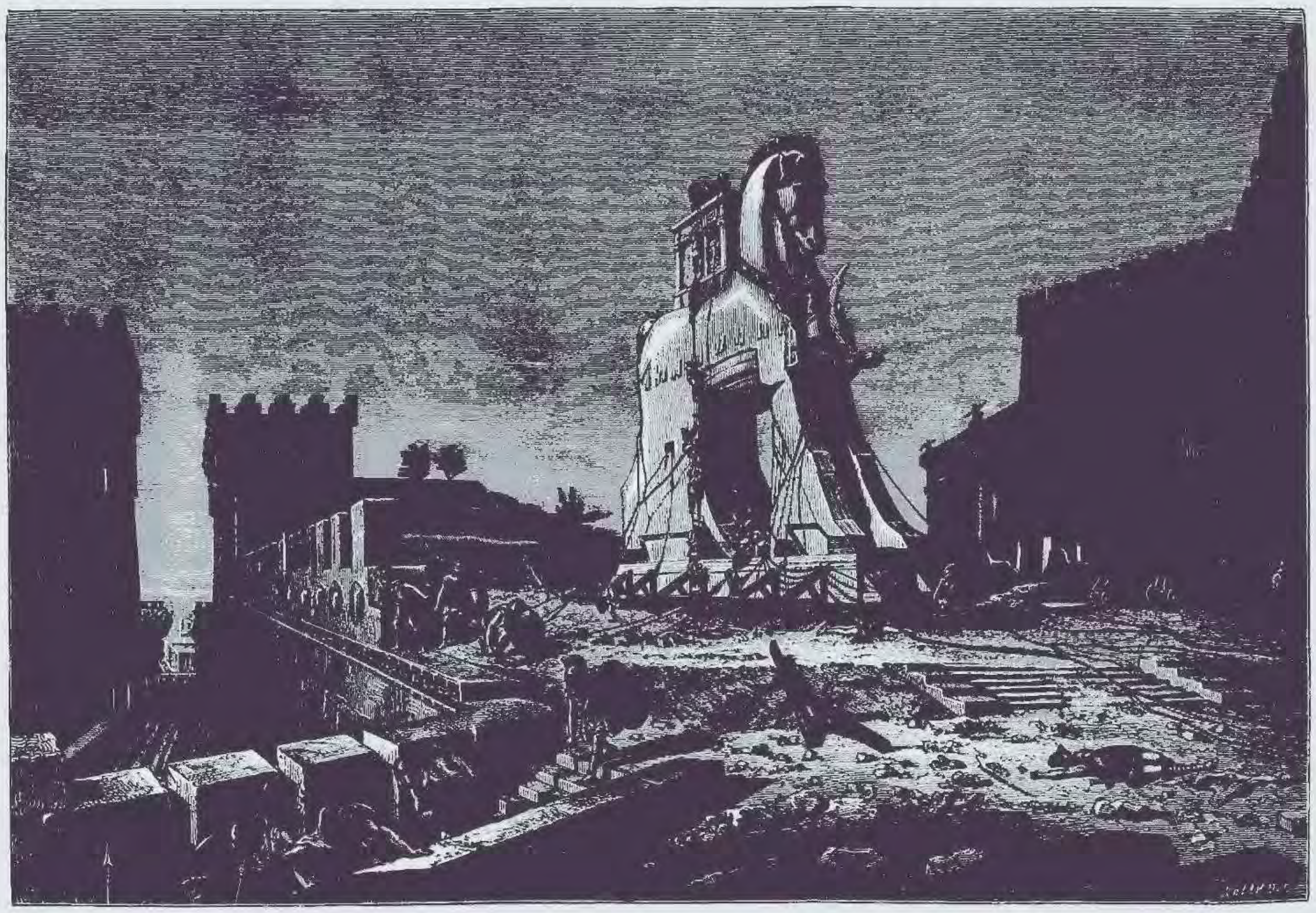

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RIMS
Orlando Guide

# Falling under the Magic Kingdom's spell

## From Main Street U.S.A. to Space Mountain, there's something for all

By NANCY P. JOHNSON

After a hard day of wrestling with the realities of risk retention analysis, stepping into the fantasy world of the Magic Kingdom can be the perfect antidote.

The park has been dazzling kids and adults alike since it opened in 1971. And, in accordance with Walt Disney's wishes, it has been continually updated.

Before this whirlwind tour of the park begins, here's a few tips on how to make the most of your visit:

- Don't head to the park until you check with your hotel concierge for information about special shows or discounted admission.

The $34 adult and $27 children's admission prices are steep, but there are no further charges to go on the rides or attractions.

- Be prepared for long lines, especially from the 9 a.m opening until midafternoon. The best time to visit is from late afternoon until closing at 9 p.m.

If you want to leave the park and come back later, have your hand stamped at the door and retain your ticket—both are required to re-enter.

This will not be a peak period for students on spring break, a spokesman said.

- As with EPCOT Center, early reservations for lunch, dinner and special shows are a must.

The Magic Kingdom has shops offering burgers, sandwiches and salads on nearly every corner But if you want table service and fancier fare, make a reservation early in the day at the door of one of these restaurants: Tony's Town Square Restaurant at Main Street U.S.A., King Stefan's Banquet in Fantasyland or Liberty Tree Tavern in Liberty Square.

The Magic Kingdom has six "lands" that radiate from the Cinderella Castle.

As you pass the entrance gate, you enter the land called Main Street U.S.A., where you can stop at City Hall to pick up a map and schedule of daily events. You can get a good overview of the park by boarding a trolley at the Main Street train station. This ride circles the park, making stops at Mickey's Starland and Frontierland.

In this "turn-of-the-century" town, you will see a brightly uniformed marching band and a barbershop quartet, which will be only too happy to pose for photos Main Street offers a variety of shops—the best place to stock up on Disney memorabilia—as well as restaurants and a cinema that continuously shows silent comedies. This area also is a good place to see the 3 p.m daily parade.

### QUICK TIP

The Magic Kingdom's six lands are a lot of territory to cover. Here's some advice for prioritizing the attractions:

- Jump on the trolley at the Main Street U.S.A. train station to get a good overview of the park.
- Adventureland holds several popular attractions, including Splash Mountain, one of the newest in the Magic Kingdom. Pirates of the Caribbean is worth doing twice. And, the Haunted Mansion's special effects are thrilling.
- Fantasyland is a must-see for children and nostalgic adults. If your time is limited, skip 20 000 Leagues Under the Sea.
- Pass on Tomorrowland But if you feel compelled to visit all six areas, zero in on Space Mountain, Tomorrowland's major attraction.

Adventureland is the home of several favorite attractions.

Pirates of the Caribbean, a sea journey that passes looting and pillaging pirates, is worth repeating because you see something new each time. The Jungle Cruise is a 10-minute boat tour through tropical jungles populated with Audio-Animatronic animals—Disney's invention that gives mechanical objects realistic movement and sound.

Climbing the many stairs to the elaborate Swiss Family Treehouse easily makes up for missing your step-aerobics class.

Adventureland's star attraction is Splash Mountain, one of the park's newest additions.

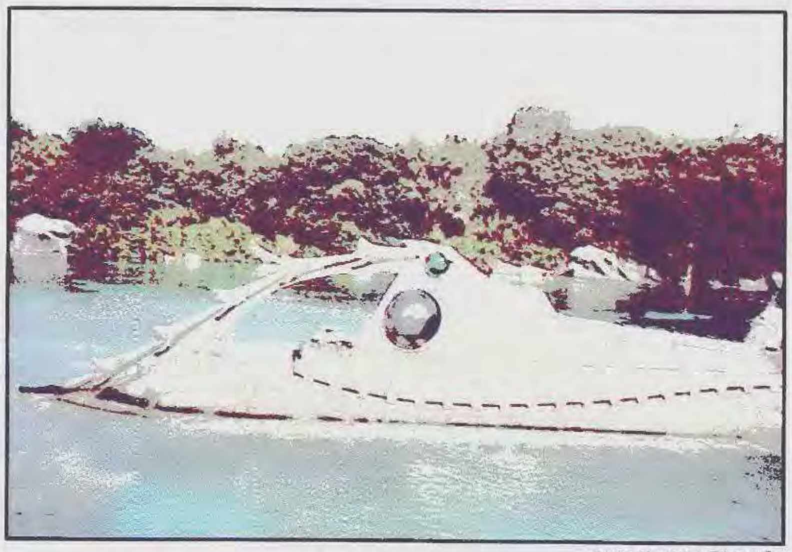
Splash Mountain boasts of being the world's tallest and fastest flume ride, with its sheer five-story drop at speeds of up to 80 mph. Another exciting ride is Big Thunder Mountain Railroad, a roller coaster that veers down an artificial mountainside.

Children may enjoy Country Bear Jamboree, which features Audio-Animatronic bears that sing and dance, but adults will prefer the Diamond Horseshoe Jamboree, a live stage show with singing and dancing.

Make reservations for this show early in the day at Disneyana Collectibles on Main Street.

On Tom Sawyer's Island, there are caves to explore and a frontier fort and old mill to poke through.

Colonial history is the theme of Liberty Square, which houses the Hall of Presidents.



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A submarine dives to "20,000 Leagues Beneath the Sea." Mickey's Starland, below, features Mickey Mouse's house.

This attraction begins with a movie about the Constitution, and then introduces all of the nation's presidents, re-created in Audio-Animatronic form. Nearby are docks where visitors can take a relaxing half-mile cruise on a triple-decker riverboat.

A werewolf's baying and peals of thunder will draw you to The Haunted Mansion, where a vampire ushers visitors into bat-styled carriages that glide past holograms of ghosts and skeletons in various merry circumstances.

The special effects are thrilling, making this one of the wittiest and best-liked attractions for adults.

Next stop is Fantasyland, a must-see for children and nostalgic adults.

Here you find the same kiddie rides as in Disneyland—the Mad Tea Party and Dumbo the Flying Elephant are favorites—as well as indoor rides based on adventures from Peter Pan and Snow White and the Seven Dwarves.

The "submarine ride" at 20,000 Leagues Under the Sea is a bit dated and corny, but is still popular.

Mickey's Starland is a new area created partly to answer a complaint from parents: Their children never had the chance to meet Mickey Mouse (or the Disney employee in a mouse suit, who makes $7 an hour) while at the park.

So, in this village of candy-colored cartoon-style houses, you or your child can meet one-on-one with the famous rodent at Mickey's House in a room designed for photo opportunities.

Outside, adults can rest while small children explore mazes and a petting zoo at Grandma Duck's Farm.

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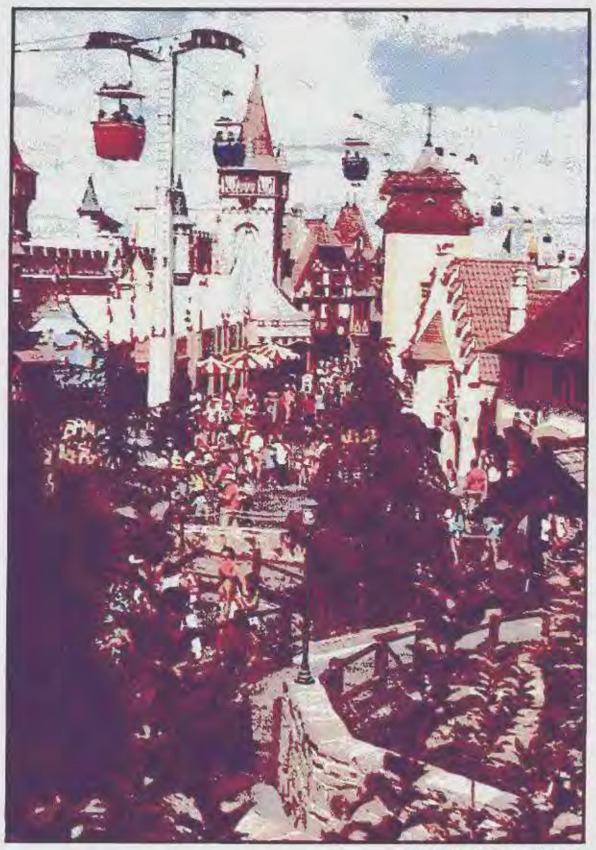

Photo by Nancy Johnson

**Fantasyland features rides like Peter Pan's Flight and Dumbo the Flying Elephant.**

Outside Mickey's Starland, other Disney characters still make the rounds in the Magic Kingdom to greet young visitors.

In 1996, Tomorrowland is to be turned into an "intergalactic spaceport for arriving aliens," but, until then, this section, which looks like it is stuck in the early 1960s, doesn't have much to offer.

One ride is worth taking, but not after a meal.

Space Mountain, a roller coaster ride that hurtles through the darkness of "outer space" has sharp turns and is less than three minutes long, so keep your eyes open or you won't see the stars and galaxies.

For further park information, call Walt Disney World at 407-824-4321. BI

### QUICK TIP

Keys to the Magic Kingdom:

- If your Orlando agenda includes buying souvenirs for kids or kids at heart, check out two shops in Tomorrowland: Mickey's Star Traders has a good selection of gifts at reasonable prices, and The Space Port carries unique futuristic items. If you leave the Magic Kingdom without gifts in hand, Mickey's Character Shop at the Disney Village Marketplace, connected to Pleasure Island, is stocked with every Disney-related item ever imagined.
- Don't miss the opportunity to save some money on your visit to the Magic Kingdom. Your hotel concierge can provide information about discounts off of the regular admission of $34 for adults, $27 for children.
- The best time to visit is from late afternoon until closing at 9 p.m. You may leave the park and return later as long as your hand is stamped and you still have your ticket.
- Early reservations for lunch and dinner are a must if you prefer a sit-down meal to a fast-food break. Look at the posted menus and prices before making your choice.
- Take heart. Late April is not be a peak period for college spring breaks.

RIMS
Orlando Guide

# EPCOT Center a glimpse of tomorrow today

**By NANCY P. JOHNSON**

The origins of EPCOT Center—Walt Disney's most ambitious dream—make an interesting story, especially for risk and employee benefit managers.

In 1965, as land near Orlando was being bulldozed in preparation for creating Walt Disney World, Mr. Disney held a press conference to announce a related project: a model city of the future.

With the help of scientists and city planners, Mr. Disney came up with a plan for an "Environmental Prototype City of Tomorrow," where the huge staff of Walt Disney World would live in a carefully organized community. EPCOT would control its own climate, recycle all wastes, raise its own food and provide the finest medical care to its residents.

But Mr. Disney died in December 1966, before those dreams could be realized. The expensive plans for the utopian community were scrapped, and EPCOT Center instead became a complex of pavilions showcasing American industry and foreign nations.

Though the end-product is not what Mr. Disney envisioned, it is still an impressive feat of imagination and technology.

EPCOT Center—which has been profitable from the start—still has the feeling and flavor of a city of the future, with its ultra-manicured lawns, topiary in geometric shapes, and futuristic buildings.

But before visitors become absorbed in the attractions, making lunch or dinner reservations is a necessary first step. The restaurants at EPCOT are some of the best in the Orlando area, and are so popular they often are booked by 10 a.m. Competition is especially stiff for reservations at the French, Italian and Chinese pavilion restaurants.

To make reservations, head directly to Spaceship Earth, the trademark golf ball-shaped building near the park's entrance. In this building are 10 kiosks where an on-screen reservation agent will cheerfully make restaurant reservations for that day only. Another set of kiosks is located at the far end of the park, near the China pavilion. Guests staying at on-site hotels can make advance reservations through the concierge.

Once your dining arrangements are made, you can plan the rest of your day.

EPCOT Center consists of Future World—nine pavilions based on science and industry—and World Showcase—11 pavilions representing various countries, encircling a man-made lake.

The Future World pavilions are designed to provide information with a bit of entertainment. You might not learn much, but some attractions are worth seeing.

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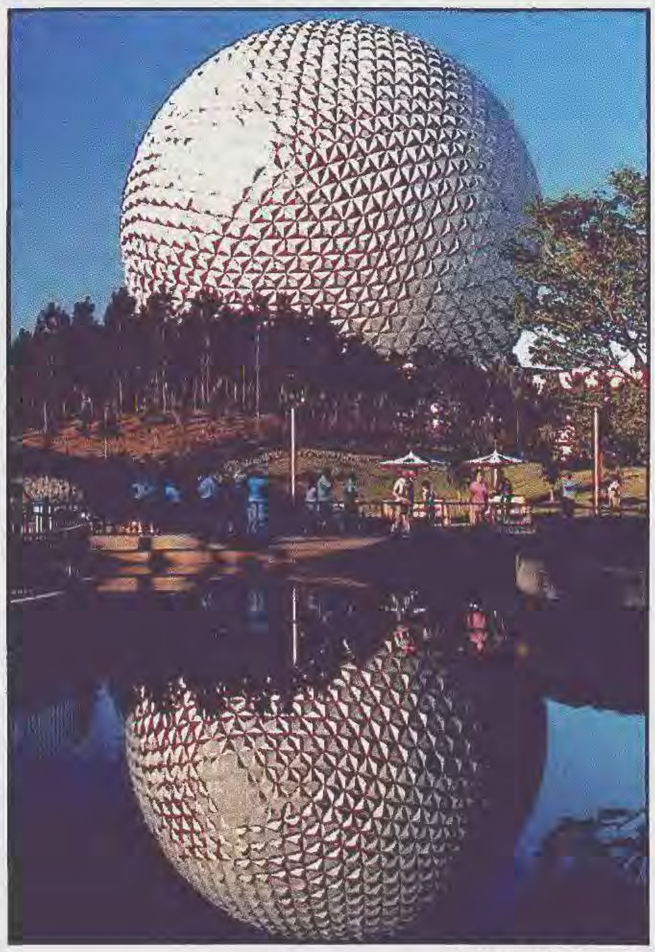
**Athletes can improve their game at Coach's Corner, where computers analyze motions such as golf swings.**



©1992 The Walt Disney Co.

## EPCOT pavilions feature many excellent restaurants, science and industry lessons, and views of world cultures

"The Wonder of Life," built in 1989, is EPCOT's newest pavilion. This area features many activities for adults and children, including "The Making of Me," a movie taking a Disneyesque view of pregnancy and birth, narrated by comedian Martin Short. Another exploration of life is "Body Wars," a ride that takes you on a tour of the human body. Be warned: The entire room shakes, rattles and rolls.

The "Wonder of Life" pavilion also offers "Coach's Corner," where you can have your tennis, golf or baseball swing videotaped and analyzed.

At the "Journey Into Imagination" pavilion, the feature attraction is "Captain EO," a 3-D movie. Directed by Francis Ford Coppola and starring Michael Jackson, this movie is full of amazing special effects. The plot is thin: Michael Jackson is a spaceship captain who uses his powers of song and dance to combat evil. But the laser and 3-D effects make this much more than a music video. The video runs approximately 25 minutes.

One of the best pavilions is "The Living Seas," sponsored by United Technologies. This houses one of the country's largest aquariums, containing tiger sharks, giant turtles, sawfish, rays and colorful parrotfish. Sharks, manatees and dolphins inhabit other tanks.

At the "Universe of Energy," sponsored by Exxon Corp., the pavilion seats turn into cars that take you through a misty rain forest inhabited by dinosaurs. The Audio-Animatronic dinos are up to 20 feet tall. One of these, a brontosaurus, occasionally swerves his long neck close to the passing cars. This diorama is followed by a film about how oil, natural gas and coal were formed and how they are excavated and used today.

Back at Spaceship Earth, AT&T presents "Information Age," a ride that takes you past Audio-Animatronic figures in dioramas, showing communication from cave days to present-day satellite communications. Walter Cronkite's narration accompanies the scenes.

Beyond Future World are the foreign nation pavilions of the World Showcase. They are all worth seeing—but if your time is limited, plan the ones you really want to see because the pavilions are widely spread out.

The French pavilion takes the best of show, for its superb restaurants and its delightful film, "Impressions de France," which showcases the country's scenic beauty. The film last about 25 minutes.

The French pavilion has four noted restaurants, ranging from Chefs de France—serving traditional French cuisine in an elegant setting—to a takeout pastry shop where you can buy a slice of quiche for $3. The food at all these restaurants lives up to its acclaim.

The theater in the French pavilion features five screens in a semicircle. As the music of Debussy and Ravel plays in the background, the film takes the viewer down a forest river, soaring by helicopter over chateaux and medieval hilltop towns and flying down the Seine in Paris. The China and Canada pavilions also have excellent movies showcasing their home countries.

At the United Kingdom pavilion there are china and clothing shops, but the main attraction is the Rose & Crown Pub, which is nearly always crowded. Bass ale, Guinness stout and Harp beer are served, and tasty pub fare is available in the dining doom. The pub is a popular spot for afternoon tea, but reservations are needed.

The bazaar at the Morocco pavilion offers many exotic wares. Equally exotic is the Middle Eastern food at Restaurant Marrakesh.

The biggest draw at the Norway pavilion is the Maelstrom, an exciting boat ride that takes visitors through the world of Norse mythology.

The pavilions for Germany, Italy, Japan and Mexico focus on their excellent restaurants.

A few minutes before closing, EPCOT Center visitors are treated to "IllumiNations," a show that combines classical music, lasers, lights, fireworks and fountains in the center of the lagoon.

Like the Magic Kingdom, EPCOT Center admission is $34 for adults and $27 for children. Hours are 9 a.m. to 9 p.m. BI

©1991 The Walt Disney Co.

**"Body Wars" takes EPCOT visitors on a moving tour of the human body in a room that shakes, rattles and rolls.**

## QUICK TIP

A little strategy can make it possible to fit a satisfying trip to EPCOT Center into one's conference week schedule. Here are some suggestions for allocating time for the newest and the best at this attraction:

- "The Wonder of Life," built in 1989, is EPCOT's newest pavilion. This area features many activities for adults and children, including "The Making of Me," a movie taking a Disneyesque view of pregnancy and birth. Another exploration into the mysteries of life is "Body Wars," a ride that takes a tour of the human body. This pavilion also includes "Coach's Corner," where you can have your tennis, golf or baseball swing videotaped and analyzed.
- One of the best pavilions is "The Living Seas," sponsored by United Technologies. This houses one of the country's largest aquariums, containing tiger sharks, giant turtles, sawfish, rays and colorful parrotfish.
- Beyond "Future World" are the foreign nation pavilions of the World Showcase. If your time is limited, it is best to plan which of the 11 you really want to see, because the pavilions are widely spread out.

The French pavilion takes the best of show, for its superb restaurants and its delightful film, "Impressions de France," which focuses on the country's scenic beauty. The pavilion has four acclaimed restaurants, ranging from traditional French cuisine at the elegant Chefs de France to a takeout pastry shop.

- Before becoming absorbed in the attractions, making lunch or dinner reservations is a necessary first step. The restaurants at EPCOT are some of the best in the Orlando area, and are so popular they often are booked by 10 a.m. Reservations can be made at kiosks in Spaceship Earth, near the EPCOT entrance, or at another set of kiosks in the Chinese pavilion.
- If you need to rest your weary feet, the movies at the Canadian, Chinese and French pavilions provide a wonderful place to relax while being informed and entertained.



# Disney/MGM and Universal present:

## A behind-the-scenes look at classic movies and TV shows

**By SARA MARLEY**

Movies are the main attraction at two Orlando-area theme parks.

And, not surprisingly, time at Disney/MGM Studios Theme Park and Universal Studios Florida is best spent on moviemaking attractions rather than the amusement park thrill rides.

At Disney, the animation tour stands out. While visitors watch artists work on Disney's next animated feature, a video series starring Walter Cronkite and Robin Williams explains how cartoons are made.

At Universal Studios, kudos go to series of innovative clips called "Alfred Hitchcock: The Art of Making Movies." In the "Psycho" soundstage, Anthony Perkins narrates a video about the filming of the movie's famous shower scene, although the late actor confesses he was rehearsing a play in New York when that scene was shot.

Few RIMS-goers will probably have the time or inclination to visit both parks.

On the whole, Disney/MGM Studios is filled with numerous details—like the movie theme music that emanates from speakers throughout the park—that make Mickey's empire one of the world's most popular attractions.

Universal Studios, sister to Universal City in Los Angeles, is larger than Disney/MGM Studios but seems more like a generic theme park compared with its competitor's attention to detail.

Both Florida parks offer tramway tours of the studios that suffer because neither is home to much actual movie-making.

On the Disney/MGM Studios tour, you can see the *outside* of the Golden Girls' house and Herbie the Love Bug. Risk managers will want coverage—or at least a raincoat—for the tram's next stop, Catastrophe Canyon, a special-effects extravaganza of explosions and floods. The tram then goes behind the scenes to show how the storm was created.

Universal Studios' backlot is larger, but the tram mostly offers peeks into giant sound stages where television commercials and obscure cable television shows are shot. The street sets here of New York and San Francisco, while impressive, are only replicas of the real sets that were used for movies like "The Godfather."

In addition to the tram ride, Disney/MGM offers tourists a "Great Movie" ride inside the replica of Hollywood's Mann's Chinese Theater.

The ride offers some impressive pyro-special effects—and some hokey acting by the tour guides—while it pays homage to such hits as "Alien," "Raiders of the Lost Ark" and "The Wizard of Oz," as well as the Western and horror movies.

Thanks to lifelike "animatronic" figures, visitors see John Wayne swagger, Tarzan swing and Gene Kelly sing in the rain.

Movie buffs will be most impressed by the "Casablanca" display. To re-create the movie's final scene, Disney/MGM located a vintage plane of the exact model used in the movie. In researching the find, the staff discovered the plane was the same one used in the 1943 classic.

The wait for the "Great Movie" ride can be long, though.

Disney/MGM Studios' "Star Tours" attraction is the sole exception to the general lack of thrilling rides at the two theme parks. A combination of movie screen and tilting and shaking seats create the sensation of flying in a spacecraft.

By contrast, Universal's two most publicized rides—"Earthquake—The Big One" and "Kongfrontation"—are disappointing.

A much more worthwhile Universal stop is the Nickelodeon Studios tour, a light-hearted stroll through production studios for the cable television network. Children will marvel at the green

*Continued on next page*

### QUICK TIP

If you don't have time for a leisurely review of the movie studio attractions in Orlando, here's a suggested focus.

At Disney/MGM Studios, take the animation tour to see artists at work on Disney's next feature while a well-executed video series, starring Walter Cronkite and Robin Williams, explains how cartoons are made.

At Universal Studios, see "Alfred Hitchcock: The Art of Making Movies," which includes a "Psycho" soundstage featuring the late Anthony Perkins narrating a video about the filming of the famous shower scene.

# RIMS Orlando Guide




*Continued from previous page*
slime fountain and vie for a chance to dump it on their parents in the game lab.

Universal explains sound effects in the "Murder She Wrote" post-production theater, while other attractions pay tribute to "The Blues Brothers," "Ghostbusters" and "Back to the Future."

The animal actors stage shows these stars can be as difficult as their human counterparts.

Universal's biggest eating attraction is the Hard Rock Cafe. The familiar memorabilia and overpriced drinks are here, plus stained-glass windows honoring Chuck Berry, Jerry Lee Lewis and Elvis.

Burgers, chicken sandwiches and Hard Rock's famous "pig" sandwich run $7-$10, including fries and salad.

The place is almost always crowded, but the service is very fast.

In Universal's San Francisco Wharf set, Lombard's Landing serves seafood and sourdough bread.

A replica of Mel's Drive-In from 1973's "American Graffiti" has everything one would expect, except servers on rollerskates.

Eateries at Disney/MGM include the Hollywood Brown Derby. The inside is plastered with pictures of stars, but there's also a pleasant patio outside. The restaurant serves sandwiches and the Derby's famous Cobb salad ($6-$10), along with pasta dishes and chicken pot pies ($12-$18). Meals come with bread, and butter in the shape of a little hat.

A more casual dining option at Disney/MGM is the Backlot Express, with burgers and chicken sandwiches ($4-$6 including fries), chef's salad ($5) and chili ($2).

At the '50s Prime Time Cafe/Tune-In Lounge, servers dressed like Donna Reed will extol diners to eat their vegetables, and guests will only be served dessert if they comply.

Parts of old convertibles serve as booths at the Sci-Fi Dine-In Theater Restaurant, while clips of B movies provide distraction.

Disney also offers healthier options at stands in the park that sell fruit, juice and bottled water (50 cents-$2).

Disney/MGM Studios is open from 9 a.m. to 7 p.m. daily. Admission is $35.90 for adults and $28.50 for children ages three-nine. Children under three are admitted free.

Universal Studios is open 9 a.m. to 10 p.m. daily. Admission is $34 for adults and $27 for children. BI

RIMS Orlando Guide

# Far from maddening crowds

## Art museums and scenic parks offer diversions

**By NANCY P. JOHNSON**

For some people, just the mention of the phrase "theme park" will make them cringe.

Not to worry. There are things to do in Orlando that don't involve mouse ears or performing dolphins. What's more, most of these attractions are refreshingly inexpensive.

The Charles Hosmer Morse Museum of American Art in Winter Park has more than 4,000 pieces in its collection. The museum is famous for its stained-glass by art nouveau artist Louis Comfort Tiffany. The collection includes leaded windows, blown glass, lamps, paintings, pottery, metalwork and furniture.

The museum also displays works by Mr. Tiffany's contemporaries, including Frank Lloyd Wright and Rene Lalique. Admission: $2.50. Open Tuesday through Saturday 9:30 a.m.-4 p.m. and Sunday 1 p.m.-4 p.m. The museum is located at 133 E. Welbourne Ave., Winter Park. 407-644-3686.

The Maitland Art Center in Maitland houses a collection of European oils and British and French porcelain, but the museum's most appealing feature is the building complex, which is on the National Register of Historic Places.

The eccentric hand-built, Aztec-inspired stucco and concrete buildings were built in the 1930s by artist Andre Smith. Admission: free. Open Monday through Friday 10 a.m.-4:30 p.m., Saturday and Sunday, noon-4:30 p.m. 231 W. Packwood Ave., Maitland. 407-539-2181.

Loch Haven Park in downtown Orlando, at Mills Avenue and Camden Road, provides a pleasant setting for several museums and theaters, including the Orlando Museum of Art. This museum has a collection that focuses on 19th- and 20th-century American artists, especially those associated with Florida. The collection features works by John Singer Sargent, George Innes and Milton Avery, as well as pre-Columbian art. Suggested donation upon museum admission: $4. Open Tuesday through Saturday, 9 a.m.-5 p.m., Sunday noon-5 p.m. 407-896-4231.

Another of Loch Haven Park's offerings, the Orange County Historical Museum recalls Orlando's pioneer days, with a recreated Victorian parlor and general store. Suggested donation: $2. Open Tuesday through Friday, 9 a.m.-5 p.m. 407-898-8320.

The Loch Haven complex also includes the Orlando Science Center, which is geared for children. It has a planetarium, a Foucault pendulum and hands-on science displays. Admission: $6.50 for adults. Open Monday through Thursday, 9 a.m.-5 p.m., Saturday 9 a.m.-5 p.m., Sunday noon-5 p.m. 407-896-7151.

A truly refreshing spot in Orlando is Leu Botanical Gardens. This 56-acre park holds numerous formal gardens linked by winding paths. The highlight is the orchid conservatory, with its dazzling variety of tropical plants. The house and gardens once belonged to Harry P. Leu, an Orlando businessman, and tours of the Leu house—now a museum—run on the hour and half-hour. Admission: $3. The gardens are open 9 a.m.-5 p.m. daily; the Leu house is open Tuesday through Saturday, 10 a.m.-4 p.m., Sunday and Monday, 1 p.m.-4 p.m. 1730 North Forest Ave., Orlando. 407-246-2620.

A trip to Orlando wouldn't be complete without a visit to Lake Eola Park, at the corner of Central and Robinson streets. This pretty park also has an amphitheater where the annual Orlando Shakespeare Festival is held.

Photo by Nancy Johnson

**The Maitland Art Center.**

"The Comedy of Errors" will be presented April 25 and 29, and in a 1 p.m. matinee May 1; "As You Like

*Continued on next page*

### QUICK TIP

If your busy RIMS conference schedule leaves little time to call your own, and you'd like it to be relaxing yet memorable, one of the following outings may fit the bill:

- Take in Louis Comfort Tiffany's "Red Peony Lamp," "Rose Window," and "Four Seasons Window," part of the Tiffany collection at the Charles Hosmer Morse Museum of American Art in Winter Park.
- Renew your spirit at the Leu Botanical Gardens. The orchid conservatory is the highlight of this 56-acre park. Also, the rose gardens will be in full bloom during RIMS week.
- If shopping is the best way for you to unwind, head north to Park Avenue in Winter Park, which is Central Florida's answer to Rodeo Drive.

# RIMS Orlando Guide

*Continued from previous page*
It" will be presented April 24, 28 and 30. Curtain time is 8 p.m.; admission is $5 to $25. Call the box office, 407-841-9787, for ticket information.

Orlando has many small shopping centers, but if you have serious shopping needs, the Florida Mall is the place to go. Dillard's, Sears and J.C. Penney are the anchor stores, and the specialty shops number 200. The mall is located at the corner of Sand Lake Road and South Orange Blossom Trail (Highway 441). Open Monday through Saturday, 10 a.m.-9 p.m., Sunday 11 a.m.-6 p.m.

Central Florida's answer to Rodeo Drive is Park Avenue in Winter Park, which offers a string of jewelry stores, art galleries, designer boutiques and antique shops, along with the more down-to-earth Banana Republic, Ann Taylor, Talbot's and Crabtree & Evelyn. Most stores are open 10 a.m.-5 p.m. daily. Park Avenue also features elegant restaurants with surprisingly affordable menus. Try the Tavern on the Park, Maison des Crepes, the Briar Patch Restaurant or the Park Avenue Grill.

If you want to see more evidence of Florida's old money, take an hourlong boat tour on Winter Park's chain of lakes. The tours leave from a dock on Lake Osceola at the end of Morse Boulevard, and the tour boats pass by mansions and gardens that are hidden from the street. Admission: $5.50. Open daily; tours leave every hour on the hour, 10 a.m.-4 p.m. 312 Morse Blvd. 407-644-4056.

There is no mountain in Mount Dora, but this tiny historical town does feature hills—a rarity in flat Florida—as well as public parks and lakes. Mount Dora is a 45-minute drive from Orlando and is noted for its antique stores and Victorian-era hotels that lend it a New England feeling. Bicycle rental is $2 per hour at the Rusty Anchor, 400 W. Fourth Ave. in Mount Dora. The Rusty Anchor also offers boat rentals starting at $20 per hour and boat tours on the Dora Canal for $10. Call 904-383-3933. BI

# Make a 'Bee Line' for Florida's beaches

## East coast is only 70 minutes away

**By NANCY P. JOHNSON**

Orlando has a lot of attractions, but an ocean setting is not one of them.

No problem. Beaches on Florida's east coast are only 70 minutes away, and west coast beaches are just 90 minutes away. And, with Florida's inexpensive car rental rates, a day trip to the beach is tempting.

If you plan to head east to the nearer beaches—Cocoa Beach and the more famous Daytona Beach—you can easily include a trip to the Kennedy Space Center.

Start off early in the day—with plenty of change for tolls—by taking the Bee Line Expressway east. The ruler-straight highway will take you to Merritt Island National Wildlife Refuge, the island that houses the Kennedy Space Center/Spaceport U.S.A. complex.

Hiking and bicycle trails are prevalent on this island, which teems with pelicans, hawks, eagles and herons—as well as snakes and alligators.

The Kennedy Space Center/Spaceport U.S.A. is a museum complex that traces the history of space exploration. Here you can re-live the excitement of the 1969 moon landing and also see the sites of current launches.

Free attractions include an exhibit explaining satellites, a museum of space clothes and model spacecraft, a gallery of paintings and sculptures commissioned by NASA, and a memorial to the U.S. astronauts who died in the line of duty.

Visitors have a choice of movies to see in the giant-screen IMAX theater at the complex. One movie, "The Dream is Alive," narrated by Walter Cronkite, is a look behind the scenes of a space shuttle launch and flight.

Bus tours are also available. On the two-hour Red Tour, you'll see the two active Space Shuttle launch sites, plus the gigantic "crawler transporters" that carry space shuttles three miles to the launch pads.

The Blue Tour takes visitors to the Cape Canaveral Air Force Station and the Air Force Space Museum, where missiles and space launch vehicles are displayed.

The Kennedy Space Center/Spaceport U.S.A. is about 70 minutes from Orlando. Once there, bus tours are $7 for adults and $4 for children. IMAX theater admission is $4 for adults and $2 for children. Open daily from 9 a.m. to 7 p.m. For more information, call 407-452-2121.

Then, on to the beach. There are two unspoiled beaches near the space center. To get to Playalinda Beach, where nude sunbathing is allowed, take State Road 406 east from Titusville to State Road 402. To get to Apollo Beach, take State Road 3 north from Spaceport U.S.A., then turn south at the city of New Smyrna Beach on State Road A1A. Bring along food and drinks, because none are available at either beach.

Just a few miles south of the space center is Cocoa Village, a 19th century village with restaurants, craft shops and tours of historical houses.

Farther east is a long, narrow island that holds the newer city of Cocoa Beach. The entire eastern shore of the island is beachfront, easily accessible via the Minuteman Causeway. The beach also is lined with restaurants where you can watch volleyball while enjoying a cold beer. BI

RIMS
Orlando Guide

# Outside Disney, a sea of theme parks

By NANCY P. JOHNSON

What jazz clubs are to New Orleans and fine restaurants are to San Francisco, theme parks are to central Florida.

They are everywhere, they are part of the local culture, and they are diverse.

The biggest of the smaller-than-Disney theme parks is Sea World of Florida, which is home to Shamu, the trademark performing killer whale. Things are always jumping—literally—at this 135-acre park.

Efficiency experts have helped plan your Sea World visit. Each ticket has a computer-generated plan that suggests what to do and when based on your arrival time.

One of the most popular attractions is "Terrors of the Deep," a collection of dangerous sea animals, including barracudas, blowfish and eels. In the same building, a small theater shows a film about sharks. Afterward, the screen rises to show visitors they are just inches away from a huge tank full of sharks.

At Discovery Cove, pseudorcas (false killer whales) and bottlenose dolphins put on a splashy show.

Other parts of the park showcase penguins, sea lions, seals, stingrays and tropical fish. Humans also perform in a water skiing show.

At night, a fireworks and laser show illuminates the lagoons.

In another evening highlight, a troupe sings and dances to Polynesian songs at a traditional luau. You can enjoy the luau without paying the park admission fee, but reservations are required; call 407-363-2559.

Sea World of Florida is on I-4 at the Beeline Expressway. Admission is $31.95 for adults, $27.95 for children. Hours are 9 a.m. to 8 p.m. daily. Call 407-351-3600 for information.

At Sea World of Florida, you can buy discounted tickets to other Florida Anheuser-Busch theme parks, such as Cypress Gardens and Busch Gardens.

Cypress Gardens is the prototypical pre-Disney Florida theme park, featuring botanical gardens as well as water skiing, acrobatic, bird and alligator shows in a setting that recreates the Old South. In this park, which has been operating since 1936, modern-day belles in hoop skirts stroll about the gardens. Other attractions are a tropical-theme play area for small children and a vintage radio exhibit. Cypress Gardens' restaurant offers American, Italian, Mexican and Southern dishes.

The park is located in Winter Haven, about one hour southwest of Orlando off Route 540. Admission is $19.95 for adults and $13.95 for children. Hours are 9 a.m. to 6 p.m. daily. Call 813-324-2111 for information.

Cypress Gardens' main competitor is Silver Springs. Established in 1890—making it the state's oldest attraction—it boasts the world's largest collection of artesian springs.

Visitors can glide over the waters in glass-bottomed boats. The park also features exotic animals, such as giraffes, peacocks and zebras, and tropical gardens.

Silver Springs, which is 72 miles northeast of Orlando, is on Route 40, about one mile east of Ocala. Admission is $19.95 for adults, $14.95 for children. Hours are 9 a.m. to 5 p.m. daily. Call 904-236-2121 for information.

Another tranquil spot is Bok Tower Gardens. This 128-acre park features pine forests and flower gardens, but its main attraction is a bell tower that rings every half-hour beginning at 10 a.m., with extended bell music daily at 3 p.m. Bok Tower Gardens is three miles north of Lake Wales on U.S. Highway 27, about 55 miles south of Orlando. Admission is $3 for adults and free for children under 12. Hours are daily from 8 a.m. to 5 p.m. Call 813-676-1408 for information.

Busch Gardens awaits those driving west to Tampa's Gulf beaches. This 300-acre park has a safari theme, as a monorail takes visitors over free-roaming lions, giraffes, gorillas, rhinos and zebras. The park also offers amusement park rides and a petting zoo.

Busch Gardens is off I-75 in Tampa, about 90 minutes from Orlando. Admission is $26.95 for adults and children. Hours are 9:30 a.m. to 6 p.m. daily. Call 813-987-5082 for information. BI



RIMS
Orlando Guide

Orlando's choice fairways await.

# Orlando suited up for sports

By MICHAEL BRADFORD

Whether your favorite sport involves swinging a golf club, casting a line or floating through the air in a balloon, the facilities are available in the Orlando area.

Orlando's warm spring weather is an invitation to use a free morning or afternoon to visit the fairways, and there is a selection of fine courses.

Some resort hotels open their courses to non-guests, but call to learn a resort's policy.

Green fees at Orlando area courses run up to $80, depending on the condition and reputation of the course.

The three championship courses at Walt Disney World—Lake Buena Vista, Magnolia and Palm—are favorites. All are on the PGA tour and rank among the most expensive and heaviest played in the area. Walt Disney World has two other 18-hole golf courses—Eagle Pines and Osprey Ridge. And a nine-holer, Oak Trails, is preferred by some less-experienced golfers.

Call 407-824-2270 for information on Disney courses.

Other courses risk and benefit managers can sink a tee in include those at Marriott's Orlando World Center (407-239-4200), Cypress Creek Country Club (407-425-2319), Hunter's Creek Golf Course (407-240-4653) and Cocoa Beach Municipal Golf Course (407-783-5351).

Tee time reservations are recommended at area courses.

Captain's Choice Golf Services will take the planning out of playing. The service arranges tee times and transportation to courses. Rental clubs are available. Call 407-644-9905.

The tennis set will find plenty of opportunity for their racket in Orlando, too.

Walt Disney World has 19 tennis courts scattered throughout the land of enchantment. Among them, eight are shared by the Dolphin and Swan Hotels, and playing times can be arranged by calling 407-934-6000. The Disney Inn has a pair of courts (407-824-1469) and Village Clubhouse has three (407-828-3741). All the Disney courts are lighted and open until 10 p.m.

Away from Disney World, the Orange Lake Country Club boasts 16 courts, 10 of them lighted, that can be reserved by calling 407-239-2255.

The Orlando Tennis Center has 16 lighted courts, two racquetball courts and four tennis pros to provide instruction. The center can be reached at 407-246-2162.

RIMS-goers angling for a different type of recreation can wet a hook in local freshwater lakes and streams. Several services offer trips and all the gear needed to land a trophy.

Backcountry Charter Service provides bass fishing on the St. John's River as does Bass Anglers Guide Service. Backcountry can be reached at 407-668-5516 and Bass Anglers can be reached at 407-656-1052.

Bass Challenger Guide Service encourages fishing enthusiasts to "Catch a Memory" and even has a taxidermist available to get that big bass ready for the overhead bin on the ride home. Call 407-273-8045.

If Walt Disney World is truly the center of the universe, you would of course expect to find jogging trails there. The scenic trails are less congested than city streets, even though the resort is some ways from the RIMS meeting. Trail maps are available at any Disney resort.

The parimutuel crowd will find a greyhound park up and running until the end of April.

The Sanford Orlando Kennel Club in Longwood offers dog racing and wagering every night except Sunday. The greyhounds chase the rabbit daily except Sunday beginning at 7:30 p.m., and 1 p.m. matinees are held Monday, Wednesday and Saturday. Information is available at 407-831-1600.

For risk managers who like taking a little risk now and then, ballooning expeditions can be easily arranged. Orange Blossom Balloons in Lake Buena Vista will carry you over Central Florida's attractions and even provides a breakfast buffet. Flights can be arranged by calling 407-239-7677.

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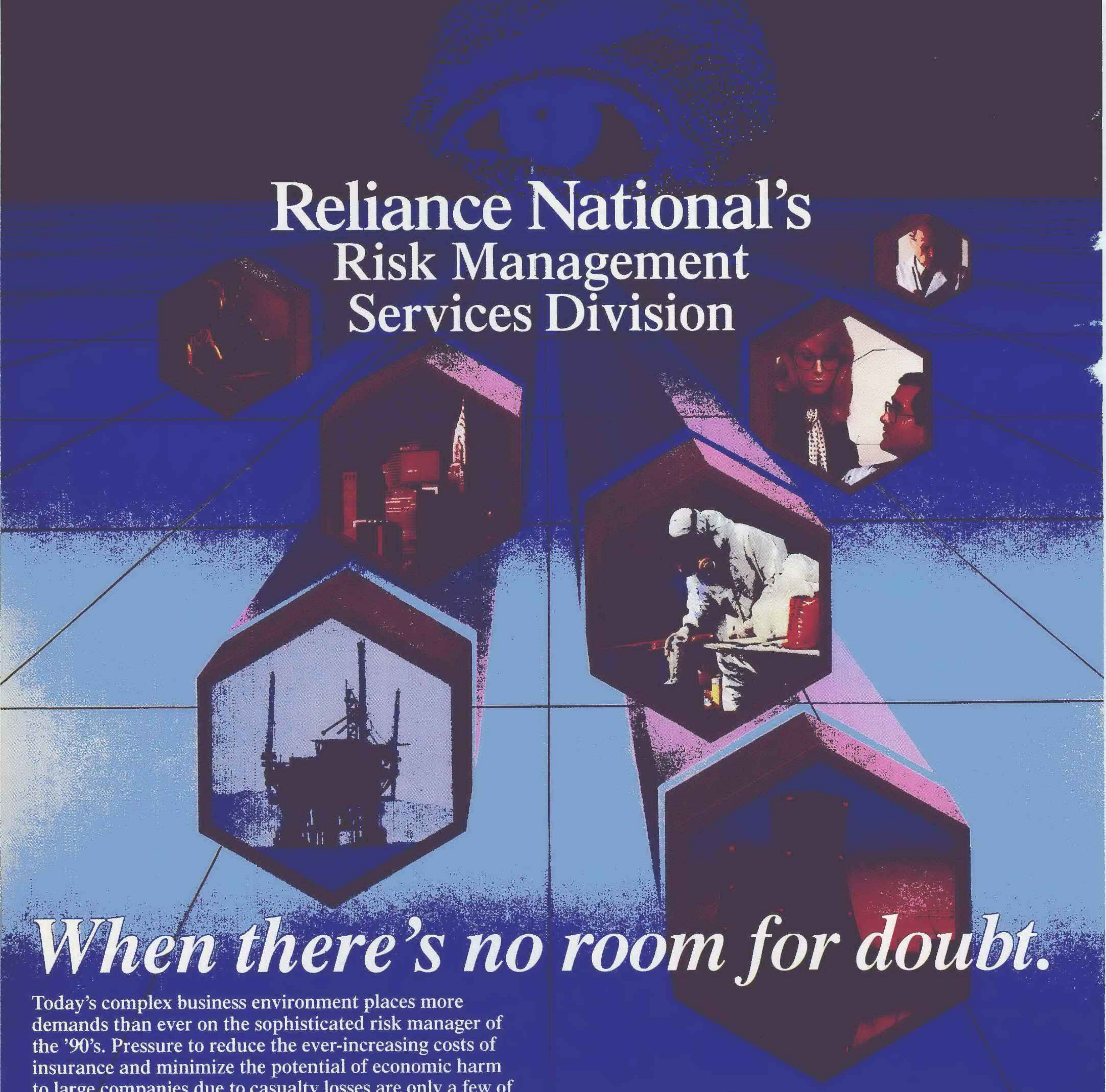

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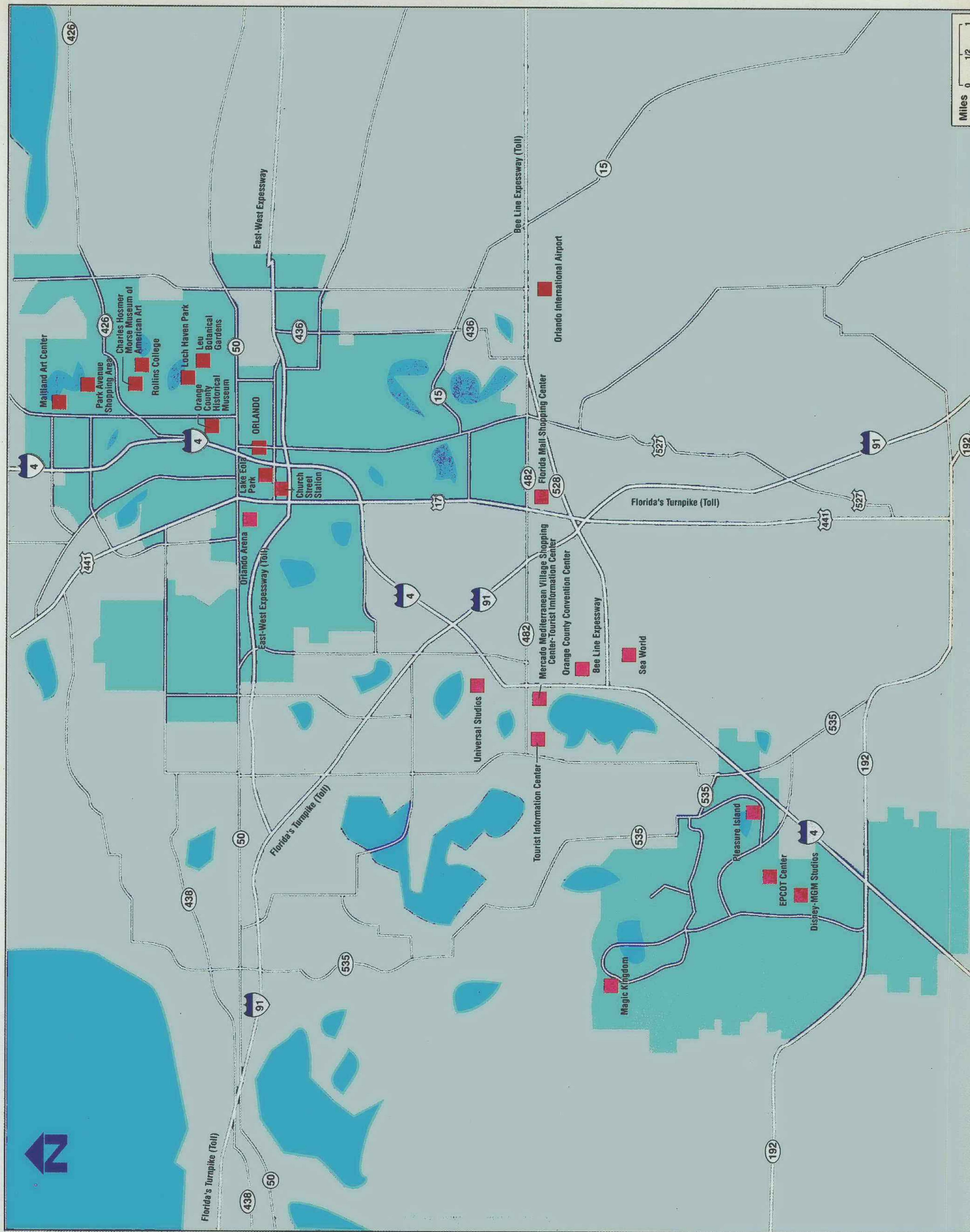
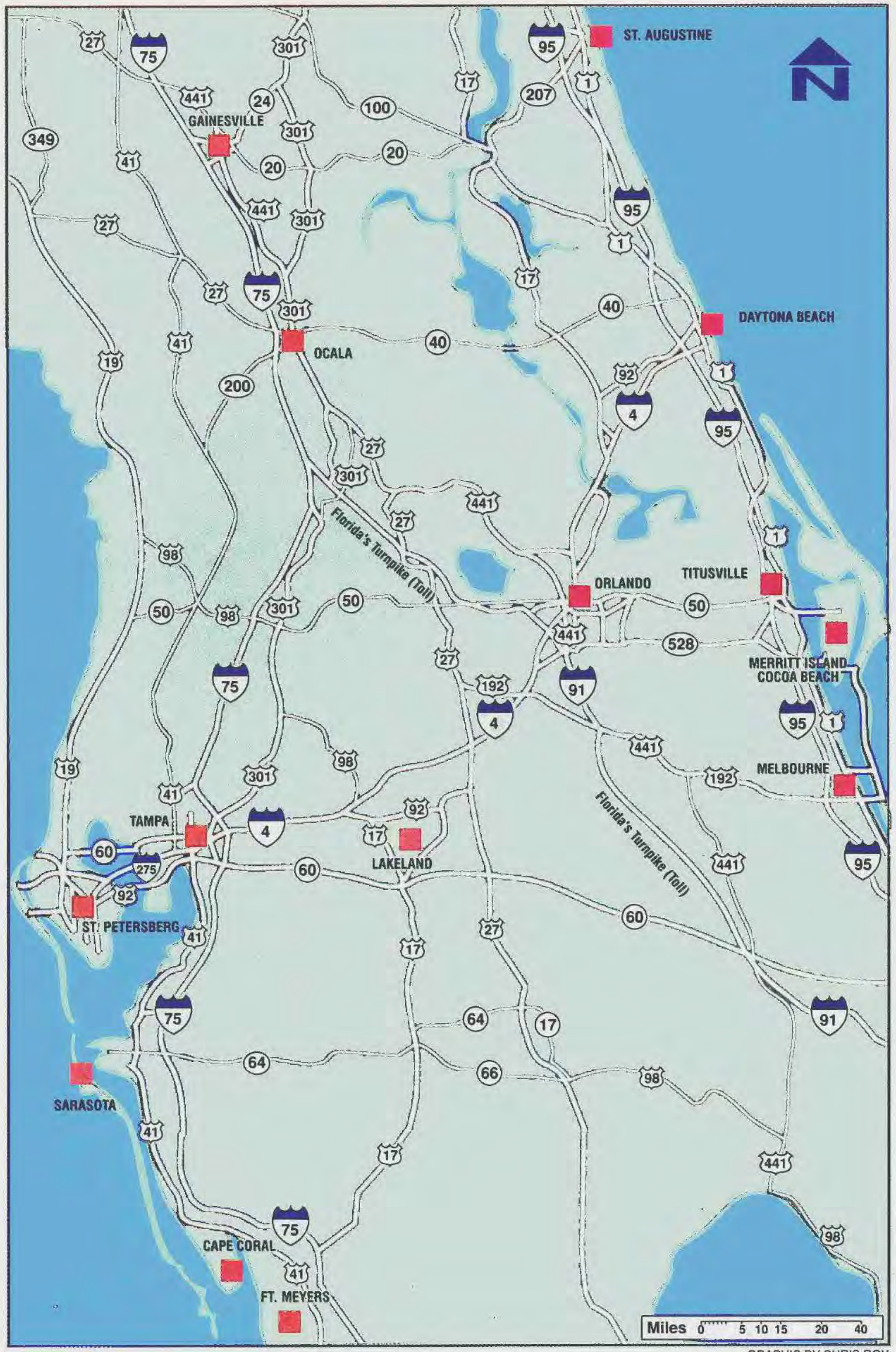
# RIMS Orlando Guide

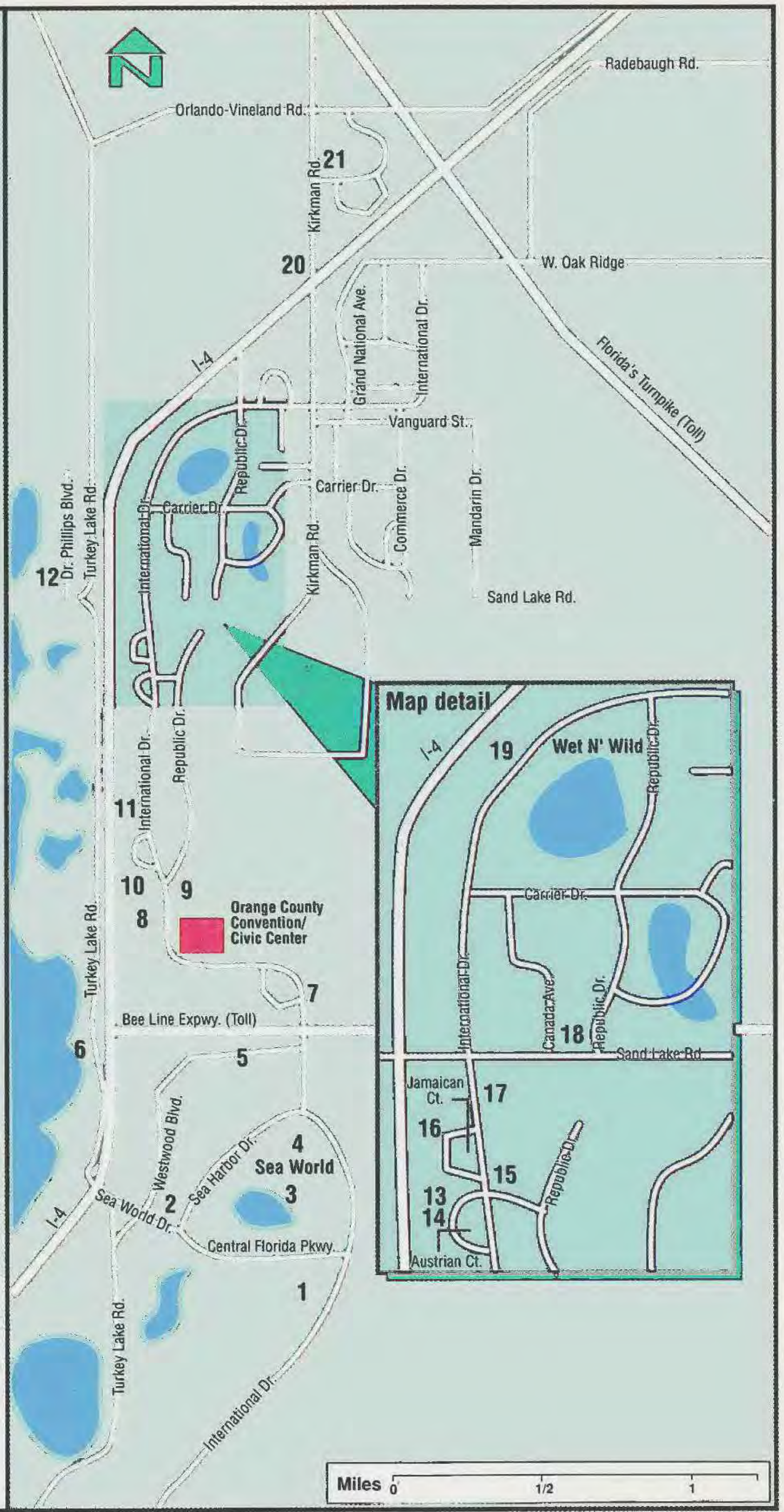


# RIMS Orlando Guide




GRAPHIC BY CHRIS ROY

1. Parc Corniche Condominium Resort Hotel
2. Stouffer Orlando Resort
3. Sea World of Florida
4. Sheraton World Resort
5. Wynfield Inn Westwood
6. Sonesta Villa Resort
7. Heritage Inn Orlando
8. Orange County Convention Center
9. Peabody Orlando
10. Clarion Plaza Hotel
11. Park Suites Orlando
12. Marketplace shopping center
13. Summerfield Suites Hotel
14. Radisson Inn and Aquatic Center
15. Mercado Mediterranean Village
16. Embassy Suites Plaza International
17. Orlando Marriott International Drive
18. Residence Inn by Marriott
19. Holiday Inn International Drive
20. Universal Studios Florida
21. Twin Towers Hotel and Convention Center




GRAPHIC BY CHRIS ROY

RIMS
Orlando Guide

# Dinner time is show time in Orlando

## Most fare tends toward the meat and potatoes variety, but Orlando eateries place a premium on atmosphere

**By NANCY P. JOHNSON and SARA MARLEY**

In Central Florida, the restaurants will dazzle your eyes, if not your taste buds.

Many of the area's restaurants are Disney-influenced even when not Disney-owned or operated. The emphasis is on showy surroundings and presentation, plus exceptional service.

But, no matter how glitzy the decor, many Orlando-area restaurants serve food that is best described as adequate. Steak, prime rib and seafood, served with a salad and a baked potato, are standard even in restaurants with alarming prices.

The better restaurants serve fresh fish that is well-prepared, yet in most cases the dishes lack an imaginative spark.

A case in point that there is generally more to please the eye than the palate in Orlando eateries: Lily Marlene's Aviator's Pub & Restaurant, the principal restaurant in the Church Street Station complex in downtown Orlando.

This dark-paneled eatery boasts some impressive decor—Al Capone's dining table, plus the pews from an 18th century French church that have been converted into restaurant seating. But the prices are equally impressive, given the ho-hum food. Seafood dishes and steaks start at $20.

Priciness extends to beverages, too. Lily Marlene's servers will encourage you to buy the house drink, a Flaming Hurricane. This will set you back $9, though you get to keep the glass.

Another restaurant in Orlando's food-as-theater tradition is Ming Court. Huge goldfish swim in the moat outside this large, flashy place. While one of Ming's greatest assets is its location near the convention center, the restaurant offers some interesting twists on Chinese food, such as lemon-tangerine chicken and shrimp with walnuts, cashews, snow peas and apples.

Standard appetizers like eggrolls and potstickers start at $2 and stir-fries and noodle dishes run $5 to $7 for lunch, $9 to $15 for dinner.

With a little selectivity, however, diners can find culinary sophistication in the Orlando area.

Take Chatham's Place, for instance. Physically, this restaurant is located about five minutes from International Drive. Gastronomically, it's a million miles from the strip's fast-food factories.

Diners may be put off by the office park atmosphere as they enter the small, simply decorated restaurant trimmed with white lights. But a glimpse of the pepper mill on each table should be the first clue that this unpretentious and casual restaurant is serious about its food.


The staff is friendly, relaxed and knowledgeable about the wine list, which is carefully assembled with few bottles priced more than $25.

Meals begin with warm, crusty bread hollowed out to accommodate garlicky feta cheese.

Appetizers include pasta with fresh shiitake mushrooms, garlic and basil ($5.50) and eggplant stuffed with fluffy ricotta cheese and herbs ($6).

The entrees are well-prepared and memorable: Black grouper smothered in pecan butter and pecan halves ($18), perfectly done filet mignon in a sweet wine sauce ($21) or Chatham's signature rosemary roasted rack of lamb ($25). All are accompanied by tender baby vegetables.

Chatham's fairly small menu also includes shrimp scampi, swordfish with fresh salsa, grilled salmon and veal chop au poivre, and can sometimes feature exotic specials like rabbit fajitas.

Meals come to a sweet ending with a sublime tiramisu and other excellent desserts.

The owner of Christini's Ristorante Italiano, Chris Christini, made his name at the Four Seasons in New York and the Copley Plaza in Boston before moving to Orlando.

The house specialty pasta is fettucini Alfredo, and the menu includes other standards like a tangy spaghetti carbonara. A menu highlight is a creamy, delicate risotto.

Appetizers cost $6 to 8, pastas are $17 to $18 and entrees are $20 to $30.

Other top picks for Orlando dining are found in hotels.

Dux is a restaurant at the Peabody Orlando, which is right across the street from the Orlando-Orange County Convention/Civic Center. Red snapper, lamb and beef dishes are tasty and served with style.

Also at the Peabody Orlando is Capriccio, which features top-level Italian cuisine. Recommended dishes include pizza cooked in a wood-burning oven and pollo alla birra, which is chicken marinated in avocado oil and herbs and basted with beer.

Night owls may favor the B-Line Diner, another Peabody restaurant. This '50s-style diner is open 24 hours a day and serves pricey but tasty fare: Hamburgers, for example, start at $6.95. Spicy crab cakes, served with grainy mustard sauce, are a delicious choice. The B-Line also specializes in old-fashioned pies and ice cream creations.

Jack's Place is right next door to the convention center at the Clarion Plaza Hotel. This restaurant, open for dinner only, specializes in Florida seafood, pasta dishes and steaks.

Several other top restaurant picks are part of Disney attractions.

Visitors to EPCOT Center can top off a day with a delicious dinner at one of the foreign nation pavilions, offering some of the best food in the Orlando area. But, you must pay EPCOT's admission to eat at the restaurants.

The most noteworthy of the four restaurants at EPCOT's French pavilion is Chefs de France. The accent is genuine at this popular dining room, where most of the waiters and waitresses are students from France. The delicate green-and-white decor features etched glass and impressionist art.

Famous French chefs have created dishes especially for this restaurant. The most expensive lunch entrees are about $14; salads run $8 to $9; dinner entrees run about $16 to $17 at most. A good starter is onion soup, served in a large crock with lots of melted Gruyere cheese over a toasted round of bread.

Chefs de France entrees range from delicate to hearty: the boeuf bourguignon, served with new potatoes, is tender and delicious. Coq au vin is moist and flavorful and served with angel hair pasta. Try to save room for dessert: The tempting list includes souffle Grand Marnier.

Alfredo's, the restaurant at the Italian pavilion, is another EPCOT favorite.

The Disney touch is evident there, with liberal use of red velvet drapes, and wandering groups of opera singers and musicians. As the evening progresses, the musicians will lead guests in singing "Funiculi, Funicula," as the diners whip their napkins around their heads.

This restaurant's specialty is a fettuccini Alfredo that comes swimming in melted cheese and butter. Baked clams were disappointing as an opener, but the minestrone is a good choice. The menu also features about eight veal dishes in the $20 range. The desserts are delightful: cannoli, tiramisu, fresh fruit tarts and creme caramel.

The restaurants at nearby Disney Village Marketplace, a shopping and dining complex adjoining Pleasure Island, do not require park admission fees.

The Empress Room is the most elegant—and expensive—restaurant at the Empress Lilly, a triple-deck riverboat moored in the lagoon near Pleasure Island. The Empress Room's cuisine is French-inspired, with rack of baby lamb and duck in mandarin orange sauce leading the menu.

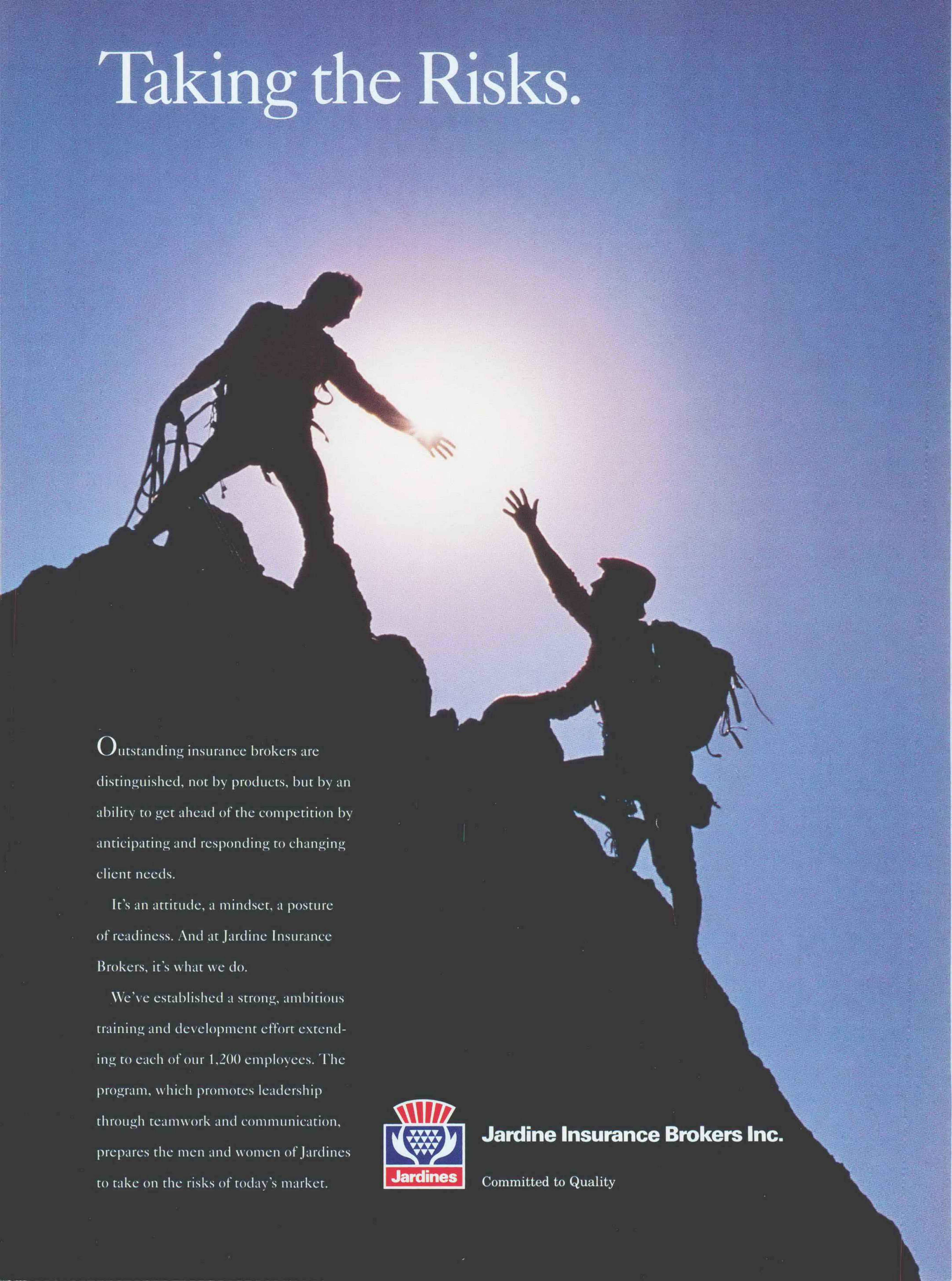
Also at the Empress Lilly is the Fisherman's Deck, a seafood restaurant, and Steerman's Quarters, which specializes in steaks, though chicken and seafood also are on the menu.

Nearby is Cap'n Jack's Oyster Bar, a good place to sip a margarita as you sample imaginatively prepared seafood and salads.

Looking for flat-out fun with your meal? You can't avoid having a blast at the Fireworks Factory, another Disney Village Marketplace restaurant. The decor relies on explosion-torn brick, with liberal use of decorative dynamite kegs. But the real reason to eat here is the food: Barbecued meats, including ribs, are the specialty, although fish, chicken and other dishes are outstanding. Barbecued shrimp kabobs served over rice are especially good.

Entrees are served with bas-

*Continued on page T40*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# More than 300 exhibitors to display services, wares

ORLANDO—More than 300 organizations will exhibit products and services in the Orange County Convention/Civic Center during the Risk & Insurance Management Society Inc. conference April 25-30.

Attendance at the 1993 exhibition, to be held in the Convention Center's Exhibit Halls B and C, is limited to conference and guest program registrants and exhibitor personnel with badges. Conference badges must be worn at all times.

RIMS also prohibits solicitation of business in any public areas occupied by the conference. Solicitation of business in the exhibition hall is limited to those individuals in registered booths.

Special exhibit-related events are a boxed lunch on Monday, April 26, from noon to 2 p.m. and a reception on Tuesday, April 27, from 4:15 to 6 p.m. Both events will be held in Exhibit Halls B and C. Registered conference attendees may bring one guest to the reception, but children age 17 and under are not permitted in the exhibit hall at any time.

Jardine Insurance Brokers Inc. will sponsor two theme lounges and refreshments Sunday through Thursday.

The 1993 exhibit hall hours are:

Sunday, April 25: noon-5 p.m.; Monday April 26: 9:30 a.m.-5 p.m.; Tuesday, April 27: 9 a.m.-6 p.m.; Wednesday, April 28: 9 a.m.-5 p.m.; Thursday April 29: 8 a.m.-noon.

Following is a list of conference exhibitors and their booth numbers provided by RIMS as of April 1.

ABP Consulting Inc. **1511**
AFCO Credit Corp. **809**
A.I. Credit Corp. **517**
AIIA/Comp Care **754**
ASB MEDITEST **246**
AccessCare Inc. **1348**
Acordia Inc. **1536**
Action Healthcare Management **1435**
Adjusters Canada **214**
Advantage Health Systems Inc. **211**
Alexander & Alexander Services Inc. **545**
The Alexander Consulting Group Inc. **647**
Am-Re Managers Inc. **553**
American Appraisal Associates **1241**
American Catastrophe Environmental Services **954**
American Chiropractic Network **1123**
American Credit Indemnity **223**
American Drug Stores **1252**
American Excess Insurance Assn. **1340**
American Institute for Property & Liability Underwriters/Insurance Institute of America **610**
American Insurance Services Group Inc. **449**
American International Group Inc. **821**
American International Group-Cost Containment Division **935**
American International Recovery Inc. **1131**
American Risk Management Corp. **412**
American Safety Risk Retention Group Inc. **1125**
American Society for Healthcare Risk Management **546**
American Society of Safety Engineers **304**
American Technical Services **129**
Arthur Andersen & Co. **309**
Arbor Health Care Co. **1632**
Arjo-Century Inc. **216**
Arkwright Mutual Insurance Co./Hobbs Group **945**
Avert Inc. **1150**
Bahamas Ministry of Finance **1036**
Baldwin & Lyons Inc. **941**
Bank of N.T. Butterfield & Son **1146**
Becher & Carlson Risk Management Inc. **936**
Beech Street of California Inc. **200**
Bently Nevada Corp. **952**
Bermuda government **1145**
A.M. Best Co. **710**
Bind-it Corp. **352**
Blue Cross & Blue Shield of Florida **420**
*Business Insurance* **426**
CAE-Link Corp. **1049**
CCN Inc. **1537**
CEI/ClaimsNet Inc. **410**
CNA Insurance Cos. **245**
CNR Health Inc. **1353**
C.R.A. Managed Care Plus **1232**
California Interactive Computing Inc. **1415**
California Workers' Compensation Enquirer **1547**
Allan Campo & Associates **320**
Cananwill Inc. **1247**
Candelario & Tassi, P.C. **1439**
CARE Systems Corp. **1129**
Caronia Corp. **450**
Carpenter Moore Insurance Services **1236**
Cayman Islands government **1026**
Central Bank of Barbados **328**
Champion Ergonomics **1411**
Chattanooga Group Inc. **1546**
Chubb Corp. **1105**
Chubb Services Corp. **1444**
CIGNA Corp. **735**
Claim Net Inc. **1402**
Claims Overload Systems **524**
Colorado Assn. of Captive Entities **424**
Colorado National Banks **422**
Comerica Bank **746**
Commonwealth Risk Services Inc. **715**
CompReview Inc. **948**
Compu-Weather Experts **1025**
Concord Information Systems Inc. **1034**
Conservco **1404**
Consolidated Service Corp. **404**
Continental Insurance Co. **721**
Continental Medical Systems Inc. **649**
Conway Computer Alternatives **1405**
Coopers & Lybrand **826**
Corporate Systems Ltd. **1211**
Cost Care Inc. **413**
Countrywide Services Corp. **736**
Coverbind Corp. **221**
Crawford & Co. **621**
DAVID Corp. **345**
Davidson, MacKinnon & Co. **1504**
Deloitte & Touche **620**
Dempsey, Myers & Co. **808**
Diagnostic Environmental Inc. **421**
Kevin F. Donoghue & Associates **1540**
Dorn Technology Group Inc. **312**
Dun & Bradstreet Information Services **1445**
ECIPS **1350**
EQE International Inc. **1126**
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FLI Learning Systems Inc. **244**
Factory Mutual Engineering **1220**
FlexRx Pharmacy Services Inc. **326**
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Frontier Los Angeles Risk Management **229**
Future Diagnostics Inc. **1250**
GAB Business Services Inc. **405**
GMIS Inc. **455**

Arthur J. Gallagher & Co. **727**
Garaventa (Canada) Ltd. **1030**
The Frank Gates Service Co. **520**
Gates, McDonald & Co. **805**
General Care Review Co. **327**
General Environmental Management **554**
General Rehabilitation Services Inc. **321**
Genesis Underwriting Management Co. **1124**
GeoMet Data Services Inc. **222**
Grupo Nacional Provincial **348**
Hanna Insurance (Vermont) Ltd. **750**
ITT/Hartford Group Inc. **425**
Hartford Steam Boiler Inspection & Insurance Co. **526, 527**
Hawaii Insurance Division **604**
Health Benefit Management **453**

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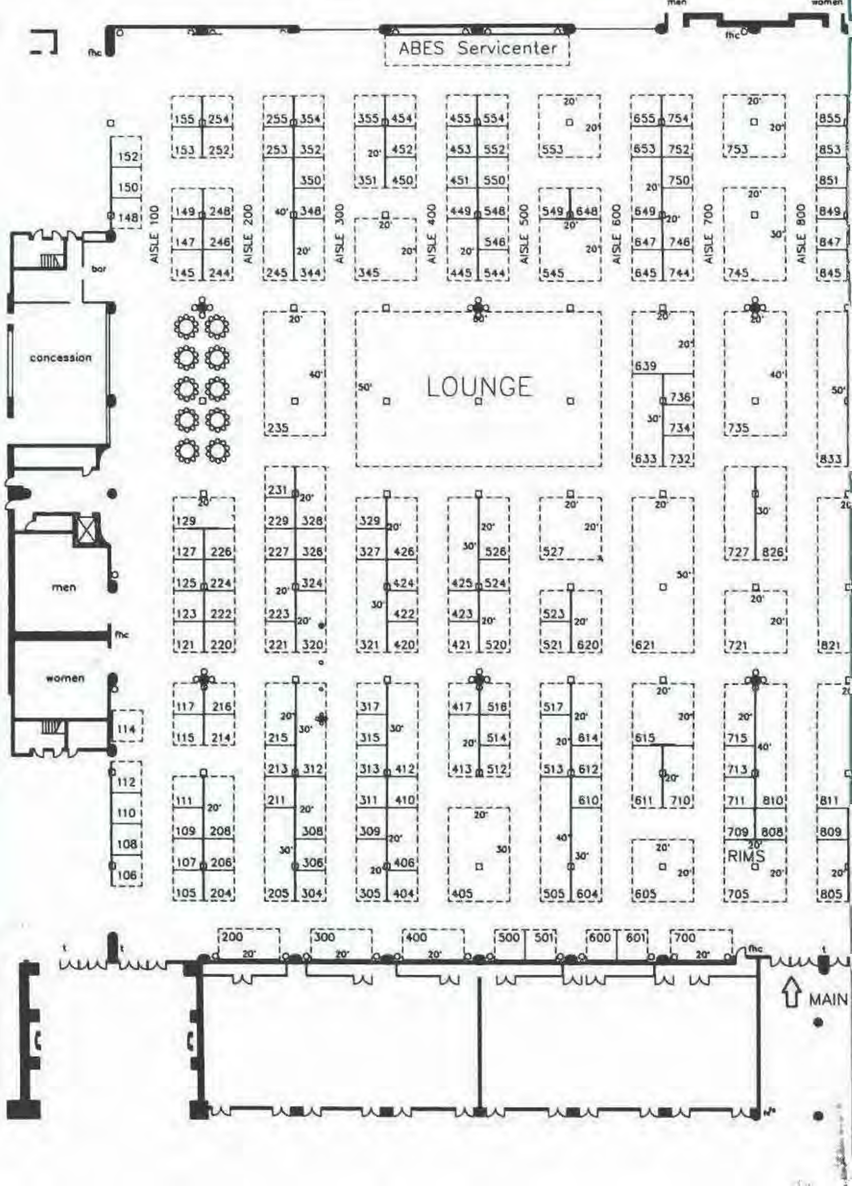



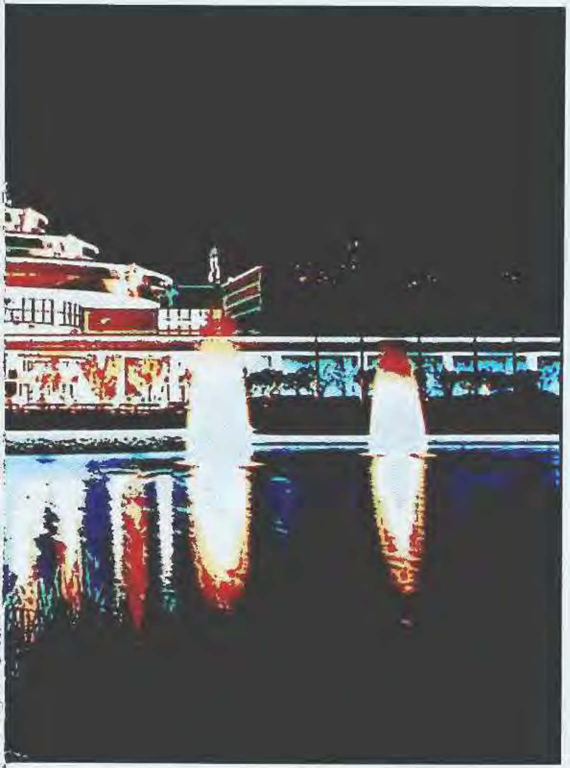

Health Care Services Inc. **1400**
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Health Examinetics Inc. **1200**
Health Management Technologies **1505**
HealthCare COMPARE Corp./OUCH **1115**
Healthcare Insurance Services **713**
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Helmsman Management Services Inc. **1413**
Hertz Claim Management Corp. **944**
Hewitt, Coleman & Associates **513**
Hillman Environmental Co. **1347**
The Home Insurance Co. **1015**
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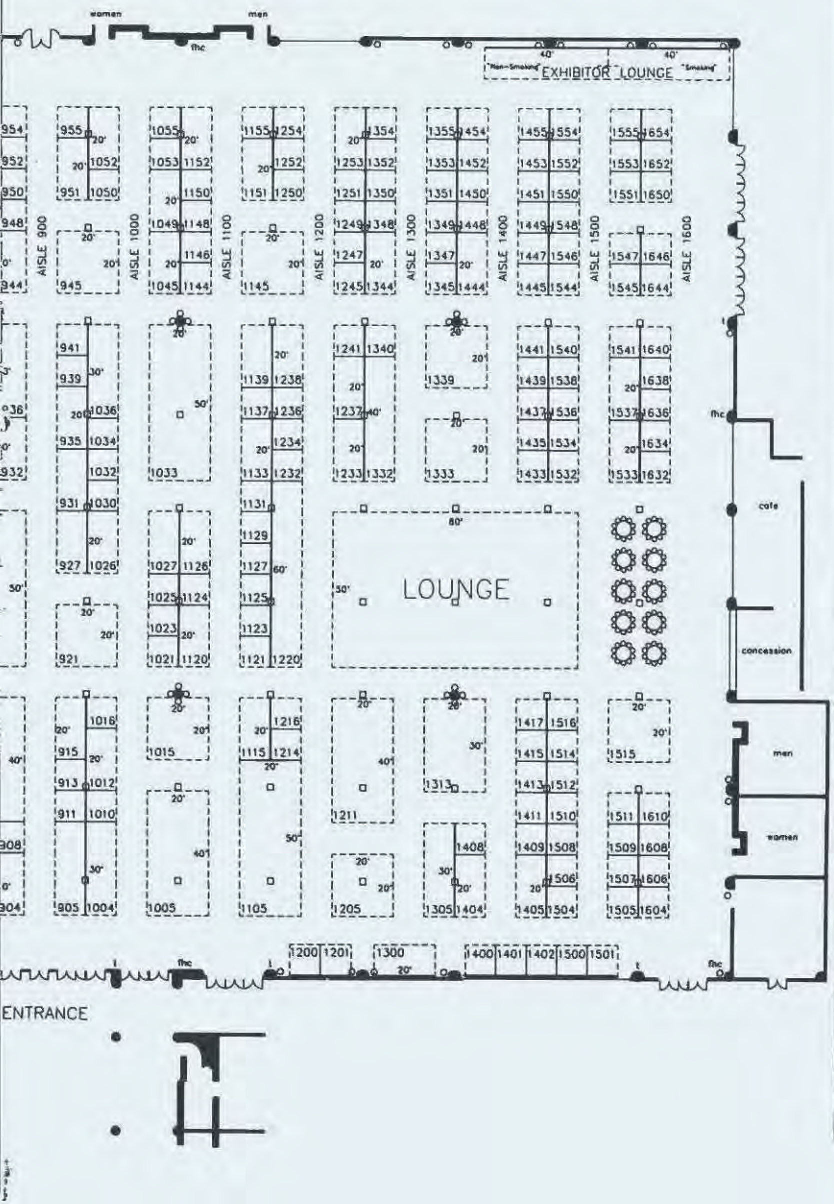


INS Investigations Bureau **500**
Illinois Captive Insurance Assn. **1010**
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Imperial Premium Finance Inc. **645**
Industrial Appraisal Co. **1016**
Industrial Risk Insurers **633**
Information Access Technology **855**
InPhoto Surveillance **851**
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Management Services Inc. **1512**
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Marcor Environmental **1417**
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MedView Services Inc. **927**
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The Merritt Co. **255**
Richard Meyers & Associates **913**
Milliman & Robertson Inc. **847**
Minet Inc. **1249**
MultiPlan Inc. **600**
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Mutual of Omaha Cos. **614**
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NHS Coordinated Care Inc. **1514**
NJ & Associates **1050**
National Council on Compensation Insurance **451**
National Fleet Service Inc. **911**
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The Network **1354**
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Towers Perrin/Tillinghast **1205**
Transamerica Insurance Co. **1033**
Travelers Corp. **1004**
Treasury Management Assn. **549**
Turks & Caicos Offshore Finance Centre **1339**
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Vermont **745**
Vermont Insurance Management **845**
Vision Service Plan **227**
WLT Software of Florida **550**
The Wackenhut Corp. **354**
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Wal-Mart Stores Inc. **1234**
Wang Laboratories Inc. **1447**
Wausau Insurance Cos. **833**
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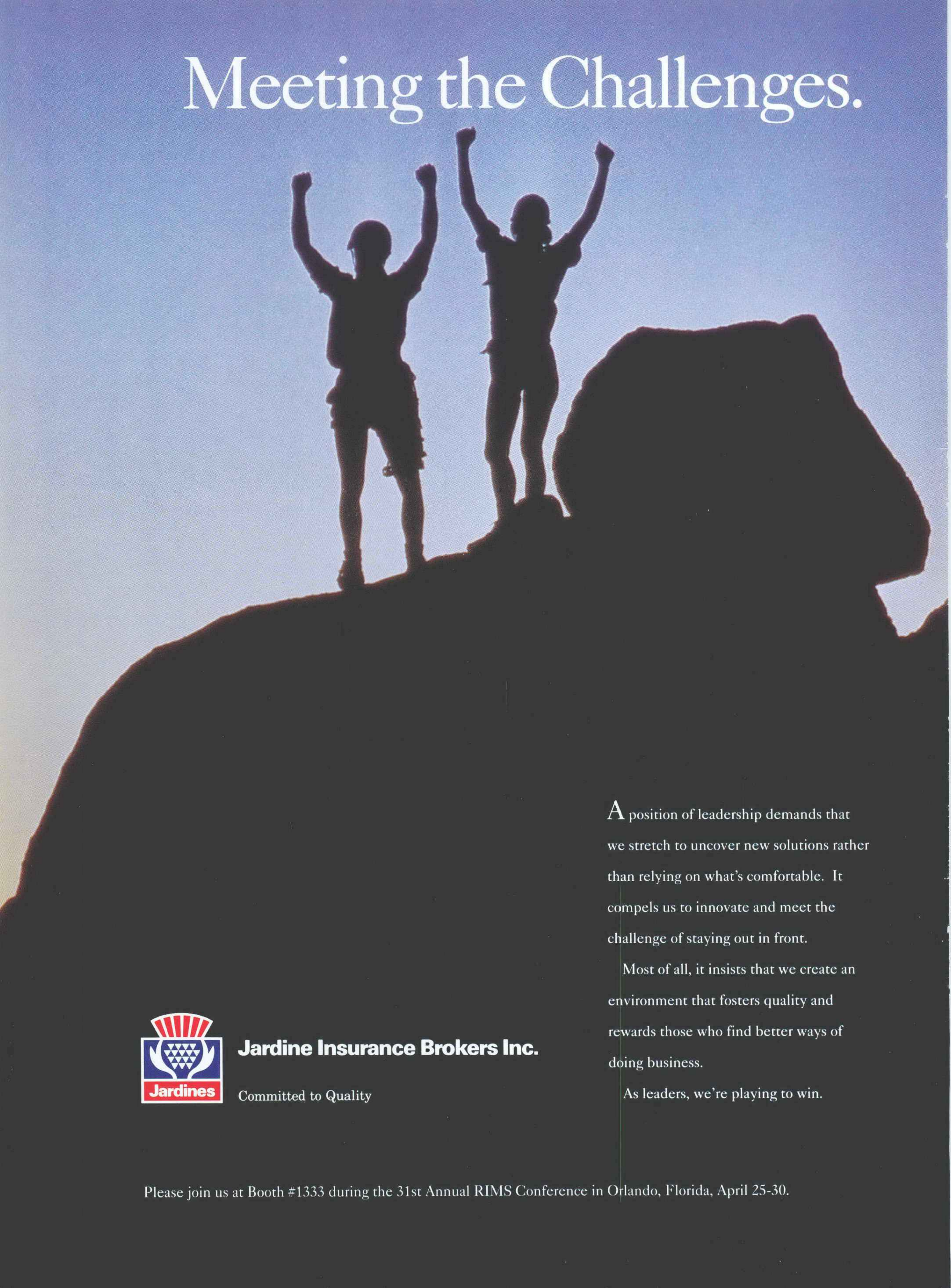
Scott Wetzel Services Inc. **455**
Wheaton Coated Products **1501**
Willis Corroon Corp. **811**
Work Recovery Inc. **1409**
The Wyatt Co. **344**
Zurich-American Insurance Group **904**



Meeting the Challenges.
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RIMS
Orlando Guide

# RIMS hotels offer comforts of home—and more

## From basic room service to Epsom-salt swimming pools and high-tech 'business centers'

**By SALLY ROBERTS**

While at the 31st Annual Risk & Insurance Management Society Inc. conference this year, you can skip working out on your Stair Master, sending faxes to your office or raiding the refrigerator at 3 a.m. But then again, why should you have to?

Most conference attendees will find these and other comforts of home and office at their convention hotels in Orlando.

For example, round-the-clock room service is available at Marriott's Orlando World Center, the Peabody Orlando and the Stouffer Orlando Resort. And guests who can't wait for delivery can dig in to the in-room mini-refrigerators available at all three hotels.

Attendees staying at The Sheraton World Resort, though, will need to stock up on their own late-night snacks, for room service hours are 6:30 a.m. to 11 p.m. And don't stock up on perishable items—the Sheraton rooms do not offer refrigerators.

If work, rather than food, is on the late-night agenda, many guests will find an office-like environment in their rooms. Most hotel rooms feature desks and phones that accommodate modems on laptop or personal computers. Those who have more demanding tasks will find all the assistance they need at hotels' "business centers."

Business centers at all four conference hotels offer such services as copying, producing transparencies, faxing, typing and word processing. Attendees can also rent typewriters, personal computers and laser printers by the hour. If time is of the essence, a staff person will take care of typing, for a fee.

The Marriott's business center is open 7 a.m. to 6 p.m. Monday through Friday and 8:30 a.m. to 4:30 p.m. Saturday and Sunday.

The Peabody's business center is open Monday through Friday from 7:30 a.m. to 6:30 p.m. and on Saturday from 7:30 a.m. to 12:30 p.m.

The Sheraton and the Stouffer hotels' business centers are both open Monday through Friday from 7:30 a.m. to 5:30 p.m.

Most hotels will arrange to send packages for guests via Federal Express or United Parcel Service.

Conference-goers who need to unwind after a long day or who want to keep up with their daily workout routine can do so in hotels' fitness facilities.

The Marriott has five swimming pools, including one indoors, an exercise room and a sauna.

The Peabody's athletic club offers free weights, stair-climbing machines and water aerobics classes.

The Peabody also offers four lighted tennis courts, and two outdoor swimming pools. And, after a hard workout, guests can relax in the steam room or whirlpool or even have a massage.

**Sheraton World Resort guests won't find relaxing difficult.**

The Sheraton's fitness center includes three outdoor swimming pools. Guests who need extra help to unwind can go to the hotel's Advanced Learning and Relaxation center. For a fee, you can relax there in an open basin filled with warm water and Epsom salts or get a rubdown from a massage therapist.

The Stouffer's fitness facility includes an outdoor swimming pool, five outdoor lighted tennis courts, indoor and outdoor whirlpools, sauna, steam room and a full-time massage therapist.

In addition to the basics, many hotels provide other amenities.

For example, guests at the Sheraton can make complimentary coffee and tea in their own rooms.

Guests at the Stouffer can receive complimentary coffee and newspapers every morning.

And guests staying at the Peabody can view a hotel tradition twice a day at 11 a.m. and 5 p.m., when four mallard hens and a drake march down a red carpet in the lobby to the tune of John Phillip Sousa's "King Cotton March."

Attendees with access to cars while in Orlando will find parking easy and inexpensive. Most conference hotels provide free parking.

Attendees who opt for shuttle services to and from Orlando International Airport will only have to look as far as the hotel transportation desk.

The services are not complimentary: the Marriott charges $13 one way, the Peabody charges $10, the Sheraton charges $19 and the Stouffer charges $11. BI

## RIMS to provide free shuttle

ORLANDO—The Risk & Insurance Management Society Inc. will operate a free shuttle bus service between all designated conference hotels and the Orange County Convention/Civic Center.

Continuous service will be provided Sunday, April 25, through Thursday, April 29, from 7 a.m. to midnight, and Friday, April 30, from 7 a.m. to noon.

# Dining, dancing and a happy new year

**By NANCY P. JOHNSON and SARA MARLEY**

Leave it to the Disney company to turn night life into a theme park.

Disney executives correctly assumed that if visitors would pay a sizable admission to enter a park filled with daytime attractions, they would also pay to enter a park filled with nightclubs and discos.

Thus was born Pleasure Island, where every night is New Year's Eve.

Upon entering this six-acre "island" adjacent to EPCOT Center and Disney Village Marketplace, cheerful employees take your $10.98 admission as they wish you "happy new year"—no matter what the calendar says.

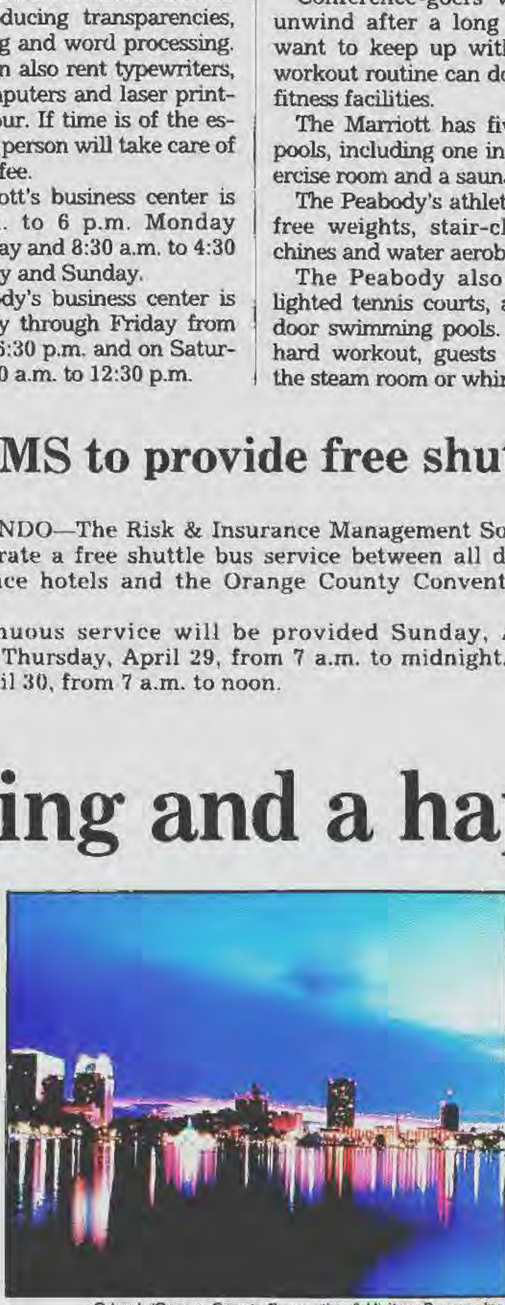
Each Pleasure Island nightclub has a theme. The Neon Armadillo Music Saloon caters to country music devotees; the XZFR Rock & Roll Beach Club features rock from the '50s to the present; Mannequins Dance Palace, with its revolving dance floor, offers "cutting edge" dance music; and Cage is Disney's answer to alternative music. All are great places to people-watch, but the over-35 crowd tends to congregate at the XZFR club.

Visitors don't have to dance and drink to unwind at Pleasure Island. At the Comedy Warehouse, comedians spoof Disney corporate culture, among other things. Other island options include a 10-screen movie theater and numerous gift shops and clothing stores.

Though most of the nightclubs stay open until 2 a.m., Pleasure Island erupts into a cacophony of celebration at midnight, when cannons on the rooftops shower visitors with confetti. Fireworks and an outdoor dance show round out the nightly celebration.

No one under 21 years of age is admitted to the Pleasure Island night clubs, which are separate from the restaurants. However, there is no age restriction or cover charge at Pleasure Island during the day.

A discount is available on admission if you



Orlando/Orange County Convention & Visitors Bureau, Inc.

**Orlando magic continues after hours.**

are dining at the Fireworks Factory or the Portobello Yacht Club.

Pleasure Island has a formidable competitor in Orlando for every tourist's food-and-drink dollar: Church Street Station.

Church Street Station is a complex of bars, restaurants and shops in downtown Orlando. The decor of the complex makes it feel like a PG 13-rated Bourbon Street.

The Church Street Station complex has a veneer of authenticity lacking at Pleasure Island. The entire complex, which was renovated in 1974 from run-down hotels and stores, is filled with real antiques and other collectibles from around the world.

On one end of the complex is a mall with about 50 stores, but the main attractions here are the nightclubs.

Rosie O'Grady's Good Time Emporium is a turn-of-the-century-style saloon with a Dixieland band and a 90-minute floor show featuring can-can girls, vaudeville singers and tap dancers. Antique fanciers will enjoy the 800-pound chandelier that once adorned the First Bank of Boston. The bentwood chairs near the bar are from the dining room of an English monastery.

At the Cheyenne Saloon & Opera House, a group called the Cheyenne Stompers dance to boot-scootin' country and western music. This bar displays a gun once owned by outlaw Jesse James and 11 original sculptures by Frederic Remington, known for his cowboy artistry. Several of the chandeliers came from the home of beer tycoon Joseph Schlitz.

Apple Annie's Courtyard is a relatively quiet bar where you can hear live folk and bluegrass music from about 8 p.m. to 2 a.m. Salads and fruit platters are available in addition to exotic drinks.

You can dance to the music of live bands playing popular tunes from the '50s to the '80s at the Orchid Garden Ballroom. Wrought iron, marble and stained-glass windows decorate this elegant room.

Phineas Phogg's Balloon Works is a disco that is very popular with locals and tourists. You must arrive early to enjoy looking at the memorabilia and photos from famous balloonists, because the dance floor is packed by midnight. Dance music plays until 2 a.m.

You can visit all the clubs within the complex by paying one admission price, which is $15.95 for adults and $9.99 for children. No admission is charged for the shops or the restaurants.

To get to Church Street Station from the convention area, take I-4 east to the Anderson Street exit, then follow the blue directional signs.

A night-life option close to the convention center is Mulvaney's Irish Pub on International Drive, lurking behind the Pizza Hut.

Mulvaney's on International Drive is less crowded than the pub's Church Street outlet and draws the same pints of Guiness, Harp, Bass and other imports for $3.50.

The bar features live music on weekends, though some Fridays the entertainment is provided by patrons via karaoke. The long bar and plethora of tables make it accommodating to almost any-sized group. Mulvaney's 7320 International Drive location is open 4 p.m. to 2 a.m. daily. The 27 W. Church St. location is open 11 a.m.-2 a.m. daily. BI

Sunny and warm is the forecast for central Florida in late April.

The average high will be about 83 degrees, and average lows will be about 70 degrees.

Be prepared for rain, though, and bring along a sweater or light jacket for evenings, which may be cool.

Dress is casual in the Orlando area, and comfortable shoes are a must for a day at a theme park. Casual attire extends into the evenings—only the most exclusive restaurants require a jacket and tie.

GRAPHIC BY CHRIS ROY

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# Kissimmee jumps with offbeat fun

By NANCY P. JOHNSON

Kissimmee and St. Cloud are just minutes south of Orlando, but light-years away in style.

These towns represent the height of old-fashioned, low-budget, family-oriented Florida tourism.

Kissimmee (pronounced kiss-SIM-mee) and St. Cloud are dotted with inexpensive motels and eateries. And, this area holds the mother lode of Florida dinner shows. Medieval Times, Arabian Nights and the Fort Liberty Wild West Dinner Show and Trading Post are but a few.

At Medieval Times—a replica of an 11th-century castle—visitors watch jousting knights while they dine on a four-course meal served by costumed "wenches." To heighten authenticity, the use of silverware is optional. Medieval Times is located at 4510 U.S. Highway 192 (Old Vineland Road). Castle admission is free from 9 a.m. to 4 p.m. Dinner show admission is $29.95 for adults, $20.95 for children.

Next door is Medieval Life, a recreated European village where costumed employees demonstrate crafts such as glassblowing and carpentry. The village has a torture chamber, complete with a spike-covered interrogation chair. Admission to Medieval Life is $5 for adults and children. Hours are 9 a.m. to 9 p.m. daily. For more information on either medieval attraction, call 1-800-327-4024.

In addition to celebrating medieval royalty, Kissimmee pays real tribute to The King. Elvis, that is.

The Elvis Presley Museum is small but packed with memorabilia, including his Mercedes limo and a Rolls Royce Silver Cloud. Also on hand are photos, gold records, musical instruments and costumes.

The museum is in the Old Town shopping and dining complex at 5770 W. U.S. Highway 192 in Kissimmee. Hours are 10 a.m. to 10 p.m. daily. Admission is $4 for adults and $3 for children. Call 407-396-8594 for more information.

But these attractions pale in comparison with the jewel of Kissimmee—Gatorland.

Gatorland is a must-see if you want to really wow—or gross out—your friends back home.

True to its name, this small theme park is home to more than 5,000 alligators and crocodiles. After entering the 20-foot-high jaws that serve as a doorway, visitors stroll on wooden walkways between pools packed with reptiles. There also is a small zoo, but Gatorland has two main draws: "Gator Wrestlin', Cracker Style" and the "Gator Jumparoo."

At the Gator Wrestlin' arena, a young man in cowboy garb tells of alligator wrestling's beginnings. In Florida's ranching days in the 1800s, they say, cowboys developed wrestling techniques to protect cattle from marauding alligators. The young man selects a six-foot-long specimen, sits on its back, and tips its head back using only his chin.

In contrast, the Gator Jumparoo is simple. As a crowd cheers, the alligator wranglers lower a wire hung with dead plucked chickens above a pool full of alligators, which leap up to swallow the chickens whole. The excitement is over fast. To make the experience complete, a Gatorland restaurant features smoked alligator ribs, deep-fried alligator and alligator nuggets. Canned alligator chowder is available to take home.

Gatorland is at 14501 S. Orange

Blossom Trail in Kissimmee. Admission is $9.95 for adults, $6.95 for children. Hours are 8 a.m. to 6 p.m. daily. For more information, call 407-855-5496. BI

# Old St. Augustine

## Explore the city's museums, shops and rich heritage

RIMS-goers looking for solace, history and the ocean can find all three within a two-hour drive.

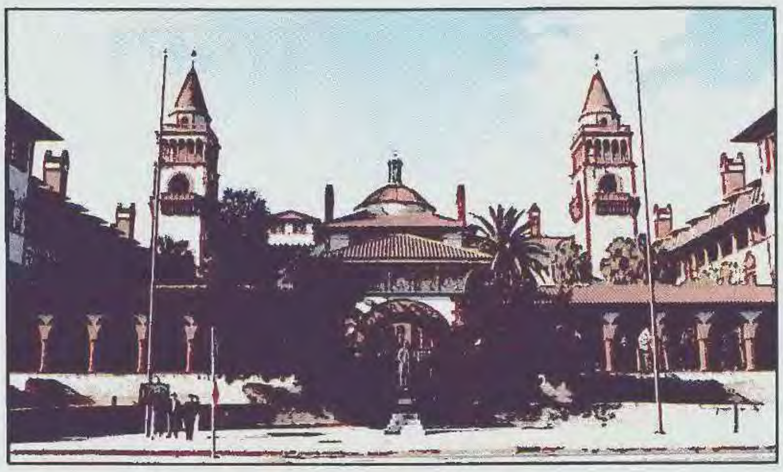
More than 400 years old, St. Augustine is a city of superlatives with the nation's oldest house, oldest wooden schoolhouse, oldest store and oldest written records—the parish register of the Basilica Cathedral Saint Augustine dates back to 1594.

About 80 years later, Spanish settlers built the Castillo de San Marcos, now a national monument. Admission to the monument is $2.

The fort's white appearance is due to its unique construction material: shellrock, or cocina, made of tiny seashell fragments. The eight- to 10-foot walls are held together with a

*Continued on next page*

# RIMS Orlando Guide



Flagler College typifies the Spanish-style architecture of St. Augustine.

*Continued from previous page*

cement made of oyster shells.

Enthusiastic rangers treat visitors to blow-by-blow accounts of the many unsuccessful attacks on the fortress, including the British siege that forced 1,300 villagers to live in the courtyard—the size of a city block—for two months. Luckily, livestock were checked at the moat.

St. Augustine is as packed with museums as it is with tony shops, bed-and-breakfasts and breezy Southern porches.

The Lightner Museum, across from Flagler College, is a mishmash of furniture, musical instruments and shrunken heads.

Both of the red-tiled roof buildings are examples of "American Riviera" architecture.

The living-history museum in the restored Spanish quarter features demonstrations of colonial life in St. Augustine.

Other interests can be accommodated at the Lyons Maritime Museum, the Spanish Military Hospital, the Lighthouse Museum and the Museum of Weapons and Early American History.

One of St. Augustine's best-known eating attractions is Sunday brunch at the Columbia Restaurant across from the Spanish village. The large buffet features fresh fruits, salads, omelettes and waffles, as well as Cuban and Spanish dishes like paella, chicken with yellow rice, garbanzo bean soup and flan. All are to be enjoyed in the enclosed courtyard amid stone fountains and a tile floor.

The buffet brunch costs $9.95, lasts until 2:30 and is the only choice for diners before 3 p.m. Columbia's dinner menu features Cuban, Mexican and Spanish dishes for $10-$15, with less expensive lunch specials.

*—By Sara Marley*

## Orlando visitors may want a car, but it's not a must

**By MICHAEL SCHACHNER**

The Orlando/Orange County Convention & Visitors Bureau advises conventioneers to consider renting a car if they want to get around this sprawling Central Florida community with ease, but a car is not a necessity.

Most of the major conference hotels offer shuttle service to and from Orlando International Airport, and several other private shuttle companies service International Drive and the conference area as well as Lake Buena Vista and downtown Orlando.

Prices for one-way private shuttle service from the airport range from $10 to $25 for adults and $5 to $15 for children. The Convention & Visitors Bureau emphasizes that these rates are only guidelines and are subject to change without notice.

The Orlando metropolitan area is also serviced by a number of independent taxi companies. Fares are $2.50 for the first mile and $1.50 for each additional mile.

Taxis are available at the airport and at the major hotels. Taxis can be called and will be available within minutes at almost any Orlando-area site. A taxi fare from the airport to the major conference hotels is about $25, including tip.

If conference attendees wish to drive themselves around town and to major attractions like Disney World, EPCOT Center or any of the other Orlando-area theme parks, virtually all the major rental car companies have agencies at the airport. The following is a list of rental companies with airport counters:

- Alamo: 800-327-9633
- Avis: 800-331-1212
- Budget: 800-527-0700
- Dollar: 800-237-8396
- Hertz: 800-654-3131
- National: 800-227-7368
- Thrifty: 800-367-2277

To get from the airport to your hotel, airport shuttles are probably the best mode of transportation. However, most convention hotels charge a fee for this service (see story, page T25).

Most of the major hotels also offer periodic shuttle service to and from the area's major tourist attractions but, again, it's wise to call the hotel's concierge to know for sure and to determine any charges involved.

Orlando is also serviced by the Lynx Public Bus System. Bus fare is 75 cents, but routes are limited. Bus schedules are available by calling the company at 407-841-2279.

RIMS will provide buses to the convention center from hotels, and the convention center will provide a shuttle bus from its parking lot to the center itself.

Most upscale restaurants offer valet parking service, as do the hotels. BI

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Orlando Guide

# RIMS implementing new strategic plan

## RIMS leaders committed to improving communication with members

**By SARA MARLEY**

The Risk & Insurance Management Society Inc. is operating with a new strategic plan and a new commitment to communicating with its members.

The strategic plan, begun in 1991 by former RIMS President Robert W. Esenberg, was completed under current President Suzanne H. Crager, who cites it as one of the major accomplishments of her year in the society's top office.

The plan received board approval in October, and staff and committees have been working since then to determine how best to implement its eight goals.

"One of the most exciting pieces of my year has been the planning that we've been doing," said Ms. Crager, who is assistant vp-risk management and insurance for PNC Bank Corp. in Pittsburgh.

"We're not just looking at where we're good. We're also looking at where we're weak and taking corrective action. I don't think we've done this enough in the past," she said.

Previously, RIMS' executive council and its board of directors had to "plan in a vacuum," said First Vp J.A. "Tony" Bridger, who will succeed Ms. Crager as president of RIMS on May 1.

Mr. Bridger, who is risk manager for the Bank of Montreal in Toronto, is basing his goals for the coming year on the strategic plan and sees his main role as furthering the work begun by his predecessors.

"I see myself as a team leader," he said. "I want to provide continuity and follow-through to the established programs. I want to focus on a team approach to the important issues identified in the strategic plan."

Mr. Bridger listed communication, international issues and education as particularly important topics.

He will be looking to the executive council to assist him in reaching out to chapters.

Ms. Crager said she would like to be remembered for her "outreach efforts, both into RIMS—to the members, chapters, committee chairs, board of directors and staff—as well as outreach into other organizations and other countries."

In addition to travel throughout the United States, she visited Australia, Canada, Japan and Singapore during her year as president.

One blemish on the year is the reaction of a handful of chapters—led by Wisconsin—to RIMS' announcement of its support of federal regulation of insurers (*BI*, May 18, 1992).

RIMS endorsed federal regulation of property/casualty insurers writing coverage for "large policyholders," a term the organization has yet to define (*BI*, April 6, 1992).

"The real issue there was not the decision that we made or the position we took but how it was done," Ms. Crager said. "It has had an impact on how we communicate."

As a result, Ms. Crager instituted the "president's memo," which goes out at least three times annually to chapter presidents and first vps as well as society directors.

The memo summarizes the issues RIMS is examining and what positions the organization is likely to take on them. It also includes a response form that recipients are encouraged to fax back immediately if they have any feedback on RIMS' stance.

"I still believe we made the right decision, but obviously it was not communicated well," Ms. Crager said. "We were in a situation where we had to make a decision at the conference," due to the timing of the release of a federal solvency regulation proposal sponsored by Rep. John Dingell, D-Mich.

RIMS chapters had access to information about federal regulation but were not necessarily informed about the importance the executive council placed on the issue or how quickly RIMS would act on it, Mr. Bridger pointed out.

In addition to launching the memo, Ms. Crager also held an informal "town meeting" with society directors in October before the official board of directors meeting began.

"Everything was up for discussion—including sacred cows like the conference, our name and selling the mailing list," she said. "You can't stay static if you want to survive."

"I was pleased to see that a lot of the ideas that came up were not unlike some of the ideas that we talked about last year," Mr. Bridger said. "So maybe we weren't so insular, we weren't that out of touch."

RIMS' legislative agenda for 1993-94 includes lobbying against any attempt by Congress to increase the federal excise tax on reinsurance premiums paid to companies based in "tax havens," continuing to work with the National Assn. of Insurance Commissioners on its model fronting act, and monitoring changes to the Occupational Safety and Health Act and the Superfund law.

However, Ms. Crager expects those issues, as well as the Dingell bill, to take a backseat to health care reform in the 103rd Congress.

Initially, RIMS' involvement in the health care reform debate will center on proposals to contain rising workers comp medical costs, she said. However, depending on the recommendations made by President Clinton's Task Force on National Health Care Reform, RIMS' lobbying efforts may expand.

RIMS will have vehicles to explore these issues through new committees and the appointment of two new society vps: a vp-health and safety and a vp-environment.

"We'll have a mechanism in place that will be monitoring it," Mr. Bridger noted.

To maintain the same number of executive council positions as before, effective May 1 business and industry liaison functions will be brought under the umbrella of government and public affairs, while research functions will be headed by the vp-education.

In addition, the RIMS' risk management roundtable will now report to the first vp.

RIMS is changing, in part because it is taking hard look at how money is allocated.

"For years, RIMS was rolling in the dough," Ms. Crager said. "We didn't have to look at where we were weak. Now, because we have finite resources and possibly dwindling resources, we've really had to take a look at those weaknesses and take a very aggressive role in corrective action."

RIMS has adopted "zero-based budgeting," which requires the staff to go though the laborious task of determining the price of each individual project while the executive council prioritizes the projects.

"RIMS is no different from any other business out there," Ms. Crager said. "Most businesses that are thriving in this economy are doing so as a direct result of cutbacks."

She credits Executive Director Eugene U. Ricci with decreasing expenses by $375,000—about 5% of RIMS' total annual revenues.

RIMS also increased investment income by $50,000 through a more aggressive strategy.

Despite those efforts, last year expenses were $143,600 greater than revenues of $7.2 million. In 1991, RIMS had a deficit of $269,000 on revenues of more than $7.5 million.

"I don't think an increase in income has kept up with our increase in expenses," Ms. Crager said. "We increased the number of corporate members, but it costs more to provide them services.

"The bottom line is we need to find new sources of income to develop more flexibility."

One major expenditure was a new computer system that will streamline conference planning and allow for a more useful profile of members.

RIMS also added a new marketing position to help boost

*Continued on page T30*

Photo by Mary Herlehy

**RIMS' next president, J.A. 'Tony' Bridger is basing his goals on the strategic plan implemented by Suzanne H. Crager**

# Eight-point plan for achieving goals

RIMS' new strategic plan aims "to advance the theory and practice of risk management by promoting the awareness, understanding and application of risk management; and by developing the competency and influence of risk managers."

The plan establishes an eight-point blueprint for what RIMS should accomplish, and calls on staff, committees and chapters to carry out the objectives:

- The primary objective of RIMS is "to be the major consumer voice in commercial property and casualty insurance and the management of risk in the United States and Canada, via such activities as governmental affairs, public affairs and education of the public."

RIMS should be both educator and advocate, the plan drafters say.

- Secondly, RIMS sets out to "take an active role in environmental, health, safety and other risk control issues of direct concern to RIMS members."

Those issues could include asbestos abatement, the Occupational Safety and Health Act, and the Americans with Disabilities Act, which affect employee benefits and risk management professionals.

- RIMS should also "develop a full range of international activities to address the needs of RIMS membership in a global economy," according to the plan.

- RIMS also intends "to expand and strengthen educational programs in the areas of risk management theory and practice and general management for our members, and in risk management awareness for other executives, educators, students and the general public," the plan states.

- The strategic plan calls on RIMS to "support a network of healthy and vigorous chapters."

RIMS must combat the perception that "headquarters is concerned mostly with issues that do not necessarily apply to the individual member," the committee wrote. "This objective aims to promote the joint efforts of the RIMS headquarters organization and the chapters to facilitate the advancement of risk management."

The working relationship and support network between chapters and the overall organizations needs to be strengthened, the committee wrote. Also, available resources should be focused on chapters that need to grow.

- "Focus on providing services specific to identifiable groups within RIMS membership as well as external groups with common interests or goals."

RIMS must recognize that member companies represent many different industries and sizes of employers.

- "Pursue the development of value-added products and services, and continually evaluate the relevancy and benefit of existing products and services."

- RIMS' final objective is "to continue to support the employee benefits area in the scope of RIMS interests and activities."

Although one-third of all RIMS members also have employee benefit responsibilities, RIMS will no longer attempt to attract members with such responsibilities. Rather, the organization will act as a source of information and education for risk managers with employee benefit responsibilities.

"The increased importance of issues such as 24-hour care and national health insurance will require risk managers to become more involved in employee benefits issues," the committee said.

The plan is meant to change and grow with RIMS.

"The society's current international activities are centered in Europe and the Pacific Rim," the report states. "South America is emerging as a potential third world market and our activities may need to be expanded in this part of the world."

*—By Sara Marley*

# CoreSource

*Healthcare & Workers Compensation Solutions*

CoreSource and its managed care company, CoreSource/Burgett & Dietrich, work in partnership with employers and providers to design, implement and manage plans that reduce and control healthcare and workers compensation costs while ensuring employee well-being.

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St. Louis, MO
Charlotte, NC
High Point, NC
Raleigh, NC
Bedford, NH
Las Vegas, NV
Reno, NV
Columbus, OH
Lancaster, PA
Philadelphia, PA
Sioux Falls, SD
Seattle, WA

# RIMS Orlando Guide

## *Savoir faire* earns Tony Bridger his first risk manager post

One could say Tony Bridger took a uniquely Canadian path to a career in risk management: through a conversational French course.

J.A.—which stands for John Anthony—Bridger had been a salesman for 10 years at Canada Packers Inc. when he decided to brush up on his French through a course offered by the Toronto-based company. During the course, he caught the attention of the risk manager, Don Stuart, who soon persuaded him to become an assistant in the food-processing conglomerate's risk management division in 1972.

When Mr. Stuart retired six years later, Mr. Bridger took over. "I guess he liked my French," Mr. Bridger quipped.

He remained with Canada Packers until 1991, when he became risk manager of the Bank of Montreal in Toronto, one of Canada's largest banks with $109 billion Canadian ($86.44 billion) in assets.

Mr. Bridger, 54, joined the Ontario RIMS chapter in 1972, earning the Associate in Risk Management designation and serving as the chapter's president in 1983-84.

Mr. Bridger's year as president of RIMS will be his seventh on the executive council.

Before being named first vp, Mr. Bridger served as vp-member affairs and secretary and was vp-conference for the 1990 Boston gathering, which set attendance records.

He also teaches risk control in the ARM program at the University of Toronto and he serves on the insurance committee for the Toronto Board of Trade, a business association.

"It's important to give something back to the profession," Mr. Bridger said.

Mr. Bridger graduated in 1961 from Wilfrid Laurier University in Waterloo, Ontario, with a major in economics and a minor in philosophy.

He is the president of a 26-team men's basketball league and enjoys occasional ice-fishing expeditions.

Mr. Bridger and his wife, Nancy, live in Toronto. He is the father of two and grandfather of one.

*—By Sara Marley*



## RIMS presidents

*Continued from page T28*

membership.

An audio-visual presentation that will be used at this year's annual meeting—a series of vignettes of executive council members and society directors—will be modified for use as a marketing tool, Ms. Crager added.

In January 1993, RIMS had 4,517 member companies, up from 4,486 in 1992. But that is still fewer than its 1991 roster of 4,522 members.

RIMS added no new chapters in 1992, but focused instead on "strengthening existing resources," Ms. Crager said. "We have some weak chapters we need to shore up. It's part of the quality thrust: Numbers are not the only criteria."

The executive council approved a bylaw change to allow two new categories of deputy members: unemployed risk managers and students. Members of these two groups could not join RIMS since membership is employer-based. However, RIMS realized it could provide a networking arena for them.

Those classes of deputy memberships will have nominal dues of $50 to $75, Ms. Crager said.

Student memberships require affiliation with a chapter, but ultimately Ms. Crager would like to see RIMS chapters on campuses with large risk management and insurance programs.

In another change, RIMS has instituted chapter recognition awards in five categories: outstanding chapter programming; advancement of the risk management profession; outstanding member services; membership development and recruitment; and overall excellence. Each award category will have three size divisions, Mr. Bridger added.

RIMS also is looking to enhance its course offerings.

An international risk management course offered in 1992 sold out, and additional sessions are planned in Chicago and San Francisco in 1993, Ms. Crager said.

"We want to identify needs before we put a course together," Mr. Bridger said. For example, due to member input, the international course was planned at an intermediate level rather than advanced.

Another course now in development will address risk management quality control processes like performance measures, benchmarking and decision-making.

The course is slated to begin at the end of 1993 or the beginning of 1994.

Meanwhile, in addition to the change at RIMS' helm, new officers have been named for 1993.

Lucille A. Gallagher will serve as first vp in 1993-94, the traditional stepping stone to the presidency. Ms. Gallagher is vp-risk management for Monfort Inc., a meat processor in Greeley, Colo., and is currently vp-conference.

Stephen M. Wilder, assistant treasurer-risk management at the Walt Disney Co. in Burbank, Calif., will join the executive council in 1993-94. Mr. Wilder was named Risk Manager of the Year by *Business Insurance* in 1990.

Also joining the council will be Jay B. Waters, director of corporate risk management with Forest City Enterprises Inc. in Cleveland. FCE is a real estate developer and operator of a lumber brokerage.

Also joining is William J. Kelly, senior vp of Morgan Guaranty Trust Co., a J.P. Morgan & Co. Inc. subsidiary. BI

RIMS
Orlando Guide

# Execs to learn value of risk management

**By NANCY P. JOHNSON**

Risk managers who wish their bosses understood how complex risk management is can enlighten their superiors at the 31st Annual Risk & Insurance Management Society Conference.

The conference will offer a one-day "Executive Track Program," designed specifically for senior executives who supervise risk managers. The aim of the program, scheduled for Wednesday, April 28, is to help senior managers learn about the risk management process and its importance to the organization.

In the opening session, David Bell, a professor of business administration at Harvard University, will explain why Harvard Business School teaches risk management.

Next, a panel will address whether companies are underutilizing their risk management departments.

Panelists include: John E. Davidson, assistant director, treasury/general manager-risk management at The Port Authority of New York & New Jersey in Jersey City, N.J.; William Kelly, senior vp, Morgan Guaranty Trust Co., New York; Carole Simpson, vp and director of insurance and risk management, Merrill Lynch & Co. Inc., New York; and Stephen M. Wilder, assistant treasurer-risk management, The Walt Disney Co., Burbank, Calif.

Next on the agenda will be a discussion of non-traditional ways to finance risk. Speakers will be: G. Roger Greiner, president, Genesis Underwriting Management Co., Stamford, Conn.; James A. Kellogg, vp-operations, Old Republic Risk Management Inc., Brookfield, Wis.; and William J. Loschert, executive vp-underwriting, ACE Ltd., Hamilton, Bermuda. The moderator will be Ron Stasch, manager-risk management services, Federal-Mogul Corp., a Detroit-based manufacturer of automotive parts.

The attendees' luncheon speech, "Risk Management and Green Cows," will examine how technological developments create new risks and opportunities for risk management. The speaker will be Dr. Lowell Catlett, professor of agricultural economics at New Mexico State University at Las Cruces.

After an afternoon tour of the exhibit hall, participants will hear a panel discuss risk management as viewed by corporate officers. Panelists will include: Douglas Hoffman, managing director-Bankers Trust Co., New York; Judith Tomese, vp-risk management, Transamerica Corp., San Francisco; and Peter Warzel, president and chief operating officer, United Artists Theater Circuit Inc., Englewood, Calif.

Mr. Stasch will deliver a wrap-up talk.

The program will be held in the Bayhill 1 room at the Peabody Orlando Hotel. It will start with registration and breakfast from 7:30-8:30 a.m. Executive Track will conclude at a 4:30 p.m. private reception with the members of RIMS' executive council and the conference planning committee in the Bayhill 3 room at the Peabody Orlando.

Registration is limited to RIMS member companies, and is $245 for individuals who are not registered for the RIMS conference. Those already registered for the conference may attend Executive Track sessions with their bosses at no extra fee.

For more details, contact the RIMS Conference Department at 212-286-9292. BI





# Conference at a glance

**Sunday, April 25**

Noon-8 p.m.: Conference registration—Grand Concourse of the Orange County Convention/Civic Center, 9800 International Drive, Orlando.

Noon-5 p.m.: Exhibit Hall open—Convention Center Halls B, C.

7:30-9:30 p.m.: Spencer Educational Foundation reception, Palms Ballroom of the Marriott Orlando World Center, 1 World Center Drive.

**Monday, April 26**

7 a.m.-5 p.m.: Conference registration—Grand Concourse, Convention Center.

9 a.m.: Annual membership meeting—Convention Center Exhibit Hall A. Seated continental breakfast available at 8:30 a.m.

9:30 a.m.-5 p.m.: Exhibit Hall open.

10:30 a.m.-noon: Keynote address by Terry Bradshaw—Convention Center Exhibit Hall A.

Noon-2 p.m.: Boxed lunch—Exhibit Halls B and C.

2-4 p.m.: Conference sessions—Convention Center.

4-5 p.m.: Special exhibit time.

5:30 p.m.-midnight: Hospitality suites will be open at the following hotels: Clarion Plaza, 9700 International Drive; Marriott Orlando World Center, 1 World Center Drive; the Peabody Orlando, 9801 International Drive; Sheraton World Resort 10100 International Drive.

**Tuesday, April 27**

8 a.m.-6 p.m.: Conference registration—Convention Center.

9-11 a.m.: Conference sessions.

9 a.m.-6 p.m.: Exhibit hall open.

11 a.m.-noon: Special exhibit time.

Noon-1:45 p.m.: Lunch with Thomas Sutherland, former Middle East hostage—Convention Center, Hall A.

2-4 p.m.: Conference sessions.

4:15-6 p.m.: Exhibit Hall reception and special exhibit time—Convention Center, Halls B and C.

6 p.m.-midnight: Hospitality suites open.

**Wednesday, April 28**

8 a.m.-5 p.m.: Conference registration—Convention Center.

9-11 a.m.: Conference sessions.

9 a.m.-5 p.m.: Exhibit Hall open.

11 a.m.-noon: Special exhibit time.

Noon-1:45 p.m.: Lunch with Lowell Catlett, noted author and professor of agricultural economics and agricultural business at New Mexico State University.

2-4 p.m.: Conference sessions.

4-5 p.m.: Special exhibit time.

5:30 p.m.-midnight: Hospitality suites open.

9 p.m.: Performance by Dolly Parton—Convention Center. Hall D. Doors open at 8 p.m.

**Thursday, April 29**

8 a.m.-2 p.m.: Conference registration—Convention Center.

8 a.m.-noon: Exhibit Hall open.

9-11 a.m.: Conference sessions.

11 a.m.-noon: Special exhibit time.

Noon-1:45 p.m.: Lunch with Lt. Col. Oliver North.

2-4 p.m.: Conference sessions.

5:30 p.m.-midnight: Hospitality suites open.

**Friday, April 30**

9-11 a.m.: Conference sessions.

# RIMS hosts Terry Bradshaw

## Keynote address by Steelers great will kick off 31st annual meeting

**By MICHAEL SCHACHNER**

Hall of Fame quarterback, sports television personality and motivational speaker Terry Bradshaw will deliver the keynote address at the 31st annual Risk & Insurance Management Society conference.

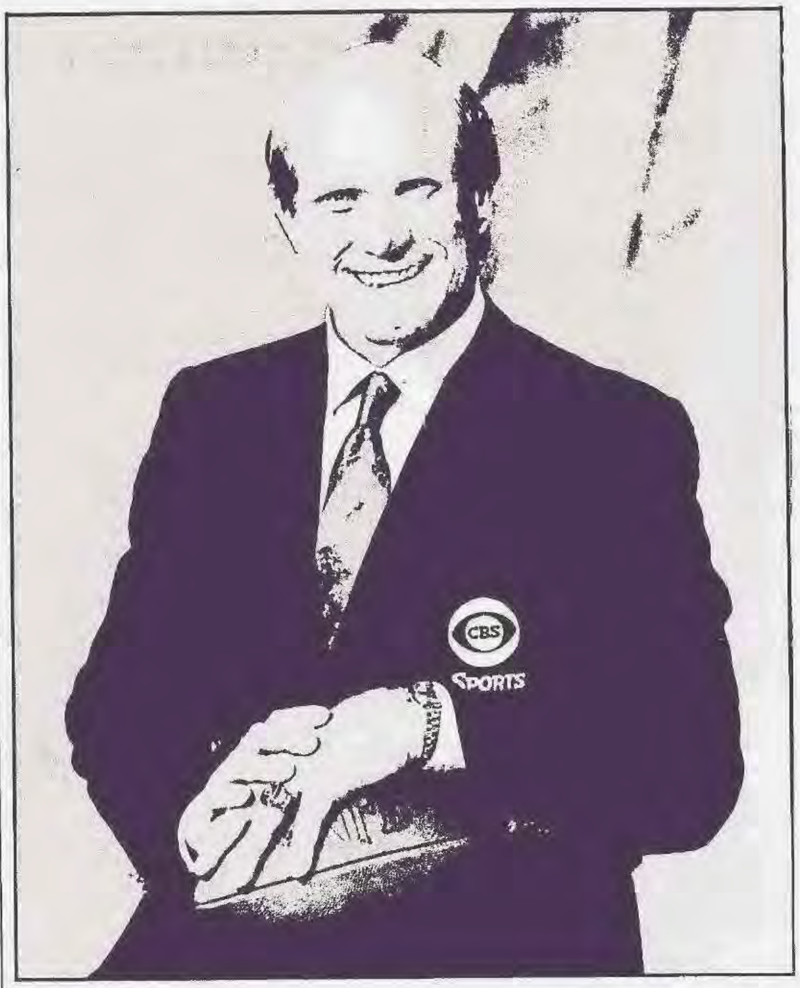
On Monday, April 26, Mr. Bradshaw will kick off the annual event with his own brand of humor, philosophy and gesticulation.

Mr. Bradshaw, who during the 1970s guided the Pittsburgh Steelers to four National Football League Super Bowl championships, is now co-host of CBS's "NFL Today" pre-game show. On any Sunday afternoon during the fall he can be seen on television ranting and raving about overpaid players, lousy officiating and how the league has changed since his glory days with the Steelers.

After becoming Pittsburgh's first-round draft pick in 1970, Mr. Bradshaw embarked on a playing career that gained dynasty status for the Steelers and paved the way for current passing quarterbacks such as Joe Montana, Dan Marino and John Elway.

During his 14-year playing career, Mr. Bradshaw won four Super Bowl rings, was named Super Bowl MVP twice and was selected All-Pro four times. In 1979, he was named "Sportsman of the Year" by Sports Illustrated magazine.

Experts have lauded Mr. Bradshaw for his rifle-like throwing arm and credit him with revolutionizing the passing game at the professional level. Memories of Mr. Bradshaw lofting a pass some 60 yards downfield to receivers such as Lynn Swann and John Stallworth are still vivid in the minds of many football fans.




A native of Shreveport, La., Mr. Bradshaw was nominated in 1992 for a Sports Emmy for his work on "NFL Today," which he co-hosts with Greg Gumbel.

Not one to hold back an opinion, Mr. Bradshaw has criticized players he believes are not worthy of their salaries, and on many occasions has outwardly questioned conservative strategies of several of the league's current and former coaches.

Always with a touch of wit and Southern humor, he also has been wont to add something new to his zany commentary, including wearing odd accessories like hats and whistles.

During and after his playing career, Mr. Bradshaw made cameo appearances on several TV shows and has appeared in the Burt Reynold's action/comedy films "Hooper," "Cannonball Run" and "Smokey and the Bandit II."

He has also written several books, including his 1989 autobiography, "Looking Deep."

No stranger to the speaker's podium, Mr. Bradshaw spends much of the off-season delivering motivational speeches at major corporations across the United States and Canada. He has also spoken at numerous benefits for organizations, including the Fellowship of Christian Athletes, the Boys Club of America and Special Olympics.

When not on the speaking circuit or on the set in New York, Mr. Bradshaw lives in Texas with his wife and two daughters. He owns and operates a 400-acre cattle ranch in Louisiana and a stable of quarter horses. BI

# Dolly Parton adds her spark to RIMS

Although she sings the ballad of the everyday worker who toils from "9 to 5," Dolly Parton will work an evening shift entertaining attendees and guests at the Risk & Insurance Management Society conference.

The 9 p.m. performance, cosponsored by Chicago-based broker Rollins Hudig Hall Co. and RIMS, will be held Wednesday, April 28, in the Orange County Convention/Civic Center Hall D. Doors will open at 8 p.m.

Ms. Parton's melodious voice, glamour and vivacious personality have made her one of America's most popular celebrities.

A four-time Grammy winner, Ms. Parton's hit albums include "Here You Come Again,"

"Heartbreaker," and "Great Balls of Fire." She has won seven Country Music Association awards and three Academy of Country Music awards.

She also has several movies to her credit. She appeared in "9 to 5," "The Best Little Whorehouse in Texas" and "Steel Magnolias," among others.

The Tennessee native made her first professional appearance on a local radio show at age 10. After high school, Ms. Parton moved to Nashville to launch her career. Her success proves that the title of her first hit record, "Dumb Blonde," is facetious.

Ms. Parton, who has won three People's Choice awards, is one of the best-selling country artists in music history.

A concert ticket, which admits two people, is included in the RIMS registration packets. BI

## Future locations of conferences

The Risk & Insurance Management Society's 1994 conference will be held in New Orleans April 17-22.

Other future RIMS conferences are scheduled for:

- San Francisco, April 23-28, 1995.
- Toronto, April 21-26, 1996.

# Oliver North to speak after Thursday's lunch

Retired Marine Lt. Col. Oliver North, a key defendant in the federal government's 1980s probe of the Iran-Contra affair, will speak Thursday, April 29, at the Risk & Insurance Management Society conference.

Mr. North, who is rumored to be considering a 1994 run for a U.S. Senate seat from Virginia, currently is chairman of Guardian Technologies International Inc. He co-founded the Sterling, Va.-based manufacturer of protective equipment for law enforcement officials.

Prior to his military retirement, Mr. North was appointed to the National Security Council staff in 1981, fired in 1986 because of the Iran-Contra affair and convicted in 1989 of 16 charges, including obstructing Congress, destroying official documents and accepting an illegal gift. An appeals panel overturned all of the charges in 1991.

A 1968 graduate of the U.S. Naval Academy in Annapolis, Md., Mr. North earned several military honors—including two Purple Hearts—during two tours of duty in Vietnam.

He is married and has four children.

Mr. North will speak from noon to 1:45 p.m. in Exhibit Hall A of the Orange County Convention/Civic Center. BI

# Thomas Sutherland advises on kidnap crises

Former Middle East hostage Thomas Sutherland will discuss his 2,354 days in captivity and how leaders can effectively deal with future hostage crises on Tuesday, April 27, at the Risk & Insurance Management Society Inc. conference.

Mr. Sutherland was kidnapped by Islamic Jihad gunmen on June 9, 1985, while serving as dean of agricultural and food sciences at the American University of Beirut. Held for 77 months at various locations in Lebanon, Mr. Sutherland's captivity was the second-longest of the Western hostages. He was released on Nov. 18, 1991.

Currently, Mr. Sutherland and his wife, Jean, are writing a book, "At Your Own Risk," about their Lebanon experience. Mrs. Sutherland stayed in Lebanon while Mr. Sutherland was held hostage. The book discusses the Sutherlands' decision to remain in Lebanon after being warned by U.S. government officials to leave.

Before accepting a position at the American University of Beirut in 1983, Mr. Sutherland had a 25-year tenure as a professor of animal science in the college of agriculture at Colorado State University in Fort Collins.

During that time, he spent a sabbatical year in 1966 at Jouy-en-Josas, France, to study French breeds of cattle. From 1976 to 1978, Mr. Sutherland established a training program for young African animal scientists at the International Livestock Center for Africa, a research center sponsored by the World Bank in Addis Ababa, Ethiopia.

He also was a consultant to the U.S. Agency for International Development and the

south African government of Lesotho in 1982 concerning the establishment of a university program in agriculture there.

Mr. Sutherland, 62, was born near Falkirk, Scotland. He graduated from Glasgow University in 1953 and received a postgraduate diploma in animal science from Reading University in Reading, England, in 1954. He then studied at Iowa State University in Ames, receiving a master's degree in 1956 and a doctorate in 1958, both in animal breeding and genetics.

He will speak Tuesday from noon to 1:45 p.m. in Exhibit Hall A of the Orange County Convention and Civic Center.

Lowell B. Catlett, a professor of agricultural economics and agricultural business at New Mexico State University and a consultant to the U.S. government, will be the featured speaker at Wednesday's luncheon. Mr. Catlett will speak from noon to 1:45 p.m. in Exhibit Hall A of the Orange County Convention/Civic Center. The author of several business books, he currently is writing one addressing emerging social trends and another on education. BI

# International influence

## Session topics range from Lloyd's to the former USSR

**By STACY SHAPIRO**

It's a small world after all, judging by the global flavor of many sessions and workshops on the Risk & Insurance Management Society Inc.'s conference agenda.

"Many sessions reflect risk management's increasing international focus," says a RIMS statement on its 31st annual conference.

Global topics range from setting up captives for international employee benefit programs to Lloyd's of London's liquidity gap to European environmental issues.

Delegates also will gain a global view without leaving their seats, as speakers talk about doing business in Canada, Russia and the emerging Eastern European countries.

But international education doesn't have to be restricted to the classroom at the RIMS conference, because U.S. risk managers might bump into delegates from 20 countries who will be attending the event.

"There's a need for U.S. risk managers to become more international," says Christian Dinesen, senior consultant for the Risk & Insurance Research Group in London.

"American companies that are large enough to have a risk management department probably have some international concerns," says Cynthia R. Ziegler, senior vp for the Society of Chartered Property & Casualty Underwriters.

Even small and midsize U.S. companies might be exposed to international laws and regulations if: some of their product components are imported or exported; their employees travel overseas; or they have computer linkups outside the country, Ms. Ziegler said.

U.S. risk managers with international interests are concerned particularly about the hardening property insurance market outside the United States, which affects all risk managers with global property programs.

"It's the first time in my memory that we've seen the international (property) market harden so much earlier than the domestic market," added Teresa L. Pahl, senior vp of business development for Rollins Hudig Hall International.

Among the sessions devoted to international issues is the popular one-day workshop sponsored annually by the Society of CPCU, which attracted 125 people last year. This year's meeting, to be held Wednesday, April 28, from 9 a.m. to 4:30 p.m., is titled "International Update—Towards 2000."

"We expect a very big crowd," said Ms. Ziegler, the workshop coordinator. The meeting will be aimed at risk managers who must develop or are having problems with global risk management programs.

Each year the Society of CPCU invites speakers from overseas organizations to address this workshop. This year, Klaus A. Gebhardt, vp-international of Allianz Versicherungs A.G., who helped put together insurance programs for companies like electronics manufacturer Motorola Inc. and household products manufacturer S.C. Johnson & Son. Ltd., will speak about European issues.

Anthony Latham, director of Sun Alliance International in London, will focus on the London insurance market's problems and possible solutions. London's insurance and reinsurance markets have severely contracted in terms of capacity and people.

Mr. Latham also will explain the complex London market structure.

RIRG's Mr. Dinesen also is speaking at the workshop. His topics will include:

- Liability developments in Europe. An increasing multinational interdependency exists between various manufacturers and subsidiaries, which can cause huge losses if an accident occurs at just one plant.

Another European liability trend is a result of the termination of many state-run medical and retirement benefit programs. Until now, it hasn't been necessary for an individual to sue when he or she is injured or ill, because national insurance paid the medical bills, he said. With governments reducing their national insurance programs "there will be more liability" as more people sue for compensation from product manufacturers and others, according to Mr. Dinesen.

- The effect of European insurers' losses on U.S. buyers.
- How U.S. risk managers can get their multinational insurance programs to work better.

Also speaking is Floy Oliver-Daugherty, supervisor-risk manager of Delta Air Lines Inc. in Atlanta. Ms. Oliver-Daugherty will talk about the risk management issues resulting from Delta's acquisition of Pan American World Airways.

RHH's Ms. Pahl will discuss putting multinational insurance programs together. By April, everyone will have experienced some difficulty in putting an international program together as many risk managers are facing a hardening overseas property market, she said. For example, sublimits may have been imposed for the first time for specific risks, such as floods, in certain countries. Some U.S. insurers also have withdrawn capacity from overseas risks, she said.

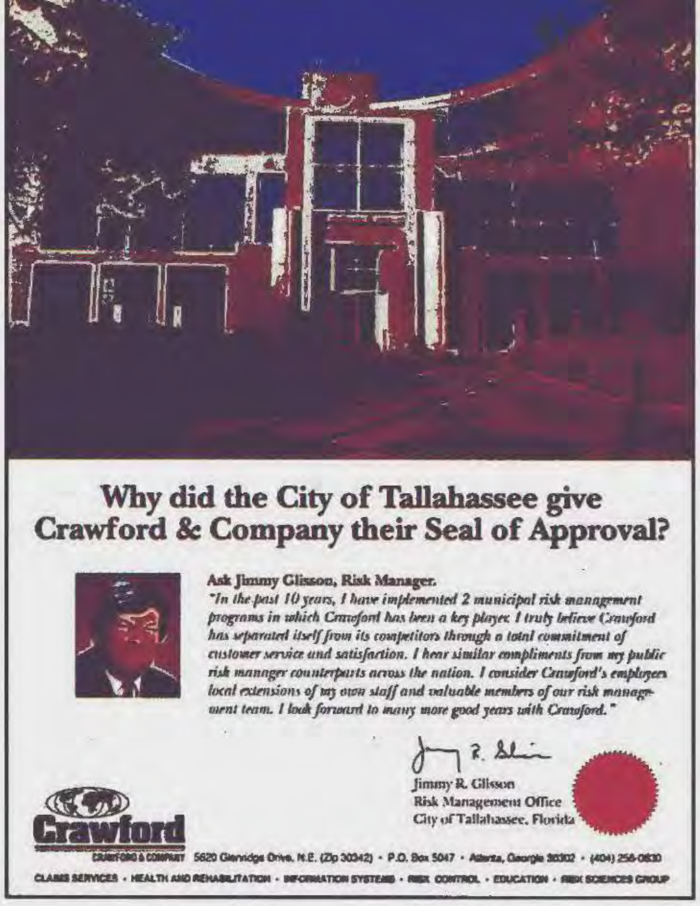
Another international session is "1993 E.C. Health & Safety Legislation—Are You in Compliance?" This session, LL205, will be held Wednesday, April 28, from 9 to 11 a.m. Six E.C. directives dealing with workplace health and safety became effective Jan. 1. They concern health and safety management, work equipment safety, manual handling of loads, workplace conditions, personal protective equipment and display screen equipment.

Session speakers will explain the legislation, discuss its implementation in each E.C. country and look at compliance strategies. Speakers include: David Andrews, attorney for McCutchen, Doyle, Brown & Enersen in San Francisco; and Margarito T. Bercilla Jr., senior consultant for Arthur D. Little Inc. in Los Angeles.

Also speaking is Laura Markos, vp-risk management for Avery Dennison Corp. in Pasadena, Calif., who will focus on risk management's role in the United States and internationally in health and safety issues. "This is a new area for risk management," she said. The session will discuss the development of Pan-European and/or global standards for health and safety programs.

Other sessions that will deal with international issues include:

- "The Liquidity Gap at Lloyd's?"—IN202, Thursday, April 29, 2-4 p.m. This session will discuss the ability of Lloyd's syndicates to pay claims when there are huge losses and many names cannot or will not pay their liabilities. Speakers include Alan M. Levin, director-insurance rating services of Standard & Poor's Corp., which last year started ranking Lloyd's syndicates.
- "Cross Border D&O—It's a Mad, Mad, Mad World."—IN203, Thursday, April 29, 2-4 p.m. Directors and officers of multinational organizations are facing more pronounced liability at home and abroad.
- "It's Safer to Do Business in Canada. . . Who Said So?"—LL100, Thursday, April 29, 2-4 p.m. An overview of Canadian environmental and D&O liability risks.
- "The Increasing Use of Captives in International Employee Benefit Programs"—EB302, Wednesday, April, 28, 9-11 a.m.
- "Making the London Market Work for You"—IN100, Tuesday, April 27, 2-4 p.m.
- "The Global Insurance Program—Grand Illusion or Great Salvation?"—RK209, Tuesday, April 27, 2-4 p.m.
- "Eastern Europe and the Former USSR: Behind the Iron Curtain."—RK200, Thursday, April 29, 9-11 a.m. Is coverage available in these countries? From whom and at what price?
- "Establishing an International Risk Management Program"—RK302, Tuesday, April 27, 9-11 a.m. BI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# Preparing to make the best of bad situations

**Learn how some experts coped with a hurricane and how a storm of bad publicity can be averted**

**By MARK A. HOFMANN**

Hindsight is 20/20, they say, so who better to advise on preparing for and surviving catastrophes than the survivors?

With that in mind, several true-to-life experience stories have been collected for a pair of sessions at this year's Risk & Insurance Management Society Inc. conference.

"Coping With Disaster—Can You Ever Really Prepare?" poses an appropriate question given Florida's Hurricane Andrew experience last summer. The South Florida Chapter of RIMS will present the session.

"When You're the News on 'Prime Time News' " zeroes in on the role of communication and public relations in the wake of a loss.

The preparedness questions will be answered by three risk managers whose employers were in the hurricane's path.

Don Herbstman, vp-safety and risk management for Miami-based Burger King Corp., will present a diary of the hurricane and its aftermath. Mr. Herbstman will look at what happened before the hurricane, during the storm, immediately after and during the recovery process.

The second presentation will have an unusual twist: It is coming from the standpoint of "being both an insured and a provider of insurance in this disaster," says Ron Forte, vp-corporate risk management for American Bankers Insurance Group, also based in Miami.

One of his key points will be why the insurer's disaster plan, devised less than two years before the hurricane hit, was effective. He will also focus on one of the chief lessons of the disaster: "With all the planning, it was the people resources that made the whole thing work."

Messrs. Forte and Herbstman will be joined at the podium by Scott B. Clark, risk manager for the Dade County School Board in Miami. Mr. Clark also coordinated the session. Susan H. Weiner, assistant superintendent-risk management for the school board, will moderate.

The communication session will draw heavily on the experience of National Medical Enterprises Inc., a Santa Monica, Calif.-based psychiatric hospital chain. NME was sued by a number of health insurers for filing allegedly fraudulent claims after it had sued the insurers for not paying claims (*BI*, Aug. 3, 1992; July 27, 1992).

When a risk manager assesses the risk of a given situation, it is increasingly important to keep in mind the public relations implications, said David Olson, NME's vp-corporate communication. And the corporate risk manager and his or her public relations counterpart must be involved in planning the crisis response, he said. In addition to NME's situation, Mr. Olson's examination of case studies will include higher-profile corporate responses to potential disasters, such as Johnson & Johnson's highly regarded actions during the Tylenol poisonings of the early 1980s.

"Risk managers by nature want to assign a number to something. In public relations, it's a completely subjective exercise," said Mr. Olson. Two situations might look alike, but one will be resolved quietly while the other will blow up in the company's face, he said.

Corbette S. Doyle, senior vp-of Willis Corroon's Advanced Risk Management Services in Nashville, Tenn., will examine the communication steps that should be taken before, during and after a crisis.

Ms. Doyle, who is session coordinator as well as a speaker, said a company needs to develop a crisis contingency plan that asks: "How could this blow up? What are the different routes this could take?"

A company must also have a crisis management team in place and must develop media relationships before a crisis occurs, she said.

And internal and external communication strategies cannot be neglected. While the appropriate people carry out the communication strategies, other people should be involved in "simultaneous investigations" to find out how the crisis occurred and why, she said.

After the crisis is contained, officials should prepare an opinion audit. The opinion audit aims to discern the attitudes of the public, customers and other audiences about the company and its response to the crisis. It can be carried out by either an internal team or an outside consultant. After the audit defines the attitudes, the company can work to modify the negative attitudes and restore credibility.

Ray Hodges, NME's senior vp-risk management, will moderate the session.

Both sessions will be presented Friday, April 30, from 9 a.m.-11 a.m. BI

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# FAS 106 deadline nears

## Session to offer advice to those not in compliance

**By CHRISTINE WOOLSEY**

Any benefit manager who hasn't decided how to comply with FAS 106 should attend the "Managing Post-Retirement Medical Benefits" session during the 31st annual Risk & Insurance Management Society Inc. conference.

Two benefit consultants will offer practical advice to employers on managing the impact of Financial Accounting Standard 106. The rule requires employers, beginning in fiscal year 1993, to account for retiree medical benefit liabilities on an accrual, rather than a pay-as-you-go basis.

The speakers will offer war stories of some employers' attempts at compliance and explain the history of FAS 106. Many large corporations have already adopted strategies to account for their post-retirement health benefits in light of the rule.

Smaller employers, however, "are just now beginning to get an idea of the measure of their liability," said Christopher Hulla, actuarial manager in the Denver office of Buck Consultants Inc. Those employers are now seeking strategies to limit FAS 106's impact on their future financial statements.

During the two-hour session, the speakers will distinguish between strategies that merely make post-retirement medical benefit liabilities "look" smaller vs. strategies that can actually reduce those liabilities.

Only plan design changes can really reduce an employer's future liability, says Stephen Metz, a senior consultant in Coopers & Lybrand's Tampa, Fla., office.

"The most severe strategy, of course, would be to eliminate medical coverage for current retirees," Mr. Hulla explained. But, "Attempting to change the medical plan for current eligible retirees is a risk a lot of employers don't want to take," since most that have tried it have faced angry retirees in court.

EB208 will "focus on managing post-retirement medical liabilities in terms of increasing cost-sharing and moving to managed care," he said.

Employers can enroll retirees in managed care programs like health maintenance organizations and preferred provider networks, for example. Most large insurance companies offer such networks nationwide to accommodate employers' retirees who are spread around the country.

The key, however, is to get the retirees to participate in the managed care plans, Mr. Hulla noted. "If all retirees participate. . .employers should see a lower health care cost trend," which can result in a 12% to 15% reduction in an employer's post-retirement health care liability.

But, he warned, if the managed care program doesn't fulfill its promise to control costs, the employer will still end up accounting for high retiree medical expenses.

One thing employers should keep in mind when setting up managed care programs is "retirees spend health care dollars in different areas than active employees do," Mr. Metz said. For example, because most retirees spend a great deal of money on prescription drugs and maintenance medications, a managed prescription drug program would be more effective for them than a general service HMO or PPO, he said.

The session, EB208, will be held Tuesday, April 27, from 2 p.m. to 4 p.m. and again Thursday, April 29, from 9 a.m. to 11 a.m.

David Beacom, risk manager of the Regional Transportation District in Denver, will moderate. James E. Crockett, manager of risk and benefits for the Denver Water Department, is the session coordinator. BI



# Spencer Foundation will award 10 scholarships

The Spencer Educational Foundation Inc. will award 10 $10,000 scholarships in 1993 to full-time students of risk management and insurance.

In reaching its scholarship goal this year, the foundation surpassed last year's award of eight $7,500 scholarships, said Anita Benedetti, Spencer Foundation president and director of research, education and international for the Risk & Insurance Management Society Inc.

The foundation's Education Committee will choose the recipients in May from a field of 65 applicants. The students will be chosen on grade point average, field of study and full-time student status.

In addition to Ms. Benedetti, Education Committee members are: James V. Davis, chairman and chief executive officer of Willis Corroon Advanced Risk Management Services in Nashville, Tenn., committee chairman; Allan Goldberg, manager, property/casualty insurance for Interco Inc. St. Louis; George L. Head, vp of the Insurance Institute of America in Malvern, Pa.; H. Felix Kloman, vp and principal of Tillinghast in Stamford, Conn.; Dick Smith, principal of Smith Consulting Group in Marina del Rey, Calif.; Michael Zuckerman, vp, Willis Corroon Corp. of Pennsylvania in Philadelphia; and Anne M. Zug, corporate director of insurance for Main Line Health Inc. in Radnor, Pa., and chair of the Spencer Educational Foundation.

The Spencer Foundation's mission is to assist promising undergraduate and graduate students in the fields of risk management and insurance through scholarships and educational grants.

The foundation was established in 1979 in honor of the late Robert S. Spencer, a former president of the Risk & Insurance Management Society Inc.

Several events during the RIMS conference will raise funds for the Spencer Foundation. A 1993 Saturn automobile will be raffled at 1:30 p.m. on Wednesday, April 28. Only 500 tax-deductible, $100 tickets will be issued. Tickets will be sold at the RIMS booth in the exhibit hall and during the opening-night reception.

## Contributors and conference events help promote risk management and insurance as fields of study

The reception, which spotlights the Spencer Foundation, will be held Sunday, April 25, from 7:30 to 9:30 p.m. in the Palms Ballroom of the Marriott Orlando World Center.

A tribute to "American style and ingenuity," the party will feature music ranging from George Gershwin to rock 'n' roll. Classic American cuisine will be served in a diner setting.

Other Spencer fund raisers include the annual hockey game and golf tournament (see stories, below and page T40).

On Monday, April 26, the Spencer Foundation will announce the RIMS chapters that have won High School Outreach grants. The grants are used to introduce the concept of risk management and insurance to high school students.

Anyone interested in contributing to the foundation can contact Ms. Benedetti at the Spencer Educational Foundation Inc., Suite 1504, 205 E. 42nd St., New York, N.Y. 10017, 212-286-9292.

Following are 1992-1993 contributors and pledges to the foundation as of March 23. The fund-raising year ends June 30.

• **Golden Circle** ($12,000-$29,999):
Alexander & Alexander Services Inc.; Atlanta Chapter of RIMS; Johnson & Higgins; Marsh & McLennan Inc.

• **Sponsors** ($5,000-$11,999):
American International Group Inc.; *Business Insurance*; Chubb & Son Inc.; CIGNA Corp.; Rollins Hudig Hall Co.; Willis Corroon P.L.C.

• **Benefactors** ($2,500-$4,999):
Crawford & Co.; The Hartford Steam Boiler Inspection & Insurance Co.; The Home Insurance Co.; Industrial Risk Insurers; Liberty Mutual Insurance Group; Reliance National; Rocky Mountain Chapter of RIMS; Safety National Casualty Corp.; Wausau Insurance Cos.

• **Patrons** ($1,000-$2,499):
Individuals: Berry L. Griffin Jr.; John Robert James; H. Felix Kloman.
Organizations: GAB Business Services Inc.; International Risk Management Institute Inc.; New York Chapter of RIMS; Northeastern Illinois Chapter of RIMS; Old Republic Risk Management Inc.; Santa Clara Valley Chapter of RIMS; South Florida Chapter of RIMS; Tillinghast, a Towers Perrin company; Virginia Chapter of RIMS; Washington Chapter of RIMS; and The Zurich-American Foundation.

• **Contributors** ($500-$999):
Individuals: James V. Davis; P. Richard Hackenburg; Brian M. Kawamoto; Christine LaSala; Kathryn J. McIntyre; William S. Mortimer; Myra Leigh Tobin.
Organizations: Commonwealth Risk Services; Delaware Valley Chapter of RIMS; Deloitte & Touche; Fairfield/Westchester Chapter of RIMS; Kemper National Insurance Cos.; Marshall, Dennehey, Warner, Coleman & Goggin; Protection Mutual Insurance Co.; Reliance National Risk Management Services; Shand Morahan & Co. Inc.

• **Donors** ($250-$499):
Individuals: Woody & Bev Anderson; Norman Barham; William C. Baumann; James M. Burcke; Rodney D. Day; Theodore J. Fuller; Brian R. Hall; Willis T. King Jr.; Lucien P. Laborde Jr.; Saul Landesburg; Edith F. Lichota; Albert S. McGhee; Richard E. Meyer; James F. Murphy; David A. Olsen; Alan G. Page; Robert F. Powell Jr.; William J. Prenger; Stephanie Reynolds; Scott Rich; Joseph D. Roxe; Charles L. Ruoff; J. Kenneth Seward; James W. Smirles; Dick & Carole Smith; John B. Sullivan; Gerald R. Swanson; E. Massie Valentine; Richard E. Valliere; Stephen M. Wilder; Rufus J. Williams III; Ron & Kelly Winans; Mr. & Mrs. W. Earle Zander; Anne M. Zug.
Organizations: Chesapeake Chapter of RIMS; Connecticut Valley Chapter of RIMS; CUNA Mutual Insurance Group Charitable Foundation Inc.; Duracell Inc.; Piedmont Chapter of RIMS; Smyth, Sanford & Gerard Inc.; Willis Corroon Corp. of Pennsylvania.

• **Friends** ($100-$249):
Individuals: Anita Benedetti; David W. Bianchi; Laurie Bilik; Donald H. Birdsong; George H. Bostwick; Edward J. Buchwald; Bernardo J. Calonge; A.C. Cameron III; Jerome N. Clauser; Robert O. Collins; W. Meade Collinsworth; John V. Deitchman; James H. Doyle; David T. Evans; Lucille A. Gallagher; Claude F. Gallelo; Rita P. Garcia; Lawrence I. Geneen; James E. Goulard; K.M. Grafton-Grattan; Cheri J. Hawkins; Freida L. Jackson; Daniel L. Jones; John P. Keyser; David Laabs; W. James MacGinnitie; Virginia May; James W. McElvany; Sam H. McGoun; Paul K. McKeon; James C. Newton Jr.; Bruce P. O'Neil; Joseph P. Platt Jr.; William A. Quinn; Corinne E. Ramming; Pete A. Rancourt; Edward A. Rogers; D. Hugh Rosenbaum; Stephen W. Scammell; Gary P. Sheerer; G.T. VanGilder; Eric R. Vorenkamp; J. Bransford Wallace; Frank White Jr.; Peter Woan; J. Brady Young; M. Michael Zuckerman.
Organizations: ASU Group; Boatmen's Bancshares Inc.; Eichleay Holdings Inc.; Georgia Gulf Corp.; Greater Quad-Cities Chapter of RIMS; Iowa Chapter of RIMS; Kemper National Insurance Cos.; The Purdue Frederick Co.; Rock River Valley Chapter of RIMS; South Louisiana Chapter of RIMS; University of Alabama at Birmingham, Office of Risk Management.

• **Supporters** ($25-$99):
Individuals: David G. Adler; Gerald L. Belfiglio; William G. Carroll; David F. Copen; James A. DeDeo; Charles & Ann Fix; Karen Hegedus; Eric B. Larson; Marge P. Layne; Ronald E. Mason; Brian C. Miller; Ralph F. Perry; Christopher L. Pethley; John G. Pinner; Theodore A. Runck; J. Donald Shea; Frank L. Shoppe; Susan & Al Silverstein; Ronald W. Stasch; John S. Surabian Jr.; Jerry D. Todd; Judith M. Tornese; Ron Tsukamaki; H. Jay Varner.
Organizations: ARCO Foundation Inc.; Brush Wellman Inc.; Houston Industries; Karlshamn USA Inc.; Metropolitan Stevedore Co.; New York Racing Assn.; Nissan North America Inc.; Pulley-White Insurance Co. Inc.; Southern Co. Services Inc.; Sunmark Inc.; Total America Inc.; Transamerica Foundation; Western Publishing Co. Inc.; YKK Corp. BI

# RIMS Hockey All Stars hope to break deadlock

## Unconventional pre-game trades might be needed to fill rosters for Spencer charity event

**By MICHAEL SCHACHNER**

The RIMS Hockey All Stars will likely be a star or two short at this year's game, but the teams are determined nonetheless to renew their friendly rivalry at the 31st annual Risk & Insurance Management Society conference.

Team Canada's veteran goaltender, Steve Patenaude, a senior account executive with Arkwright Mutual Insurance Co. in Montreal, said his squad is desperately in search of some extra bodies to help round out the Canadian club's slim but talented roster.

Currently, Canada has firm commitments from only six players and is looking to Team USA Captain Peter King to swing one of those lopsided five-for-none trades. "We're going to have to borrow some bodies from Peter's side," said Mr. Patenaude. "We still have a helluva recession up here and companies just aren't sending their people to as many conferences. I've spoken to about 20 people and so far we have only six committed to play."

With the series between the Canadians and the Americans knotted at 2-2-1, regular members of both squads are eagerly awaiting a chance to break the deadlock. As in years past, the game will be played to benefit the Robert S. Spencer Memorial Foundation's scholarship fund.

"We're ready," said Mr. King, vp with Marsh & McLennan Inc. in Philadelphia. "We're planning on looking resplendent in our new uniforms. But in all seriousness, we'd like to do our part for the Spencer Foundation. In the past we have raised about $2,500, and we'd like to do it again. The game is something we all look forward to, and it's great for getting some exercise during the RIMS week."

He acknowledged that in the spirit of fair play, Team USA will lend some of its players to the Canadians. "That is, of course, unless they get ahead. Then, we'll have to take our players back," Mr. King joked.

One former U.S. player who will be wearing the Canadian maple leaf on his jersey is Karl Burns, a property underwriter with Zurich American Insurance Co. in Chicago. Mr. Burns, a native of Sarnia, Ontario, played with the Americans in Boston in 1990, and helped lead Team USA to its first series victory. The Americans evened the series last year in Anaheim, Calif., with a 10-6 victory.

"Karl played for Brown University, he was our Rookie of the Year in 1990 and will play in the first professional roller blade hockey league," said Mr. King. "Losing him hurts, but he had to be repatriated."

Besides Messrs. Burns and Patenaude, other Canadian veterans scheduled to play are Georges Balcer, risk manager of Stone Container Corp. in Chicago; and Dan Vujacic, assistant vp-casualty with SCOR Reinsurance Co. in Toronto.

"They have the numbers and the young legs, but we'll be there," Mr. Patenaude said. "The tide seems to have turned in this series. We have to be looked at as heavy underdogs."

Veterans for Team USA include: Mr. King; John Chaney, president and chief executive officer of Rollins Hudig Hall of Ohio in Cleveland; Pete Bostwick, vp of Johnson & Higgins in Rochester, N.Y.; Mike White, vp of The Holborn Agency Corp. in New York; John Vlachos, vp of Rollins Financial Brokers Inc. in New York; Bob Nusslein, an account executive of Arkwright Mutual in San Mateo, Calif.; and Bill Baker, assistant vp of General Reinsurance Corp. in Boston.

Mr. King said the U.S. team will include newcomer Jim Wixtead, an assistant vp with General Re in Hartford, and will again be coached "effortlessly" by Stan Tait, risk manager of Cadbury Beverages Inc. in Stamford, Conn.

"The Canadians are struggling to get their roster together, but they're gamers. Patenaude is a tough goalie and if he can come up with a few more players, it should be a good game," Mr. King said.

Tickets to the game can be purchased in the form of donations to the Spencer Foundation. For more information, contact Peter King, Marsh & McLennan Inc., 3 Parkway, Philadelphia, Pa. 19102; 215-963-2871.

The official game is scheduled for 3 p.m. Wednesday, April 28, at the Rock on Ice rink, 7500 Canada Ave., Orlando. Practice is scheduled for April 27 at 1 p.m.

# RIMS Orlando Guide

## Golfers to give green to help foundation

Risk & Insurance Management Society conference attendees have a chance to participate in a golf tournament for the benefit of the Spencer Educational Foundation on the Saturday before the conference officially begins.

Arthur J. Gallagher & Co. is sponsoring the tournament, which will begin at 1 p.m. April 24 at Marriott's Orlando World Center in Lake Buena Vista, Fla. The cost per player is $125.

In addition, 18 corporate tee sponsorships are available at $150 per tee, and two beverage cart sponsorships are available for $200.

The field is limited to 144 players, and the tournament will begin with a shotgun start, which means that two foursomes at each hole will tee off simultaneously. Golfers will play the best ball, with the entire foursome lining up for the next shot at the site of the best player's last ball.

Golfers will receive a maximum of two Mulligans for the tournament.

The best three foursomes will receive first-, second- and third-place awards. In addition, prizes will go to the players with the longest drive, most accurate drive and the shot closest to the hole. Any player who hits a hole-in-one on a designated hole will receive a $10,000 prize.

An awards dinner will follow at 6 p.m.

Par for the course is 71. The course has a total yardage of 6,272, and covers more than 130 of the resort's 200 acres. The course has 19 water hazards that affect 15 of the 18 holes. It also has 85 sandtraps.

The deadline for tournament registration is April 20. For more information on the tournament or to participate, contact Lynn Mobley or Phil Kerrigan at Arthur J. Gallagher & Co., 714-756-8500, fax: 714-756-8701; or Glenn Tobey at Gallagher, 407-897-2101, fax: 407-896-8162.

*—By Mark A. Hofmann*

## Restaurants

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kets of hot sweet corn bread.

All the major restaurants offer mouth-watering dessert selections, but the regional specialty is key lime pie. The Fireworks Factory's version is especially good; its tartness is the perfect ending for any of its barbecued entrees.

Following is a list of Orlando area dining options.

**AMERICAN VINEYARDS**
Walt Disney World Hilton
1751 Hotel Plaza Blvd.
Lake Buena Vista
407-827-4000
Steak and seafood. Specialties include a variety of meats, including rack of lamb, filet mignon and New York strip steak, seafood and pastas. Average dinner for two with wine and gratuity: $100. American Express, MasterCard and Visa accepted. Reservations preferred. Casual dress. Open daily: 6 p.m.-10:30 p.m.

**ANTHONY'S**
400 S Orlando Ave.
Orlando
407-623-1277
Italian. A three-room chalet with a brick floor. Specialties of the house include veal, seafood, pasta and chicken. Average dinner for two with wine and gratuity: $30. American Express MasterCard and Visa credit cards accepted. Reservations accepted. Nice but casual dress. Open for lunch Tuesday-Friday: 11:30 a.m.-2 p.m.; Dinner Monday-Saurday: 5 p.m.-11 p.m.

**ANTONIO'S LAFIAMMA**
611 S. Orlando Ave.
Maitland
407-645-5523
Italian. Dimly lit, romantic. Specialties include dishes from 20 regions of Italy, featuring pastas and meats. Average dinner for two with wine and gratuity: $50. All major credit cards accepted. Reservations recommended. Casual dress. Lunch Monday through Friday: 11:30 a.m.-2:30 p.m. Dinner seating Monday through Thursday: 5 p.m.-10 p.m.; Friday and Saturday: 5 p.m.-11 p.m. Closed Sunday.

**ARTHUR'S 27**
Buena Vista Palace Hotel
1900 Buena Vista Drive
Lake Buena Vista
407-827-3450
Seafood and American fare. Circular glass-enclosed dining room with a view of Orlando and Walt Disney World. Specialties include filet of beef, venison, lamb and fresh fish (brought in daily). Average dinner for two with wine and gratuity: $145. All major credit cards accepted. Reservations required. Jackets required for men. Dinner seating: 6 p.m.-10 p.m.

**ATLANTIS**
Stouffer Orlando Resort
6677 Sea Harbor Drive
Orlando
407-351-5555
Seafood. Traditional, formal darkwood decor accented by oil paintings. A harpist plays nightly. Specialties include Maine lobster, yellowfin tuna, salmon filet and veal chops. Average price of a dinner for two with wine and gratuity: $75. All major credit cards accepted. Reservations suggested. Dinner served Monday through Saturday: 6 p.m.-10 p.m. Closed Sunday.

**BERGANO'S**
8445 International Drive
Orlando
407-352-3805
Italian. Singing waiters perform light opera, broadway show tunes and other classics. Specialties include veal chops, zuppa di pesce, fresh seafood, and an extensive wine list. Average dinner for two with wine and gratuity: $70. All major credit cards accepted. Reservations suggested. Casual to dressy attire. Dinner: 5 p.m.-10:30 p.m. weekdays.

**BERNARD'S SURF**
2 S. Atlantic Ave.
Cocoa Beach
407-783-2401
Seafood. A nautical setting, complete with portholes and live Maine lobster tank. Specialties include stone crab claws, fresh fish, filet mignon and prime rib. Average dinner for two with wine and gratuity: $60. All major credit cards. Reservations recommended. Casual dress. Open 11 a.m.-11 p.m. Monday through Saturday, 5 p.m.-11 p.m. Sunday.

**BISTRO DE PARIS**
Epcot Center, French Pavilion
Located Above Chefs de France
Lake Buena Vista
407-824-4321
French. Dim lighting, romantic atmosphere. Specialties include lobster Thermidor and grilled salmon. Average dinner for two with wine and gratuity: $65. American Express,

*Continued on next page*

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*Continued from previous page*
MasterCard and Visa accepted. Reservations recommended. Casual dress. Open daily: 4:30 p.m.-8:30 p.m.

**BLACK SWAN**
Grand Cypress Villas
1 N. Jacaranda Blvd.
Orlando
407-239-4700
American. Panoramic view of nearby golf course, live piano. Specialties include roast rack of lamb, mixed seafood and pasta. Average dinner for two with wine and gratuity: $100. All major credit cards accepted. Reservations recommended. Jackets preferred for men. Dinner served daily: 6 p.m.-11 p.m.

**BUBBLE ROOM**
1351 S. Orlando Ave.
Maitland
407-628-3331
Steak and seafood. Movie stills and 1930s memorabilia cover the walls, and the room is decorated in a "year-round" Christmas atmosphere. Specialties include prime rib, fresh grouper baked in a brown bag and "bubble bread" at the start of every meal. Average dinner for two with wine and gratuity: $55. All major credit cards. Reservations not taken. Casual dress. Lunch: 11:30 a.m.-2:30 p.m. Dinner Sunday through Thursday: 5:30 p.m-10 p.m.; Friday and Saturday: 5:30 p.m.-11 p.m.

**BUCKET'S BAR AND GRILL**
1825 N. Mills Ave.
Orlando
407-894-5197
Jazz bar. Housed in an old gatehouse and includes pool deck and "really interesting" bathrooms. Specialties include fish, veal, chicken and steaks. Average dinner for two with wine and gratuity: $50. All major credit cards. Reservations recommended. Casual dress. Sunday through Thursday: 11 a.m.-10 p.m.; Friday and Saturday: 11 a.m.-11 p.m.

**CAFE DE FRANCE**
526 S. Park Ave.
Winter Park
407-647-1869
French. Bistro-type bar and restaurant. Specialties include rack of lamb, Norwegian salmon, filet mignon and duck. Average dinner for two with wine and gratuity: $60. All major credit cards. Reservations strongly recommended, especially on weekends. Nice, casual dress. Lunch Tuesday through Saturday: 11:30 a.m.-3 p.m. Dinner Tuesday through Saturday: 6 p.m.-10 p.m. Closed Sunday and Monday.

**CAPRICCIO**
Peabody Hotel
9801 International Drive
Orlando
407-352-4000
Italian. Luxurious, ivory-colored setting. Specialties include northern Italian cuisine, steak, lamb and salads. Average dinner for two with wine and gratuity: $120. All major credit cards accepted. Reservations highly recommended. Jacket and tie required for men. Lunch Monday through Friday: 11:30 a.m.-2 p.m.; Dinner Monday through Saturday: 6 p.m.-11 p.m. Closed Sunday.

**CHALET SUZANNE**
County Road 17A, off U.S. Route 27
Lake Wales
813-676-6011
French and American served in an unusual, eclectic atmosphere. Specialties include chicken Suzanne, lumped crab sasse in a white wine sauce, curried shrimp, grilled lamb chops and filet mignon. Average dinner for two with wine and gratuity: $170. All major credit cards. Reservations strongly recommended. Jackets for men in evening. Open daily. Lunch: 8 a.m.-2 p.m.; Dinner: 5 p.m.-9:30 p.m.

**CHARLEY'S STEAKHOUSE**
6107 S. Orange Blossom Trail
Orlando
407-851-7130
Steakhouse. Wood and brass decor accented by Tiffany lamps. Specialties include 32-ounce porterhouse steaks, Australian lobster tail and chicken. Average dinner for two with wine and gratuity: $50. American Express, MasterCard and Visa accepted. Reservations suggested. Casual dress except beachwear. Sunday: 4 p.m.-9:30 p.m.; Monday through Thursday: 4:30 p.m.-10 p.m.; Friday and Saturday: 4:30 p.m.-10:30 p.m.; Sunday: 4 p.m.-9:30 p.m.

**CHATHAM'S PLACE**
7575 Dr. Phillips Blvd.
Orlando
407-345-2992
Southwest American. Specialties include beef, rack of lamb, veal chops and fresh fish. Average dinner for two with wine and gratuity: $75. All major credit cards accepted. Reservations recommended, especially on weekends. Casual dress. Monday through Friday: 6 p.m.-9 p.m.; Saturday and Sunday: 6 p.m.-10 p.m.

**CHRIS'S HOUSE OF BEEF**
801 John Young Parkway
Orlando
407-295-1931
Steaks and seafood. Specialties include prime rib, hand-cut steaks and fresh Florida seafood. Extensive selection of Californian, French and Italian wines. Sunday brunch. Average dinner for two with wine and gratuity: $60. All major credit cards accepted. Reservations recommended on weekends. Casual dress. Monday through Thursday: 11:30 a.m.-9 p.m.; Friday: 11:30 a.m.-10 p.m.; Saturday: 4 p.m.-10 p.m.; and Sunday: 11 a.m.-9 p.m.

**CHRISTINI'S**
7600 Dr. Phillips Blvd.
Orlando
407-345-8770
Italian. Romantic, dimly lit atmosphere. Specialties include fettucini Christini, ravioli, 26-ounce veal chops, lobster and steak. Average dinner for two with wine and gratuity: $120. All major credit cards accepted except Discover. Reservations recommended. Proper attire required—no shorts. Monday-Saturday: 6 p.m.-Midnight. Closed Sunday.

**CORAL REEF**
EPCOT Center, Living Seas Pavilion
Lake Buena Vista
407-824-4321
Seafood. Three-tiered restaurant, all with a view of a centrally located aquarium containing 3,000 live sea creatures. Specialties range from tuna to lobster. Average dinner for two with wine and gratuity: $45. American Express, MasterCard and Visa accepted. Reservations highly recommended, especially on weekends. Casual dress. Open daily. Lunch: Noon-2:45 p.m.; Dinner seating: 4:30 p.m.-8:15 p.m.

**DUX**
Peabody Hotel
9801 International Drive
Orlando
407-345-4550
Eclectic. Cozy atmosphere with central dessert table, columns and floral tones. Atypical pairings of ordinary dishes, such as Maine lobster and ravioli. Average dinner for two with wine and gratuity: $90. All major credit cards accepted. Reservations recommended. Dressy resort attire. Monday through Saturday: 6 p.m.-11 p.m. Closed Sunday.

**EMPRESS ROOM**
Aboard the Empress Lilly
Disney Village
Lake Buena Vista
407-828-3900
French. Elegant, four-star restaurant. Specialties include Empress Trio, premium fish, rack of lamb, Caesar salad prepared tableside and daily souffles. Average dinner for two with wine and gratuity: $150. American Express, MasterCard and Visa accepted. Reservations required. Jackets required for men, ties optional. Two seatings daily at 6:30 p.m. and 8:30 p.m.

**ENZO'S**
1130 S. Highway 17-92
Longwood
407-834-9872
Italian. In an older home that has been renovated to resemble an Italian villa, the restaurant is located along a lake. Specialties include homemade pastas, veal, chicken, and the fresh catch of the day. Average dinner for two with wine and gratuity: $65. All major credit cards accepted. Reservations suggested. Casual dress. Lunch Tuesday through Friday: 11:30 p.m.-2:30 p.m.; dinner Tuesday through Saturday: 6 p.m.-11 p.m. Closed Sunday and Monday.

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## Restaurants

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**GALLERIA**
Lake Mary Center
3837 Lake Emma Road
Orlando
407-333-0872
Italian. Cozy setting adorned with canopies and brick inlay. Specialties include zuppa di pesce, braggoli and veal capriccio. Average dinner for two with wine and gratuity: $45. All major credit cards accepted. Reservations recommended on weekends. Casual dress. Lunch Monday through Friday: 11 a.m.-2:30 p.m.; dinner Monday through Saturday: 4:30 p.m.-10 p.m. Sunday buffet 4 p.m.-9 p.m.

**HAIFENG**
Stouffer Orlando Resort
6677 Sea Harbor Drive
Orlando
407-351-5555
Chinese. A traditional Chinese setting, accented with original water colors. Specialties from all regions of China. Average price of a dinner for two with wine and gratuity: $50. All major credit cards accepted. Reservations suggested. Casual dress. Dinner served Tuesday through Sunday: 6 p.m.-10:30 p.m.

**HEMINGWAY'S**
Hyatt Regency Grand Cypress Hotel
1 Grand Cypress Blvd.
Orlando
407-239-1234
Seafood. "Key West" relaxed atmosphere. Specialties include beer-battered coconut shrimp, king crab legs, fried squid and a special salad. Average dinner for two with wine and gratuity: $100. All major credit cards accepted. Reservations highly recommended, especially on weekends. Casual dress. Lunch Tuesday through Saturday: 11:30 a.m.-2:30 p.m.; dinner Sunday through Thursday: 6 p.m.-11 p.m.; Friday and Saturday: 5:30 p.m.-11 p.m.

**JACK'S PLACE**
Clarion Plaza Hotel
9700 International Drive
Orlando
407-352-9700
This restaurant's walls feature celebrity caricatures drawn by the Clarion Plaza owner's father, Jack Rosen. Specialties include steaks, Midwestern beef and fresh seafood. Average price of dinner for two with wine and gratuity: $60. All major credit cards accepted. Reservations suggested. Dinner is served daily from 5:30 p.m.-11 p.m.

**JORDAN'S GROVE**
1300 S. Orlando Ave.
Maitland
407-628-0020
Eclectic. Set in a 1912 Victorian home, decorated with antique tables and chairs. Menu changes daily and usually includes fresh meats, seafood and poultry. Average dinner for two with wine and gratuity: $80. American Express, MasterCard and Visa accepted. Reservations highly recommended. Dressy casual. Lunch Tuesday through Friday, and Sunday: 11:30 a.m.-2:30 p.m.; dinner Tuesday through Sunday: 6 p.m.-10 p.m. Closed Monday.

**LA CENA**
1811 W. State Road 434
Longwood
407-834-3994
Italian. Quiet, relaxed adult dining in a casual atmosphere. Dining room features include a large wine cellar and pasta-making behind glass. Specialties include 50 different fresh pasta dishes, veal and steaks. Average dinner for two with wine and gratuity: $50 to $80. Casual. Reservations accepted. Diners Club, Discover, MasterCard, and Visa accepted. Direct billing available. Open for dinner Tuesday through Saturday from 6 p.m. Closed Sunday and Monday. Private luncheons and dinners available.

**LA NORMANDIE**
2021 E. Colonial Drive
Orlando
407-896-9976
French. Elegant dining with private rooms, linen tablecloths, fresh flowers and candles. Specialties include beef Wellington, veal Marengo, and Grand Marnier souffle. Average dinner for two with wine and gratuity: $65. All major credit cards accepted. Reservations suggested. Dressy casual. Lunch Monday through Friday: 11:30 a.m.-2 p.m.; dinner Monday through Saturday: 5 p.m.-10 p.m. Closed Sunday.

**LA SCALA**
205 Loraine Drive
Altamonte Springs
407-862-3257
Italian. Upscale decor with the wait staff in tuxedos. Specialties include veal prepared in northern and southern styles, chicken and fresh fish. Average dinner for two with wine and gratuity: $70. All major credit cards accepted except Discover. Reservations recommended. Jackets preferred. Lunch Monday through Friday: 11:30 a.m.-2:30 p.m. Dinner Monday through Friday: 5 p.m.-10:30 p.m.; Saturday: 5 p.m.-11 p.m. Closed Sunday.

**LA SILA**
4898 Kirkman Road
Orlando
407-295-8333
Italian. You'll "think you're in Manhattan" with the soft, romantic atmosphere, complete with lounge and piano player. Entire menu is a la carte and made to order, with a choice from two different homemade pastas and three special dinners that change daily. Average dinner for two with wine and gratuity: $80. All major credit cards accepted. Reservations required. Casual, but no T-shirts or shorts. Open daily for dinner: 6 p.m.-midnight.

**LE CORDON BLEU**
537 W. Fairbanks Ave.
Winter Park
407-647-7575
French. Elegant setting complete with fresh flowers, show plates and candelabra. Specialties include veal chops, fresh fish, salmon and assorted filets. Average dinner for two with wine and gratuity: $65. All major credit cards accepted. Reservations recommended. Casual, but no shorts or jeans. Lunch Monday through Friday: 11:30 a.m.-2:30 p.m. Dinner Monday through Saturday: 5:30 p.m.-11 p.m. Closed Sunday.

**LE COQ AU VIN**
4800 S. Orange Ave.
Orlando
407-851-6980
French. Cozy atmosphere with white tablecloths. A French restaurant with a Southern twist, operating under the slogan, "Bon appetit, y'all." Clientele is mostly local. Specialties include Florida frog legs and fresh seafood. Average dinner for two with wine and gratuity: $60 to $70. All major credit cards accepted. Reservations required. Casual. Open for dinner Tuesday-Sunday: 5:30-10 p.m.

**LEE'S LAKESIDE**
431 E. Colonial Drive
407-841-1565
Orlando
Continental. Huge windows offer a panoramic view of Lake Eola, with the city skyline as a backdrop. Specialties include filet mignon stuffed with crabmeat and served with bordelaise sauce, medallions of beef with artichokes and mushrooms, and combinations such as king crab legs with stuffed flounder. Average dinner for two with wine and gratuity: $60. All major credit cards accepted. Reservations suggested. Florida casual, but tends to be dressy. Open Monday-Thursday: 11 a.m.-10 p.m.; Friday: 11 a.m.-11 p.m. and Saturday: 5 p.m.-11 p.m.

**LILI MARLENE'S**
Church Street Station
129 W. Church St.
Orlando
407-422-2434
American. Stained glass, brass railings, copper gas lanterns and oak wall paneling give this restaurant its charm. Specialties include prime rib, fresh fish and steak entrees. Dinner specials change daily. Average dinner for two with wine and gratuity: $65. All major credit cards accepted. Reservations recommended. Dressy casual. Open daily. Lunch: 11 a.m.-4 p.m. Dinner: 5:30 p.m-midnight.

**MAISON DES CREPES**
Hidden Gardens
348 N. Park
Winter Park
407-647-4469
European. Three rooms along with garden room entirely glass enclosed. Specialties include fresh seafood, veal, steak and filets. Average dinner for two with wine and gratuity: $50. All major credit cards accepted. Reservations recommended, especially on weekends. Dressy casual. Lunch, Monday through Saturday: 11:30 a.m.-3 p.m. Dinner, Monday through Friday: 5:30 p.m.-10 p.m.; Saturday: 5:30 p.m.-10:30 p.m. Closed Sunday.

**MAISON ET JARDIN**
430 Wymore Road
Altamonte Springs
407-862-4410
French. Elegant, romantic atmosphere decorated in antique style. Specialties include snapper maison, chateaubriand and beef Wellington. Average dinner for two with wine and gratuity: $85. All major credit cards accepted except Discover. Reservations recommended. Jackets are requested for men. Dinner Monday through Saturday: 6 p.m.-10 p.m.; Sunday: 6 p.m.-9 p.m.; Sunday brunch: 11 a.m.-2 p.m.

**MANGO TREE**
118 N. Atlantic Ave.
Cocoa Beach
407-799-0513
Eclectic. Decor features a lagoon with live swans, music, bronze sculptures and a saltwater fish tank. Specialties include fresh seafood, pasta and grilled meats. Average dinner for two with wine and gratuity: $80. American Express, MasterCard, and Visa accepted. Reservations suggested. Dressy casual. Dinner seating Tuesday through Thursday, and Sunday: 6 p.m.-9:30 p.m.; Friday and Saturday: 6 p.m.-10 p.m. Closed Monday.

**MING COURT**
9188 International Drive
Orlando
407-363-0338
Chinese. Ming Dynasty decor. Specialties include Peking duck, plum and mandarin crepes, grilled lamb chops and live Maine lobster. Average dinner for two with wine and gratuity: $75. All major credit cards accepted. Reservations recommended. Upscale casual. Open daily. Lunch: 11:30 a.m.-2:30 p.m.; dinner: 5 p.m.-midnight.

**MULVANEY'S IRISH PUB**
27 W. Church St.
Orlando
407-872-3296
Irish pub. Lively crowd, and authentic Irish atmosphere. Cheap eats and good beer. Average dinner for two with wine and gratuity: $25. All major credit cards accepted. Casual. No reservations. Open Monday through Friday: 11 a.m.-2 a.m.; Saturday and Sunday: Noon-2 a.m.

**NARCOOSSEE'S**
Grand Floridian Beach Resort
Lake Buena Vista
407-824-2383
Surf and turf. Overlooks water with a view of the Magic Kingdom. Menu changes daily, but seafood and beef are usually the rule, including lobster tail, T-bone steak for two and swordfish. Average dinner for two with wine and gratuity: $150. American Express, Visa and MasterCard accepted. Reservations are required. Casual. Open daily. Lunch: 11:30 a.m.-3 p.m.; dinner: 5 p.m.-10 p.m.

**PARK PLAZA GARDENS**
319 S. Park Ave.
Winter Park
407-645-2475
American. New Orleans-style courtyard, complete with glass roof and brick inlay. Specialties include fresh seafood, sweetbreads, rack of lamb and specialty desserts. Average dinner for two with wine and gratuity: $85. All major credit cards accepted. Reservations recommended. Dressy casual. Open daily. Lunch: 11:30 a.m.-3 p.m. Dinner: Sunday through Thursday 6 p.m.-10 p.m.; Friday and Saturday: 6 p.m.-11 p.m.; Sunday brunch with live jazz: 11 a.m.-3 p.m.

**PASSAGE TO INDIA**
5532 International Drive
Orlando
407-351-3456
Indian. Specialties include chicken drumsticks in marinade, chicken madras, curried shrimp and basmati scented rice. Average dinner for two with wine and gratuity: $40. All major credit cards accepted. Reservations required. Casual dress. Open daily. Lunch: 11:30 a.m.-2 p.m.; dinner: 5 p.m.-10 p.m.

**PEBBLES**
17 W. Church St.
Orlando
407-839-0892
Contemporary American. Casual gourmet dining. Specialties include baked goat cheese and chicken vesuvio. Average dinner for two with wine and gratuity: $40. All major credit cards. Reservations not necessary. Casual dress. Monday through Thursday: 11 a.m.-11 p.m.; Friday: 11 a.m.-2 a.m.; Saturday: 5 p.m.-2 a.m.; and Sunday 5 p.m.-11 p.m.

**RAN-GETSU**
8400 International Drive
Orlando
407-345-0044
Japanese. Quiet ambiance, highlighted by gardens and ponds. Dinner is prepared tableside, and specialties include various sliced beef and vegetable dishes along with sushi. Average dinner for two with wine and gratuity: $50. All major credit cards accepted except for Discover. Reservations suggested. Casual dress. Open daily for dinner: 5 p.m.-11:30 p.m.

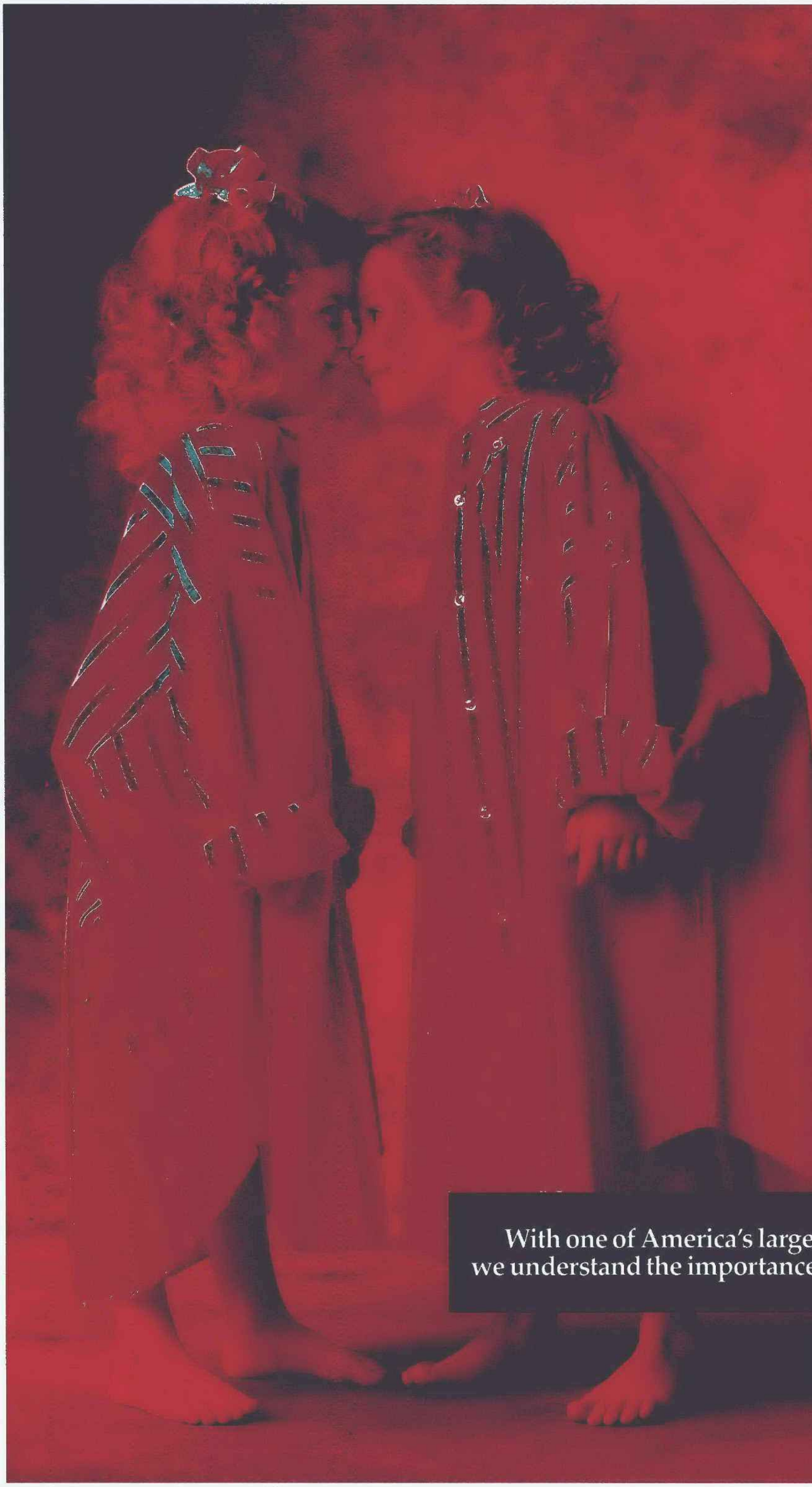
**RUTH'S CHRIS STEAK HOUSE**
Interior Decor Center
999 Douglas Ave.
Altamonte Springs
407-682-6444
Steaks. Wood and brass fixtures. Specialties include prime steaks, seafood, veal chops. Average dinner for two with wine and gratuity: $75. All major credit cards except Discover. Reservations recommended. Casual dress. Dinner, Monday-Saturday: 5 p.m.-11 p.m.; Sunday: 5 p.m.-10 p.m.

**SHOGUN JAPANESE STEAKHOUSE**
International Inn
6327 International Drive
Orlando
407-352-1607
Japanese. Quiet, dark surroundings. Specialties include filet mignon, chicken and lobster. Average dinner for two with wine and gratuity: $40. All major credit cards accepted. Casual dress. Reservations required on weekends. Dinner, Sunday through Thursday: 6 p.m.-10 p.m.; Friday and Saturday: 6 p.m.-10:30 p.m.

**SIAM ORCHID**
7575 Republic Drive
Orlando
407-351-0821
Thai. Authentic decor, overlooking pond with live alligator. Specialties include Siam roast duck, spicy duck curry, beef, pork and chicken. Average dinner for two with wine and gratuity: $40. All major credit cards. Casual dress. Reservations required for parties of more than six. Lunch, Monday through Friday: 11 a.m.-2 p.m.; dinner daily: 5:30 p.m.-11 p.m.

**TOP OF THE WORLD**
Contemporary Resort
4600 N. World Drive
Lake Buena Vista
407-824-3611
Eclectic. Featuring "Broadway at the Top" show, a show music revuein an old movie atmosphere. Tiered seating in semicircular booths. Four entree choices, including Chicken Broadway, filet mignon, salmon and seasonal daily catch. Fixed price, including appetizer and dessert, is $44.50 for adults, $19.50 for children. American Express, MasterCard and Visa accepted. Reservations required. Jackets required for men. Daily dinner shows at 6 p.m. and 9:15 p.m.; Sunday champagne brunch for adults: 9 a.m.-2 p.m.

**VICTORIA & ALBERT**
Grand Floridian Beach Resort
Lake Buena Vista
407-824-2383
Eclectic. Victorian atmosphere, complete with maid and butler. Menu changes daily. Average dinner for two with wine and gratuity: $250. American Express, Visa and MasterCard accepted. Reservations required. Jackets required for men, formal attire for women. Dinner takes 2½ hours. Daily seatings at 6 p.m. and 9 p.m. BI



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## Durenberger

*Continued from page 19*

tion of health, and a reform of medical care and a new approach to the needs of the elderly—we won't be able to solve any single one of these problems," he asserted.

Sen. Durenberger raised a second question: Is medicine a social good that can't be priced?

"My answer is, medical goods and services, in order to be valued, must be priced. Price is the only way to achieve accountability in the system. Without informed consumers and providers held accountable for results, we will never achieve cost containment or high-quality care," he said.

Health reform must reduce the price and volume of medical services, and each provider's results should be compared to other providers in the community, he said. Consumers should receive better information so they can make educated decisions.

"Medical technology is far from being the enemy to cost containment—it's an ally," Sen Durenberger said. "I compare it to airline technology, which simultaneously improves service while reducing prices."

The third question he said policymakers must answer is: Is it fair to ask taxpayers to foot a $90 billion annual bill for a system that doesn't work?

Americans deserve universal access and an end to cost-shifting, the senator said. "But it is not fair to achieve universal access with new taxes or with savings from pruned health purchasing when it's only congressional politics that keeps us from implementing health reform successfully."

Sen. Durenberger suggested restructuring Medicare to include catastrophic and long-term care and moving from a fee-for-service system to accountable health plans based on capitated fee arrangements. "We could limit the income and payroll tax subsidy to the lowest-cost health plan in a community," he said.

"These are all changes Congress could make today. Until Congress has the guts to make these changes, it's wrong to ask the taxpayers to make a new sacrifice."

The senator posed a fourth question: Is it feasible to consider reform of health care without reforming government, which is such a large part of the system?

Sen. Durenberger favors governmental reform, saying "The national government has to guarantee the conditions for a sound market, facilitate the distribution of information to consumers and ease entry of accountable health plans and other entities into the market."

At the same time, the federal government should give states the flexibility to deal with some issues, he said. "The federal government should guarantee income security and universal coverage for the financial risk of medical services and the states should take over the functions of public health and social services," he asserted.

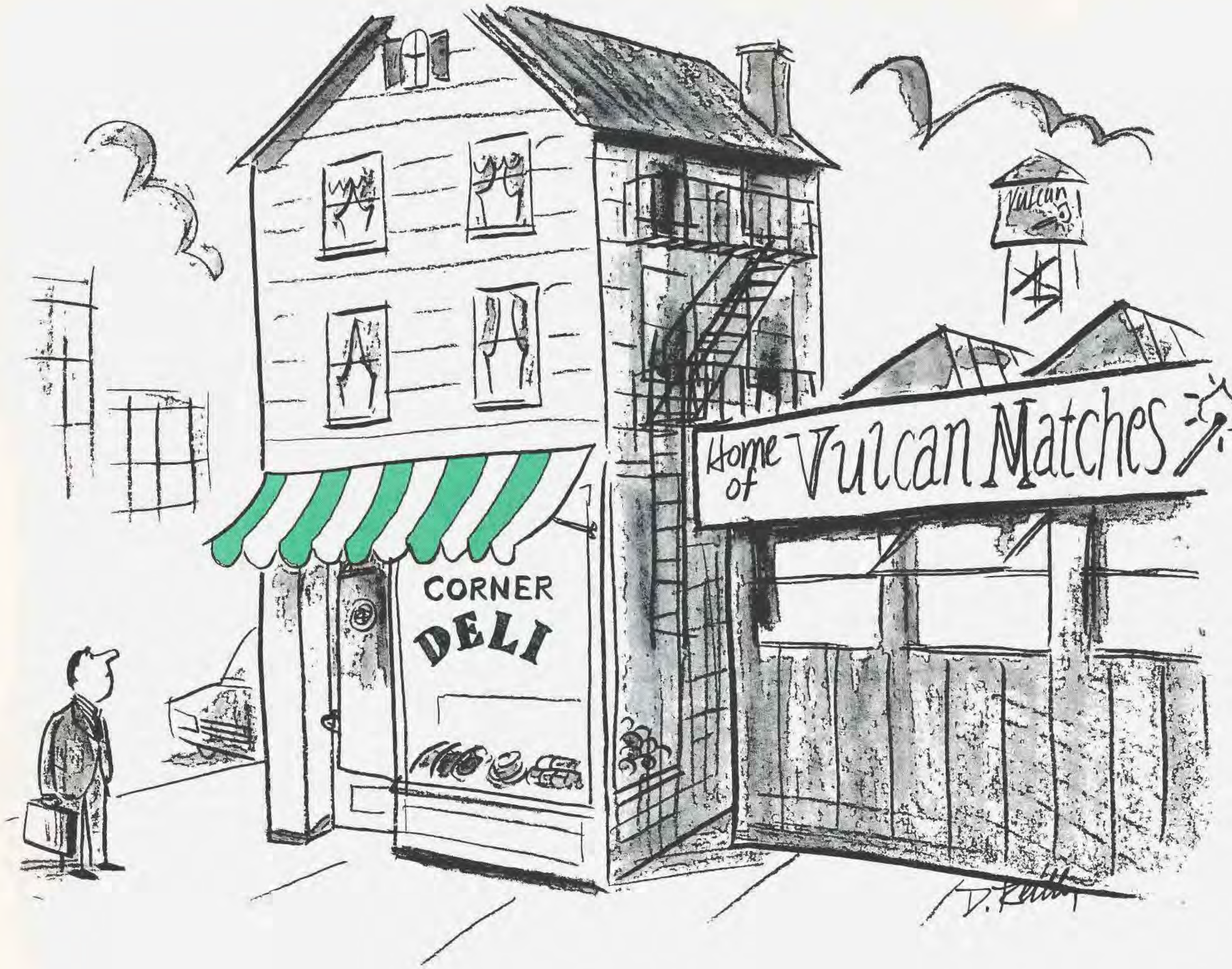
Finally, he asked, "Is this all about politicians or all about people or some rare combination of the two? Does the key to reform lie in a legislative package or is it up to the American public?"

Health care reform won't succeed unless the American people are motivated to change, he suggested. "We need President and Mrs. Clinton to lead us, not just draw the plan. They should trust us, give us a sense of direction and an opportunity."

Other keynote panelists included Dr. David Himmelstein, chief of the Division of Social and Community Medicine at Cambridge Hospital, who spoke about the merits of a single-payer system.

Ira Magaziner, director of President Clinton's Task Force on National Health Care Reform, canceled his appearance and was replaced by Walter Zelman, a California insurance regulator and consultant to the task force.

Moderating the panel was another task force member, Richard Kronick, an assistant professor in the Department of Community and Family Medicine at the University of California at San Diego. BI

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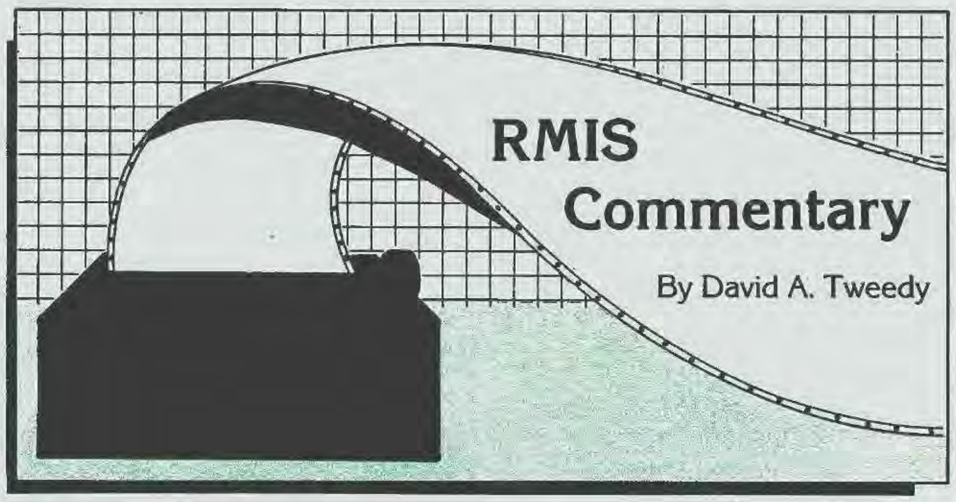
# Keeping up with a changing world

## What you should know about RMIS before you enter the RIMS Exhibit Hall




WITH SPRING FINALLY here—at least according to the calendar—many of us are looking forward to the upcoming national Risk & Insurance Management Society conference in Orlando. That means finalizing last-minute travel plans, arranging meetings and finishing up last-minute responsibilities. Some, like me, need to finish speeches and handouts and coordinate last-minute speaker changes.

For many, attending this mecca of risk management and employee benefits will mark several firsts. As for me, because of my new job it will be the first time that I will spend time in an exhibit hall booth rather than visiting them.

Indeed, this conference is, in many ways, a paradox. Changes are so apparent in the type of services and systems being offered. And yet, there are many constant themes: cost control; market-related problems; and increasingly sophisticated technology and users.

It is within this dual context that I wish to address some of these seemingly conflicting themes as they pertain to the risk management information system industry. Whether they are looking to either obtain or upgrade a system, end-users should consider these observations before attempting to run the gauntlet otherwise known as the Exhibition Hall.

During the last two months, I had the opportunity to speak at a regional RIMS conference and a national gathering of technical and marketing professionals from Marsh & McLennan Cos. Inc. on the topic of RMIS. One of the great benefits of participating in these events is that you rub shoulders with industry experts with many different perspectives.

My new job has reinforced this by exposing me to major issues important to chief executive officers and chief financial officers, the typical contacts of a Big Six accounting firm's audit partners. Here are some observations on what seems to be the RMIS' direction over the next several years. These ideas probably will be reinforced in Orlando.

**Gone are the days where expensive mainframe/ timeshare systems were accepted as part of the insurance solution.**

### Constants

For the next several years, I believe that the following themes will continue:

• Cost Justified Systems. Any purchase or re-engineering of an existing system will be cost justified in the eyes of senior management. Gone are the days where expensive mainframe/timeshare systems were accepted as part of the insurance solution. Even personal computer-local area network systems must pass financial muster these days.

For most of the available commercial RMIS, it is not a problem in showing a payback as long as careful needs assessment is made beforehand. In past columns I have shown how paybacks are demonstrated by quantitative methods—like bill review, loss prevention and reserve analysis, and subjective methods like increased efficiency. Nevertheless, the system must be a wise investment.

• User-friendly systems. There is much demand today for RMIS that are adaptable to any level of computer-literate person. Graphical user interface, otherwise known as GUI and pronounced "Gooey," is not just a fad. It is here to stay, as Apple and Microsoft Windows sales demonstrate.

And, this is really good for the risk manager. It means that senior and line management have access to these systems and data. Communication with them, as well as with other department personnel, is greatly enhanced.

• Flexible systems. This is a major feature always in demand. The greater involvement of chief financial officers combined with staff reductions in risk management departments is putting great pressure on the RMIS vendors.

The dual goals for these systems appear to be the replacement of the missing staff and an advanced analytical/reporting package able to handle the rushed and complex demands of the chief financial officer/treasurer. Added to this is the increasingly sophisticated service demands placed on them by risk

*Continued on next page*

# It's time to rethink 'global strategy'

## Hardening market forcing risk managers to assess changes carefully

**By Teresa L. Pahl**

I READ RECENTLY THAT any threat concentrates the mind and imposes certain disciplines.

This axiom is certainly good advice to any risk manager with international operations because the international insurance marketplace is hardening in advance of domestic markets.

Risk managers insuring non-U.S. risks are facing increases in primary insurance pricing coupled with restrictions through sub-limits, terms and conditions, and simple lack of reinsurance support. Some areas of the world are off-limits for certain insurance markets.

These developments are affecting every size of account, right down to those with light manufacturing in one or two countries.

To better understand how to deal with these changes, it is important to understand recent history within the primary international insurance markets.

Just two short years ago, global programs were all the rage. Underwriters had ample capacity and a huge appetite for the "global customer." Fueled by infusions of foreign capital, as at The Home Insurance Cos. and Fireman's Fund Insurance Cos., and emboldened by what appeared to be a solid trend toward globalization of large and midsize firms, brokers received endless requests for such business, and customers were subjected to endless seminars on the matter. Keen to get the business, all players competed aggressively. Pricing was at all-time lows. For the international buyer of insurance products and services, life was good.

What happened? Even before the impact of worldwide weather-related disasters arrived at the underwriters' doorsteps, there was a growing recognition of fundamental problems in the pricing of international insurance programs, which are often referred to as controlled master programs.

The use of one worldwide broker with the issuance and service capabilities of one worldwide underwriter made a great deal of sense—and still does. Clearly, such a mechanism has served the risk management community well.

What was not known, and still is not to the extent it should be, is the actual administrative cost of these programs. The product attempted to deliver too much for too little. This is now evident in the high combined loss ratios of the major international underwriters, and is causing a significant shift in the traditional market alignments. Couple this with acts of God, as well as the international market's greater reliance on the reinsurance market, and you begin to understand the grimness of the picture.

International brokers in the past negotiated their programs in the United States, issued the servicing instructions and visited clients. Sometimes, claims handling was required. But most technical services were provided by the international insurer on the program. This will not remain the case.

Already, brokers must transfer the sophisticated services they have provided in the United States to overseas customers who have been well-educated by their U.S. risk manager on the services that should be part of any solid risk management program. It is not good enough to just place coverage locally; the true global broker must assist in implementing the global strategy.

All of these developments, particularly as they have affected expenses, have caused insurers and brokers to refocus their strategies. Since the first of the year, developments have included:

• A significant mandated rate increase on international programs by a large international risk insurer, primarily on property risks.

• The announcement by Travelers Insurance Co. of their intent to exit the international property and casualty primary market. Travelers does remain a strong international benefits market.

• The redefinition of desired market segments from virtually every U.S. insurer involved in the international property and casualty program business.

• Significant hardening of the primary property insurance market in Europe, with Germany considered by many to be subject to the highest premium increases due to past low pricing.

• More careful pricing of local brokerage services within the context of the overall program.

• Increasingly, the inability of the London property market to respond as competitively as they had in the past, which has certainly impacted the larger risks that look to London to complete their program placement.

What does this all mean?

It means that astute risk managers must be already in the process of assessing these developments on their individual programs. Any

*Continued on next page*

# RMIS issues

*Continued from previous page*
managers and other customers.

• Service. We have been told that this is the age of service, that the next great obstacle facing American industry is effectively servicing their clientele.

But both the insurance and RMIS industries are falling short of expectations in the service area. Many personal computer vendors, because of low profit margins and expanding client lists, are scrambling to provide minimal services to this increasingly demanding client base.

The mainframe/timeshare vendors are faced with obsolete architecture, high fixed costs, shrinking profit margins and the same demanding clientele. Superior technological advancements breed higher expectations of flawless systems. And so, the RMIS vendor is caught betwixt and between, as it were.

Success, however, can be measured in how well the vendors navigate these difficult waters—for failure surely means low profits and possible bankruptcy.

• Integration. That technology will continue to evolve is a given. But, what is sure to be a focus at RIMS and beyond is the drive to integrate software, hardware, telecommunications software, business lines, etc. The drive to produce a 24-hour coverage capability will certainly continue, especially under the present administration.

Providing a systems solution is a major goal of most RMIS vendors. So too is the drive to create and proliferate the so-called open systems, which can easily and effectively blend different hardware platforms and software applications.

### Changes

The RIMS conference will also show that there will be a series of changes, such as:

• Vendor profiles. Increasingly, we will see incursions of new types of system providers. Facility managers like Perot Systems Corp. and Electronic Data Systems Corp. have already begun a presence. It will continue to get stronger.

So will the presence of giant health care organizations such as U.S. Healthcare Inc. and Preferred Health Care Ltd. The former has tremendous experience in running the data processing responsibilities of a variety of organizations; the latter has great experience with health claims, preferred provider organizations and health maintenance organizations.

**'Today it is most certainly workers comp that controls the RMIS environment. But who is to say that the natural disasters that have struck the United States over the last several months will not finally turn the market and place more emphasis on liability and property exposures?'**

Because RMIS vendors are mostly centering their marketing attention on the workers compensation market, they are vulnerable to these incursions. While I agree that effectively managing a workers comp claims program poses different challenges than a group health program, both exposures are driven by the same component—employee injury.

And, finally, we note the return of a familiar player in this industry: the broker. Many brokers departed from offering full RMIS services in the mid-1980s due to increasing costs, customer dissatisfaction and greater competition from the growing personal computer vendor contingent.

Today, however, brokers like Rollins Hudig Hall Inc., Johnson & Higgins, Alexander & Alexander Services Inc. and Arthur J. Gallagher & Co. believe that offering RMIS capabilities are crucial in keeping continued contact with their clientele. It also helps them through the down market cycle as they can charge for additional services rendered.

Marsh & McLennan, though not offering any formal system, has mobilized a national task force of marketing and technical personnel aimed at providing their clients with the best possible system solutions.

• Technology. This could go in either category. However, I decided to place it under change because of the risk it poses to developer and buyer alike.

Changes are so quick that one faces a risk of investing in the wrong technology. What happens if a buyer invests hundreds of thousands of dollars with a vendor who is using a software basis that is due to be de-emphasized? Granted, source code arrangements can and should be made. But, finding personnel willing and able to continue with the obsolete program may not be as easy as one would hope.

I've seen this happen with clients utilizing "home grown" systems with an obscure software language that was neither compatible with some of the more popular spreadsheet and data base languages nor had many avowed experts.

The client had to start all over again and build another system when the one expert left.

• Product service demand. This, too, is in flux. Today it is most certainly workers comp that controls the RMIS environment.

But who is to say that the natural disasters that have struck the United States over the last several months will not finally turn the market and place more emphasis on general liability and property exposures?

With shrinking staffs, risk managers need to depend on their brokers and RMIS vendor for analysis.

As a result, the claims orientation of RMIS vendors may need to change to a greater emphasis on risk financing. Some of the vendors, such as Risk Sciences Group Inc. and American Technical Services Inc., already have well-defined modules in this area.

• Regulatory legal changes. For sure, the next several years will be replete with many changes. The Clinton administration is sure to cause many of these if health care reform is as sweeping as some predict.

Amendments to tort laws, continued workers comp reform and the push for 24-hour coverage will all put tremendous strain on risk and benefit managers to be flexible in monitoring and managing the results of such changes.

The RMIS and the vendor must be just as flexible.

So, when you are walking the aisles at Orlando contemplating changes in the way your risk management department operates, consider turning to an RMIS for help. Only be sure that you invest in the right one and have the right technical backup to effect necessary changes in this dynamic time. BI

*David A. Tweedy is a senior manager at Deloitte & Touche in Hartford, Conn. Mr. Tweedy's column on risk management information systems appears quarterly.*

# International programs

*Continued from previous page*
assessment begins with an understanding of the needs of your program.

Points to ponder—and quickly—would be capacity requirements; primarily for earthquake and large overseas locations; local program deductible and servicing requirements; and any anticipated changes within your overseas exposures within the next 12-18 months.

In other words, put your international program renewal strategy on your "to do" list now—even if it is a Jan. 1 renewal. Your objective is to talk with your broker and underwriter as early in the process as possible to determine if these changes will affect your program and, if they do, how to best prepare for them.

For the risk manager who may already have a reason to panic, do not, especially in front of the underwriter on your account. This only makes your broker's job harder, and it is going to be pretty tough as it is.

Instead:

• Understand your losses overseas. Are they strictly a function of the weather patterns experienced the last several years? Are there steps that your firm is taking to mitigate the extent of the damage that storms like those in Europe and the Caribbean have caused? If the problems are internal to your organization, like outstanding loss control recommendations, be prepared to discuss, with timetables and commitments, your plan of corrective action.

• Have your international risk management and local insurance buying procedures documented. Be able to tell your story from the perspective of managing the risk locally.

• Communicate early and often with your overseas people—let them know if you expect a pricing increase, higher local deductible requirements or changes in terms and conditions. Make sure that your management is also aware of these changes.

• Arm yourself with current locally placed policy information—ask your broker to conduct a comprehensive survey so that you enter your renewal with the strength of that information. You may even wish to discuss notice of tacit renewal requirements with your broker now, so that task is out of the way should you decide to reevaluate the markets on your program.

**'For the risk manager who may already have a reason to panic, do not, especially in front of the underwriter on your account. This only makes your broker's job harder.'**

• Review the underwriters that are currently involved on your domestic programs. Look at your account in the holistic sense—not so much part and parcel of a global program with form as the driving factor, but with capacity, relationship and strategic direction as your guide.

• Know what your servicing requirements are locally, and have these on the table right for the broker and underwriter—have them work as a team to make sure that your servicing requirements are met, with no duplication locally in areas like loss control.

A new world order brings with it many new uncertainties on several fronts. You certainly do not want one of those fronts to be your international program. However, with these changes come opportunity.

These changes in the insurance markets can be described, at best, as horribly inconvenient at a time when risk managers are faced with plenty of domestic problems. Yet they are possibly very necessary to keep the market healthy in the longer term.

You may possibly find that you will indeed have the opportunity to improve your global risk management program by approaching the current environment in a structured and, dare we say it, disciplined manner. BI

*Teresa L. Pahl is senior vp-business development at Rollins Hudig Hall in Chicago.*

## 24-hour cover

*Continued from page 2*

to offer a 24-hour insurance product. It had developed the coverage for its own employees in conjunction with Reliance National Insurance Co. (*BI*, Sept. 28, 1992). It currently provides the coordinated coverage to more than 200 employers in the state.

At least one mid-sized California broker also has thrown its hat in the ring to place 24-hour business. San Mateo-based Andreini & Co.'s benefit department is preparing seminars on the state's pilot program for companies with employees in the four designated counties: Los Angeles, Sacramento, San Diego and Santa Clara (*BI*, March 22).

"This signals a move toward 24-hour coverage and getting a single carrier to integrate the delivery and financing of health care," said Ellie Kerns, an HMO stock analyst with Alex. Brown & Sons Inc. in Boston, who noted the concept was one of the themes of recent meetings conducted by the president's Task Force on National Health Care Reform (*BI*, March 26).

Indeed, California, which has the largest penetration of HMO-style managed care in the country, has long been considered a harbinger for health care delivery trends.

"We see California going the way the rest of the country should go," said Kurt Davis, Foundation's director of investor relations. "We see workers compensation as the next frontier for managed care where we can use the skills we've already developed in health care."

"It's a good acquisition for Foundation because it broadens their image and product base, which gives it the potential to cross-sell," Ms. Kerns added.

"CalComp is an excellent company, and the acquisition provides us with the opportunity to create a 24-hour insured product in addition to the managed health care and administrative services that we already provide self-insured workers compensation clients," concurred Daniel D. Crowley, president and chief executive officer of Foundation.

"CalComp has a solid history of revenue and profit growth, and we have identified a number of efficiencies and cross-selling opportunities that we can pursue as a result of the acquisition," he added.

The purchase also infuses a considerable amount of capital into the workers comp insurer, which will enable it to pursue its own expansion goals, said Maurice Costa, senior vp of BICO and CalComp.

"Foundation Health will provide the capital resources and managed care expertise that will enable us to continue toward our objective of being the leader in the California workers compensation insurance industry," added BICO President Donald W. Marken.

Under the purchase agreement, Foundation will pay approximately $64 million in cash for privately held BICO, which is approximately 1.1 times the company's book value as of Dec. 31, 1992.

CalComp, which provides workers comp coverage to approximately 6,000 California employers, reported direct written premiums of $300 million in 1992 and net premiums of $175 million.

The workers comp insurer recently put to rest allegations of underreserving that had surrounded the company in recent years.

California regulators launched an inquiry of CalComp's books after the insurer failed to notify regulators that it changed auditors following a dispute over the adequacy of its reserves (*BI*, July 22, 1991). The Insurance Department subsequently closed its investigation.

In addition, the Securities and Exchange Commission early last month informed CalComp and BICO that a "dormant inquiry" that was begun in conjunction with BICO's 1990 firing of Coopers & Lybrand has also been closed.

Since Coopers & Lybrand's dismissal, Arthur Andersen & Co. and Milliman & Robertson have reviewed the company's financial records for 1990, 1991 and 1992 and found that CalComp's reserves were computed in accordance with accepted actuarial loss reserving principals and met the requirements of state law.

And CalComp was also given a clean bill of health from two outside auditors with which Foundation had contracted prior to its decision to purchase the workers comp insurer, according to Mr. Davis, who declined to identify the auditors.

The closure of the various investigations coupled with the acquisition should put an end to any questions regarding CalComp's decision to discharge Coopers & Lybrand and "eliminate concerns regarding our reserves or financial stability," Mr. Costa said.

Foundation is one of California's 10 largest HMOs with 450,000 enrollees in 30 California counties. It also is the largest health care provider to the U.S. military, enrolling more than 800 000 active and retired military personnel and their dependents.

The HMO, which is publicly traded, reported revenues of $1.3 billion in 1992.

In addition to its medical HMO, Foundation also offers a dental HMO called DentiCare of California with 460,000 enrollees, and managed mental health care services through Occupational Health Services, which has more than 1 million enrollees. Last year it acquired Associated Claims Management Inc., a workers comp TPA.

Since "there isn't a lot of duplication" among personnel, CalComp will retain its seven offices and 620 employees following the acquisition, according to Mr. Davis.

CalComp will also maintain its separate identity because HMOs and insurance companies are regulated separately in California, he said. While the Department of Corporations oversees HMO operations, workers comp insurers are regulated by the state Insurance Department. BI

# Lloyd's tax talks

*Continued from page 2*

ers say.

Any tax law changes this year pertaining to passive losses likely will be adjustments to benefit the U.S. real estate industry rather than Lloyd's, they say.

At the heart of the debate is the 1986 Tax Reform Act, which permits only those investors who are actively involved in an enterprise to deduct their losses from income.

Lloyd's members do not now qualify as active investors, so their losses can only be deducted when they leave a loss-making syndicate, explained Jeffrey Mace, a partner at LeBoeuf, Lamb, Leiby & MacRae, the New York law firm that represents Lloyd's.

"The 1986 law was brought in primarily to deal with tax shelters for non-economic losses made by real estate investors," Mr. Mace said.

The law was broadly based but was not intended to penalize Lloyd's members, he argued. "Some Lloyd's members have suffered some significant cash losses that are real economic losses and the original purpose of the passive loss law was to cover non-economic losses."

**'Some Lloyd's members have suffered some significant cash losses that are real economic losses and the original purpose of the passive loss law was to cover non-economic losses,' says Jeffrey Mace, of the law firm representing Lloyd's.**

Lloyd's has been holding discussions with the IRS since 1986. The issue has become more urgent recently as many members of Lloyd's have been asked to meet significant cash calls to meet large underwriting losses, he said.

Members of runoff syndicates have been hit particularly hard. Even if a member is forced to meet multiple syndicate cash calls, he or she cannot deduct these losses until the syndicate is closed, which in some cases can take many years.

Lloyd's is concentrating its efforts on securing a ruling that would allow members of syndicates in runoff to offset their losses against taxes much earlier, Mr. Mace said.

Lloyd's may win that battle, experts say, but it is unlikely to win the war and have all syndicate losses characterized as active.

Lloyd's could argue that the members of runoff syndicates have suffered a capital loss and are no longer participating in the activity but are still being prevented from offsetting the loss against their income taxes, said Kevin M. Outterson, an associate in the tax department at McDermott, Will & Emery in Chicago.

"The IRS has been fairly strict on what constitutes a disposition but this is the sort of minor area where they might be prepared to do something," Mr. Outterson said.

However, Lloyd's is unlikely to be successful in seeking to have all losses classified as active losses and therefore eligible for immediate tax deduction, he said.

Clinton administration officials are reviewing the passive loss regulations, but any changes to the tax code are likely to affect the real estate industry rather than Lloyd's members, Mr. Outterson said.

"I don't think that any amendments will be broad enough to benefit Lloyd's. . . .It is not as if (it is) an American apple pie-type industry," he said.

Any loss in tax revenue that results from providing concessions for Lloyd's members would have to be counterbalanced with tax increases in other areas, he said.

Complex regulations determine whether a loss is classified as active or passive, he noted. Essentially, an investor has to be actively involved in the activity for more than 500 hours per year for any losses to qualify as an active investor, he said.

So classifying Lloyd's members' losses as active would require almost completely rewriting the regulations, he said.

Lloyd's may be successful in reaching a compromise on runoff syndicates but it is unlikely to succeed in having all losses classified as active, agreed James Cameron, a partner at Baker & McKenzie in New York.

Lloyd's would have to convince Congress that the classification members' losses as passive is having a serious effect on the U.S. economy or the U.S. insurance system, he said.

"Here you are dealing with a section of people who are allegedly among the wealthier Americans so I don't think there will be a lot of sympathy from Congress," he said. Also, the U.S. insurance industry has plentiful capacity so it is not suffering as a result of the problems at Lloyd's, Mr. Cameron said.

Lloyd's suffered record overall losses in both 1988 and 1989, and it is expected to post even larger losses for 1990, when the results are announced later this year.

In 1988 Lloyd's had 2,614 U.S. members, which represented 9.7% of the market's capacity. In 1989 it had 2,421 U.S. members with 9.3% of the total capacity. And, in 1990 it had 2,259 members with 9.4% of the market's capacity. BI

## Habib indictment

*Continued from page 1*

Postal Service inspectors. Federal prosecutors last Tuesday obtained a grand jury indictment on the allegations; an arraignment was scheduled for late last week.

In an initial court appearance after his arrest, Mr. Habib entered a not guilty plea. He was ordered held without bail as a risk to flee, confirmed his lawyer, Lawrence Zweifach, with the New York firm of Gordon, Altman, Butowsky, Weitzen, Shalov & Wein.

Born in Lebanon, Mr. Habib is an Australian citizen and holds an Australian passport, said Mr. Zweifach, who declined further comment on the charges.

Meanwhile, federal prosecutors obtained court orders allowing them to seize assets of FSIL and International Investments Financial Services Ltd., another company Mr. Habib allegedly controlled, along with Mr. Habib's own bank accounts.

In addition, Bermuda's registrar of companies last week recommended to the island's finance minister that FSIL be placed under government supervision, said Peter J.N. Strong, president of Independent Management Group Ltd., FSIL's Bermuda manager.

FSIL was registered as an insurer in Bermuda in 1990 and has written a variety of coverages in California and Illinois, including excess liability, commercial auto, restaurant and bar liability, and janitors' general liability programs.

Its main producer in California was Toma Surplus Lines Insurance Brokers Inc. of Marina Del Rey, said John S. Ellis Jr., a Postal Service inspector and financial fraud team leader. The California Insurance Department currently is trying to revoke the license of Toma (*BI*, March 15).

FSIL is owned by The Cedar Trust, a Bermuda trust, and maintained an administrative office in Coconut Grove, Fla.

However, Mr. Habib—officially the insurer's treasurer—actually controlled FSIL and International Investments Financial Services from a Wall Street office, the Postal Service complaint and indictment allege.

The indictment charges that Mr. Habib conspired to produce a succession of fraudulent documents confirming FSIL's ownership of $52.5 million in Treasury securities in order to obtain clean audit opinions from Coopers & Lybrand and satisfy state insurance regulators, brokers and policyholders.

Initially, the confirmations were on the letterhead of Oppenheimer and were signed by Charles F. "Bud" Heller, then an Oppenheimer vp. Mr. Heller—who could not be reached—is named as a co-conspirator in the indictment but is not named as a defendant.

An Oppenheimer spokesman declined to comment on the case, though Mr. Strong of Independent Management said Oppenheimer has denied ever holding Treasury securities for FSIL.

Mr. Heller left Oppenheimer in late summer 1990 and formed Heller Management Inc., the indictment says. Though Heller Management's New York address differed from FSIL's, the two were actually in the same building and Mr. Heller operated his company "in close cooperation with and at the direction of" Mr. Habib, the indictment alleges.

Heller Management produced six quarterly portfolio statements between August 1990 and February 1992 confirming that the purported Treasury securities were in an FSIL account, prosecutors charge.

FSIL ceased dealing with Heller Management after February 1992, court documents say.

Mr. Habib then used counterfeit letterhead for BNE Swedbank S.A. of Luxembourg, generating letters in June 1992 that described Swedbank as the legal custodian of FSIL's purported bond portfolio, the indictment charges.

The following month, Mr. Habib arranged to have Coopers & Lybrand send a letter to California regulators confirming that FSIL owned the portfolio and stating that the auditor had "received confirmation directly from a reputable bank which is the custodian of the investments on June 9, 1992."

Coopers & Lybrand also vouched for FSIL in a June 4, 1992, letter to Brian Nottage, deputy managing director of London Special Risk Ltd. in London. In the letter, a copy of which was obtained by *Business Insurance*, Coopers & Lybrand says FSIL and its owners are "people of sound financial standing and good character" with no "links to corrupt or illegal funding."

For FSIL's next fiscal quarter ending Aug. 22, 1992, Mr. Habib produced yet another confirmation from International Investments Financial Services—which he headed—saying the firm was acting as "fiduciary and trustee" for FSIL and that the bond portfolio's existence had been confirmed by "a prime banking institution," according to the Postal Service complaint.

Though not mentioned in the indictment or Postal Service complaint, Coopers & Lybrand later received still another confirmation, this one purportedly from Credit Suisse of Vevey, Switzerland, that was dated Dec. 11, 1992, according to Mr. Strong.

This was the last confirmation the auditor received before Mr. Habib was arrested, Mr. Strong said. After the arrest, Coopers & Lybrand contacted Credit Suisse, which said it could not confirm the portfolio's existence and suggested the confirmation document was phony, he said.

Coopers & Lybrand then withdrew its clean audit opinions, the most recent of which was for the fiscal year ending May 31, 1992, Mr. Strong said.

"It appears in hindsight that everybody has been duped from the beginning," he said. "When some one sets out to deliberately fool you, it becomes very hard."

A Coopers & Lybrand spokesman in New York declined to comment on the case. David E.W. Lines, a Coopers & Lybrand partner in Bermuda, also declined to comment on the record, referring questions to Mr. Strong.

Along with the allegations in the indictment, the Postal Service complaint cites several facts investigators say support allegations of fraud. Among them:

- In a tape-recorded conversation, Mr. Habib referred to FSIL's quarterly portfolio statements as the "phony balance sheet" and referred to the balance sheet as "the one that wasn't there."
- The U.S. Treasury Department's Bureau of Public Debt has no record of FSIL or Mr. Habib holding notes or bonds in four of the five series identified in the insurer's portfolio statements, representing $32.5 million of its assets.

In addition, limitations on one of the series bar a single individual from holding more than $1 million of bonds in the series, though FSIL reported holding more than $20 million.

In addition to charges related to FSIL, the indictment accuses Mr. Habib of using International Investments Financial Services to operate an "advance fee" scheme, bilking companies out of more than $3.5 million in upfront fees paid to obtain letters of credit or financial guarantees.

Mr. Habib collected the fees, promised to arrange the LOCs or guarantees and then reneged, citing alleged breaches by the customers, the indictment charges.

One company cited in the indictment, Portland Cement Co. of Newbury, England, paid $950,000 in fees to obtain a $5.75 million LOC.

If convicted on all the charges, Mr. Habib faces a maximum of 35 years in prison and could be ordered to pay fines and restitution. BI



# ADVERTISER INDEX

### Issue of April 19

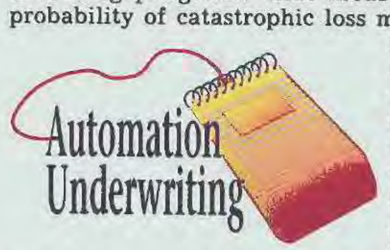
# Insurer Topics

A special editorial section sent exclusively to insurers and reinsurers

# A clearer crystal ball

## Computer models that see fallout from future cats gain in accuracy

**By JOANNE WOJCIK**




SAN FRANCISCO—New computer modeling programs that measure the probability of catastrophic loss may help insurers better manage their exposures, particularly when catastrophe reinsurance is scarce.

The models, being developed by a northern California software manufacturer with help from the insurance industry, also will enable insurers to better gauge the value of the risks listed on their financial statements.

"The need for quantifying and managing risks on the balance sheets of insurance companies is dramatic," asserts G. Thompson Hutton, president and chief executive officer of Mountain View, Calif.-based Risk Management Software Inc.

RMS is the first computer software firm to develop a computer model to quantify hurricane risk on an individual insurance policy basis. Other companies, like reinsurance intermediary E.W. Blanche & Co. and Travelers Corp., have developed broader computer modeling programs to measure the risks facing an insurer's entire portfolio.

E.W. Blanche's CATALYST product, introduced in 1987, was one of the first sophisticated catastrophe modeling programs, said Jean Taylor, a senior vp at E.W. Blanche in Minneapolis. "This is the next generation. It can help companies make better decisions on how to manage and transfer risk," she said of the RMS program.

To develop its hurricane model, which was recently unveiled at Russell Miller Inc.'s National Insurance Symposium Leadership Conference in San Francisco, RMS worked with American Re-Insurance Co., E.W. Blanche, General Reinsurance Corp., Marsh & McLennan Cos. Inc. and Travelers.

RMS developed a similar program for earthquake risks in 1988 in conjunction with Stanford University in Palo Alto, Calif. Aetna Life & Casualty Co. and Solomon Bros. assisted in that earlier project. The university gave RMS the exclusive license to market the product.

Both catastrophe models are included in RMS' new Investment Risk Assessment System, which runs on Windows-based computer software.

"Our business is helping companies manage catastrophe losses," Mr. Hutton said.

Unfortunately, "very few insurance companies in the United States or elsewhere have either diversified books of risks or frankly any knowledge of what their losses might be for a particular event," he said.

Those that do have an idea of their catastrophe exposures can see the benefits.

For example, Continental Insurance Co. ran a computer simulation a month before Hurricane Andrew hit the south Florida coast, which helped prepare the insurer to respond to policyholders who sustained damage (*BI*, Aug. 31, 1992). But it was only coincidence that Continental's simulation focused on the area where the hurricane actually struck, said a spokesman for the New York-based insurer.

In comparison, RMS' new IRAS program is not a simulation, points out Morgan Davis, a former president of commercial lines for Fireman's Fund Insurance Co. of Novato, Calif. Mr. Davis, who attended the conference, has become familiar with the RMS system through the industry consulting work he has done since retiring from Fireman's Fund.

While "most other software products use historical data to simulate" a likely disaster, the RMS program analyzes an insurer's policies and "runs every possible occurrence to locate an insurer's most vulnerable pockets of concentration," he said.

The software also will provide information on probable maximum loss, how much of the loss will be net of reinsurance, and which reinsurance treaties likely will respond, according to Mr. Davis.

"It helps a carrier find out how much they will likely collect from which reinsurers," he said. "The claims department could do some super catastrophe planning" with IRAS because the program indicates how many—and which—policies will be triggered.

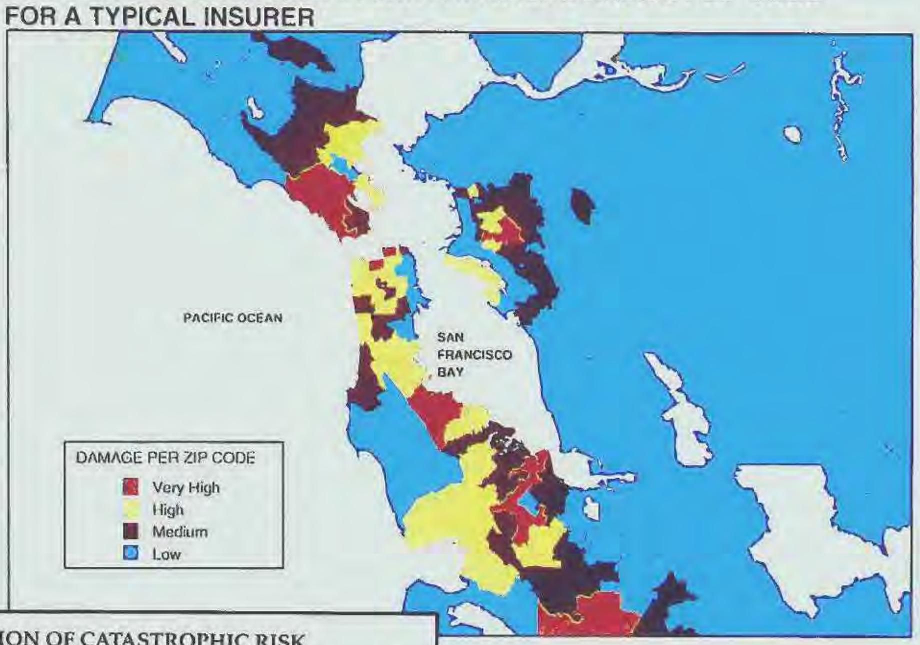
Imagine a claims adjuster walking up the steps of a hurricane-battered house before the owner, who is outside picking up the scattered debris, has even had the chance to call his insurer, Mr. Davis suggested. "The service implications from the claims side blow my mind."

And the need has never been more urgent, Mr. Hutton insisted, since many insurer's books of business have increased significantly in value and are becoming more geographically concentrated.

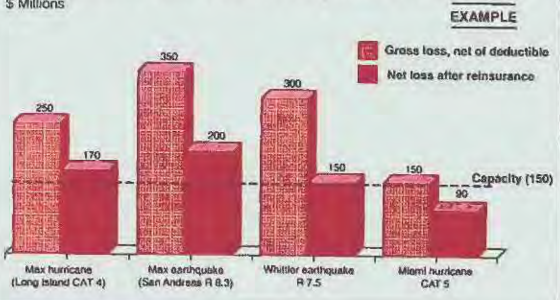
Hurricane Andrew was a perfect example of how important it is for insurers and reinsurers to get a better handle on their property exposures, he said.

It wasn't the storm's power alone that made Hurricane Andrew the insurance industry's largest single catastrophic loss, Mr. Hutton explained. The loss was intensified because the value of the insured property had increased beyond its reinsurance as a result of the U.S. population shift toward Sunbelt states. This shift, which occurred in the mid- to late-1980s, caused property values to escalate in Southern California and the Southeastern United States in response to increased demand, Mr. Hutton explained.

CONCENTRATION OF RISK IN SAN FRANCISCO AREA BY ZIP CODE FOR A TYPICAL INSURER




DISTRIBUTION OF CATASTROPHIC RISK ACROSS SPECIFIC EVENTS (Expected loss by event)




**RMS' computer program can detail future losses for specific policies and regions.**

Not only that, but the "increase in real estate values occurred during the soft (insurance) market, so it was attractive for property owners to buy large amounts of insurance," he pointed out.

The situation is exacerbated by the fact that many insurers have focused their marketing efforts in these areas, while their treaty reinsurance limits haven't kept pace with the increased value of the primary policies sold.

Because of this shift, when Andrew hit the south Florida coast "there was no relationship between market share of premium and market share of loss," Mr. Hutton observed.

For example, he said, Prudential Property & Casualty Insurance Co. sustained 11% of the total insured Hurricane Andrew losses even though it only wrote 3% of the total premiums in the area.

*Continued on next page*

# Insurer uses automation to cut costs

## Small commercial risks focus of USF&G effort

**By NANCY P. JOHNSON**

BALTIMORE—One insurer is using automation to slash costs associated with its small-business operations—a market that some large insurers shy away from.

USF&G Corp. also plans to draw more agents into its fold by showing them how to use automation to reduce their own policy handling costs.

The push to boost the small-business department is a new step in USF&G's 1990 reorganization, under which the insurer has dropped unprofitable operations and focused on potential moneymakers.

One area identified as having potential was the small commercial market, which some insurers avoid because of high marketing costs.

But, the small commercial market is increasingly competitive, as insurers take a second look at this market's stability, policyholder loyalty and high potential for profits.

These attributes are due in part to insurers having "done a good job of retooling small accounts since around 1986," said Patricia Borowski, senior vp-government and industry affairs in Washington for the Professional Insurance Agents.

Some insurers have been automating policy handling in personal lines for years, but this has only recently evolved to small commercial accounts, she said.

This was USF&G's strategy last November when it brought in Ben Griffin as a senior vp to head the company's small-business market unit. Mr. Griffin's mission is to quadruple USF&G's small-business premium volume to $1 billion by the end of the decade while cutting processing costs in half.

The company determined that it should stay with servicing smaller customers, partly because of loyalty to that market, and because "small customers grow up to become big customers," said Mr. Griffin. And, the company's distribution system already was oriented to the smaller customer, he said.

But, the service costs for smaller customers was too high, compared with costs for larger customers. So USF&G decided to stay with smaller customers and "get a handle on costs," he said.

Administrative expenses take up about 60 cents of every premium dollar for accounts generating $5,000 or less in annual premiums, but that "is now falling on a monthly basis," said Mr. Griffin.

One cost-cutting measure was to move the small-business service from 36 branch offices to five regional small-business market centers in Atlanta, Baltimore, Denver, Indianapolis, and Jackson, Miss.

USF&G also plans to trim costs stemming from small-account premium audits, loss prevention services and marketing to agents, but the main goal is to reduce policy handling expenses, said Mr. Griffin.

In its Denver office, the company is

*Continued on page 28H*

# Computer modeling

*Continued from previous page*

Hurricane Andrew proved that insurers that use experience-based underwriting and geographic spread of risk can end up with concentrated exposures, according to Mr. Hutton.

"That's not because they aren't good techniques. That's because they don't reflect what's truly being taken on the balance sheet."

In contrast, "this new method leads to diversified books of risks which, to a certain degree, takes away part of the need to transfer risk," he said. "A large company is capable of developing diversified books of risk which are essentially not in need of reinsurance."

This can lead to significant changes in the way insurance products are priced and reinsured, he said. It even can influence the availability of reinsurance.

For example, since Hurricane Andrew, several London market underwriters and rating agencies have been asking insurers how they quantify their catastrophic risks, according to Mr. Hutton.

"Underwriters are now more than ever questioning the methodology that insurance companies use to evaluate their own exposures," added Ms. Taylor of E.W. Blanche.

With IRAS, "it is possible to simulate infinite numbers of events and determine what the overall exposure of one of those policies would be," Mr. Hutton said.

For example, RMS' earthquake model predicted that of two buildings of similar construction in San Francisco's marina district, the one located closer to the coast would sustain greater damage in an earthquake than the one farther inland.

"The one that was closest to the shore did, in fact, fall down in 1989," when the Loma Prieta earthquake struck, he said.

IRAS also can be used to map the concentration of risks a particular insurer has in a given geographic area.

Mr. Hutton traced the claims experience of California's state-administered residential earthquake insurance fund to show how well computer modeling works.

RMS had predicted that the fund, which was dissolved this year under repeal legislation passed in 1992, would receive 908 claims for earthquake-related damage from 43,000 exposed structures in 1992. Following last year's two earthquakes, a total of 840 claims were actually filed, and 95% of those claims were among the 908 that had been projected.

"So, basically, we projected which ones as well," he said.

In addition, RMS projected the fund's losses to total $6.3 million, while the fund actually paid out $6 million in claims.

RMS has had similar success using its new hurricane software to track hurricane losses. Other catastrophes being studied are tornadoes, hailstorms, fires, floods and winter freezes.

"It is a technique which is improving over time. The fact that we work with a number of insurance companies gives us the ability to correlate our techniques and modeling formulae against actual insurance results," Mr. Hutton said.

"This is not a simple Lotus spreadsheet-type situation. We have invested millions of dollars in this technology. It is, in fact, the insurance losses that are an interesting question (to explore), not reality. One doesn't really want to know if 20% of the garage fell down. One wants to know if it cost 20% of the replacement value of the structure to fix it."

RMS uses two types of computer modeling techniques to make its projections:

- Deterministic modeling is used to calculate the probable loss for any particular risk underwritten. For example, an insurer might want to project damage to a particular risk if an earthquake measuring 8.3 on the Richter scale hits the peninsula south of San Francisco.

"That could be done for individual risks or for 10 million risks total," Mr. Hutton said, pointing out that there were about 10 million homeowners in the California residential earthquake fund.

This technique also can be used to move an event to another location. For example, had Hurricane Andrew hit Miami instead of south Florida, it could have caused $50 billion in total insured losses, he estimated.

- The other model, stochastic modeling, can be used to develop a profile of expected losses in a particular portfolio over a given period of time.

For example, stochastic modeling can project a particular insurer's losses for a given year, or the probability that an individual property will have losses exceeding a particular amount, or what the average annual loss would likely be on a particular account over a 10-year period.

"This, in essence, is probably one of our most valuable assets," he said. "By using such a method, a company can define where its concentrations are and what those are." This identification helps the company decide which risks it should retain and which it should reinsure.

For example, "if it is able to determine that its maximum hurricane loss is in southern Florida, and it is three times as great as any other loss the company can sustain, it could, in fact, reinsure that particular exposure," Mr. Hutton explained.

"It could also go to the Chicago Board of Trade and much more effectively through a company like Centre Re target that particular risk as something it wants to hedge," he said, referring to purchasing catastrophe insurance futures (see story, page 28F).

Computer modeling can provide answers to typical insurer questions like: Where are our risks? How much are they worth? What do they look like? What is our insurance structure?

"This is data which virtually every insurance company has, but unfortunately because many of them are commercial writers, tend not to track on a day-to-day basis," Mr. Hutton said.

"Oftentimes we have found that insurance companies have quantified risks annually or biennially, and not much happens with that. It lands on a shelf," he said.

"The only way to do something with that information is to integrate that into the operations of the company such that one is driving for a diversified portfolio with the use of the weapons at hand," Mr. Hutton said. BI

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Insurer Topics

# The insurer/technology team

## Computerization definitely a necessity, but greater synergy needed for success

By MICHAEL BRADFORD

Automation Underwriting

DALLAS—Life insurers are counting on information technology to play a more prominent role in their competitive battles, despite some disappointments with computerization.

Although insurers say technology has not met all their expectations, they aren't backing away from it as a competitive weapon, said Tom Skelly, managing partner in the worldwide insurance industry practice at Andersen Consulting in Philadelphia.

Mr. Skelly recently spoke at Life Office Management Assn.'s Systems Forum and Exhibit 1993 in Dallas.

A few years ago, insurance company chief executives' "highest priorities" for information technology were to cut operational expenditures and integrate multiple policy systems to reduce the "time to market" for their products, according to a 1988 survey by Andersen Consulting and LOMA.

Operating expenses have not markedly decreased, but that cannot be blamed entirely on information technology, Mr. Skelly said.

"Unfortunately, over the last several years there have been some major failures in large IT initiatives, especially those focused on policy administration," he observed.

But a follow-up survey completed in 1992 showed life insurer executives are optimistic about the role of information technology in their industry.

"I think the very important note is that CEOs did not say they wanted to stop investing in information technology," Mr. Skelly remarked.

On the contrary, life insurers indicated it is "very clear that IT has to play a much more prominent role in serving markets and positioning themselves to compete on the front line," he said.

Life insurers are eager to understand how their investments in technology are going to support their business strategies, Mr. Skelly said. "Capital will be dear. They don't want to stop spending, but they want to make sure that how they spend is very tightly linked to their business strategy."

In the past, insurers have not done a good job of linking technology with business strategies, he said. "But it's beginning to be understood that technology is so pervasive that it has to be taken into account when strategy is developed."

Insurers also must consider training and re-educating their employees to make the best use of the technology as business strategies change, he added.

Apart from understanding how technology investments will fit into business strategies, the 1992 survey showed CEOs still want improvements to policy systems.

"Getting back to time-to-market," that is a very important element, said Mr. Skelly.

Life insurers want computerization that will "provide better management information, especially in the area of asset liability management, financial management focused on risk-based capital and the other types of regulatory reporting," he said.

Mr. Skelly

Another new reality for information technology is that the migration to different types of systems is ongoing, Mr. Skelly said.

For example, insurers are going from an era of single vendors for hardware, systems software and data base management systems to an era of multiple vendors.

"The technology is coming out too quickly for a company to link into a single vendor," he said.

Also, insurers are "going from complete replacement of systems to coexistence. More and more IT professionals will be doing 'heart transplants.' We'll be taking the heart out and putting a new heart in. But more importantly, you've got to tie up all the interfaces."

The coexistence of old and new systems "is a new reality and we have to understand how to plan for it, budget for it and test for it," he said. "Complete replacement in this industry is too large, too risky and takes too much capital."

The role of information technology is much different than in the past, Mr. Skelly told his audience. "Information technology is not just processing words, processing transactions."

Instead, the technology can help expand markets, he said. "It can help create new services and can help deliver information. It can change the way life insurance companies manage themselves. And most importantly. . . it can be the catalyst for your company in terms of their efforts to change and restructure themselves as they compete." BI



# Electronic data transfer already cutting costs

By MICHAEL BRADFORD

Automation Underwriting

DALLAS—Life insurers are closing in on a paperless environment through electronic data interchange, the sharing of information with clients and suppliers through computers.

The widespread use of EDI is being held back only by standardization of the documents, forms and data that are transmitted computer-to-computer. But, that barrier is not as substantial as in years past, according to Donna J. Smith, a consultant with Electronic Data Systems Corp. in Plano, Texas.

Ms. Smith, who also is working with the American National Standards Institute in New York to develop national and international standards for electronic data interchange, pointed out that the technology already is saving insurance companies time and money.

Ms. Smith spoke in a panel discussion at the Life Office Management Assn.'s Systems Forum and Exhibit 1993 in Dallas last month.

In the reinsurance industry, the Brokers & Reinsurance Markets Assn. hopes to distribute its electronic communication standards in June, said Robert L. Gilligan, executive vp and chief operating officer of BRMA in New York.

The communication standards will give reinsurers in North America and Europe compatible communication systems and are designed to accommodate claims settlements and reinsurance placements worldwide via computer.

Mr. Gilligan said he expects the final version to be reviewed by BRMA's "technical people" this month.

BRMA has been working closely on the project with the Reinsurance Assn. of America in Washington, the London Insurance Market Network and the Reinsurance & Insurance Network in Brussels, Belgium (*BI*, Oct. 26, 1992).

Ms. Smith observed that life insurers already are using EDI as a "business practice and a new way of thinking about how we communicate with our business partners."

Insurers now can send and receive data and documents via computer with agents, vendors, reinsurers, administrative service providers and other business partners.

By eliminating human handling, insurers and reinsurers can greatly reduce work hours and errors along with the cost of processing the information, according to the panelists.

For example, a reinsurer can set up EDI on existing computer systems for $30,000 to $40,000 less than it would cost to hire a qualified clerk to do the same tasks.

Ms. Smith said it is important for insurers to realize that EDI "is a computer-to-computer link," with no human intervention. "It is an exchange of structured documents, not a fax, not E-mail."

EDI resembles a sophisticated data base that can be used to transmit and retrieve information worldwide through standard forms and codes. It eliminates the need for many human operators, letting insurers directly access data they may need to process claims or applications, for

*Continued on page 28F*

Insurer Topics

# Time is now for catastrophe futures: Expert

**By JOANNE WOJCIK**

SAN FRANCISCO—Insurance futures may be the answer to the capacity crunch in the catastrophe reinsurance market, a financial expert says.

In fact, catastrophe futures contracts may eventually be used to stabilize insurance prices much the way the instruments are now used to determine future prices for corn and wheat.

"There is a huge lack of sufficient hedging alternatives" in today's insurance market because "the capacity is actually very low at this point for reinsurance," pointed out Joseph Cole, managing director of Centre Financial Products Ltd., a new division of Centre Reinsurance Holdings Ltd. in New York.

"Basically what we're trying to do is manage the risk of increasing claims from unusual catastrophic losses," Mr. Cole told a group of insurance industry executives attending the National Insurance Symposium Leadership Conference sponsored by Russell Miller Inc. last month.

The Chicago Board of Trade began trading a National and an Eastern catastrophe insurance futures contract in December (*BI*, Dec. 21, 1992; Nov. 2, 1992) and plans to add a Midwestern and Western contract in the coming months.

"So you're essentially looking at national coverage, hurricane futures, tornado futures and earthquake futures," Mr. Cole quipped.

Mr. Cole suggested that the insurance futures market may be as secure as the world's largest insurance market—Lloyd's of London. "Since 1850 to date we have never had a customer lose money on default through a trade on the Chicago Board of Trade," he said.

Futures contracts can be used to "put 'reinsurance' in place on a one-day, two-day, five-day, or two-hour basis," he said.

It appears—at least on the surface—that there are no losers in the insurance futures trading game.

For example, if the industry incurred higher-than expected catastrophe losses in a quarter, the value of the futures contracts held by an insurer is likely to be greater than their purchase price. The insurer could then settle its contracts at a profit and help pay for its own higher-than-normal catastrophe claims.

Conversely, if catastrophic losses were relatively low, the insurer may sell its futures at a loss, which would be more than offset by its lower-than-expected catastrophe claims.

While "you don't get a pure hedge in the sense that there's not going to be a 1-to-1 relationship with the risks in your book," if a major storm hits and an insurer's loss ratio is only 2% to 3% off from loss ratio used to set the futures index, "it's still better than not having hedged at all."

Though a futures broker is needed for insurers to access the market, the actual trading is done through a clearing house that has a $200 million fund to insure against losses, according to Mr. Cole.

While that may not seem like much when compared with Lloyd's of London's $1 billion central fund, Lloyd's doesn't close every account at the end of each business day, as the futures market does, he said.

"Every day, when the futures market closes, the winners have that amount deposited into their account and the losers have to pay up. If the losers don't pay up, then the broker is responsible for that money," he said. "So the broker has a lot of incentive to ensure creditworthiness."

Although initial trading in the catastrophe insurance futures market has been light, many insurers are closely following its activity.

"On the first day of trading—Dec. 11, 1992—the Northeaster hit," Mr. Cole recounted. "I had at least 15 to 20 insurance companies at different times of the day talking to me about what was happening with the contract and what was the price for the Eastern relative to the National contract." BI

## Explaining how insurance futures work

Just what is a futures contract and how could it be used to level out the peaks and valleys in the insurance market?

It is simply an agreement to purchase something for future delivery at a price agreed upon today, explains Joseph Cole, managing director of Centre Financial Products Ltd. in New York.

The catastrophe insurance futures contracts traded at the Chicago Board of Trade are based on estimates of quarterly insured catastrophe losses.

The value of a National futures contract is based on an index of consolidated quarterly catastrophe loss ratios of 22 national insurance groups compiled by ISO Data, a unit of the Insurance Services Office Inc.

The index for an Eastern futures contracts reflects the same insurers' consolidated quarterly catastrophe loss ratio in the coastal states from Maine to Texas, plus Pennsylvania, Vermont and West Virginia.

The catastrophe losses tracked include wind, hail, earthquake, riot or flood for these property insurance lines: homeowners, earthquake, fire, allied perils, private passenger auto physical damage, commercial auto physical damage, farm owners, inland marine and commercial multi-peril.

The unit of trading is $25,000. The price of the contracts fluctuates daily based on the market's expectation of catastrophe losses in a particular quarter that will be reported within three months after the close of the quarter.

For example, June 1993 futures contracts are based on catastrophe losses incurred from Jan. 1 to March 31 and reported by the end of June. These contracts will continue to be traded until Oct. 5 and, at the close of the last day of trading, ISO Data will issue a final settlement price. The settlement price will equal $25,000 multiplied by the indexed insurers' catastrophe loss ratio in the applicable region.

"The way the index is calculated is, basically, you're trading a loss ratio," Mr. Cole said.

*—By Joanne Wojcik*

## Electronic data transfer

*Continued from page 28D*

example.

She gave two reasons companies are implementing EDI:

- Companies can handle transactions more quickly. "Company X used to take 10 to 20 days to get a purchase order filled. Implement EDI and you've got it in a day."
- New business applications can be processed more quickly. About 75% of the new applications received by insurers have to be mailed to the home office for processing, Ms. Smith said. The industry waits four or five days for the document.

"What would happen if that was reduced to one day? What effect would that have on our placement ratio?" she asked.

Companies already are seeing cost savings through EDI.

First Colony Life Insurance Co. in Lynchburg, Va., is currently transferring data between its office and its agencies nationwide.

Using a standard developed by the National Assn. of Independent Life Brokerage Agencies, First Colony two years ago began electronically transferring data on client applications.

The technology has produced significant results, said John McFadden, First Colony's manager of P.D., Q. claims processing systems.

Teams at First Colony that serviced agencies with EDI produced an average of 33% more business per team member than the teams that dealt with agencies that did not use EDI, he said.

Mr. McFadden said First Colony conservatively estimated it saved "two telephone calls per case" with the use of EDI, resulting in a reduction of 10,000 man-hours of labor per year.

That translated to a savings of 12 future positions First Colony had projected it would need to handle applications, he added.

"We did not experience these savings in isolation. What we weren't doing at our end wasn't having to be done at the agencies' end, either. So they are also happy campers," said Mr. McFadden.

Lincoln National Group has been using EDI to handle purchasing, group health claims administration, electronic funds transfer, and to process annuities applications, according to Russell D. Suever, vp with Lincoln National Risk Management in Fort Wayne, Ind.

EDI is also part of an "expert system" that makes underwriting decisions at Lincoln National Life Insurance Co. and Lincoln National Life Reinsurance Co.

Mr. Suever said EDI allows the insurer to circumvent some of the "large organizations necessary to support the underwriting process" by automatically moving data and bypassing human involvement.

"Systems can make, across the board and on average, better decisions than individuals," he said. "They probably can't make better decisions on very complex cases, but we get rid of all the simple cases and allow people to make the decisions that they're best qualified to make." BI

Insurer Topics

# Kemper calls Fraud Busters to cut comp costs

By MEG FLETCHER

CHICAGO—Kemper National Insurance Cos. is clamping down on workers compensation claims fraud with its Fraud Busters program.

The program, which was begun in mid-1992, attacks the growing problem of workers comp fraud by employees, health care providers, attorneys and others.

"It's a front-burner type of issue," said Gerald Maatman, Kemper's chairman and chief executive officer.

However, estimates vary about the problem's dimensions.

The National Insurance Crime Bureau estimates at least 10% of all workers comp claims are fraudulent and cost about $18 billion annually.

However, Kemper's own experience shows that only 1% to 2% of claims are fraudulent or exaggerated, said Robert L. Buckley, a former FBI agent who is now the program's special investigative officer. He did not elaborate.

At a recent seminar, he described five strategies Kemper uses to combat claims fraud:

- Alert claims adjusters. The insurer trained its adjusters to become more aware of situations that could indicate a possible fraudulent claim, including a time lag in the filing of a claim and the inability to contact the claimant at home.

The insurer sometimes hires outside consultants to do videotape surveillance of questionable claimants, which results in claim confirmation in half of the cases, Mr. Buckley said.

- Educate and cooperate with employers and other interested parties. Employers can help by preventing unsafe conditions, promptly reporting and investigating claims and encouraging recuperating workers to return to appropriate work as soon as possible.

Kemper also offers a $2,500 reward for information about fraudulent claims as well as a toll-free number for reporting suspicious activities by claimants.

In one case, a mother reported her daughter, who told her she had planned to stage a fall at work that would become a workers comp claim, he said.

- Manage medical costs. Auditing all workers comp medical bills saved policyholders about $128 million in workers comp medical costs last year, said C. David Sullivan, Kemper's senior vp of claims.

Savings come from many areas, including uncovering inappropriate unbundling of charges as well as charges that exceed established fee schedules in states that have them.

- Cooperate with other insurers. Kemper cooperates in the National Insurance Crime Bureau and is one of a group of insurers working to identify the most suspicious medical providers in California, where workers comp fraud is considered a particular problem.

- Prosecute. Kemper is encouraging the prosecution of fraudulent claims filers and those who assist them, including medical providers and attorneys.

Previously there was less emphasis on prosecution. "We are happily discovering that prosecutors at all levels—federal, state and local—are pursuing prosecutions with vigor," Mr. Buckley said.

Kemper's efforts have resulted in a conviction in a fraud case in Michigan and indictments in one California case and one Texas case, he said.

The insurer is also encouraged because states are passing laws to beef up civil and criminal penalties for fraudulent claim filers.

For example, Illinois on Jan. 1 enacted H.B. 2132, making insurance claim fraud a felony and providing stiff penalties for people who submit fraudulent claims or information to defraud insurers, or who engage in fraud conspiracies. Penalties include up to 15 years in prison and fines up to $10,000. BI

## Industry backs ISU curriculum, insurance center with $1.2 million

NORMAL, Ill.—Two years after establishing an endowment for insurance education, Illinois State University is well on its way to reaching its goals.

More than $1.2 million has been pledged to the endowment by national and international insurers as well as the Insurance Education Foundation.

Part of the money will support an endowed chair—the university's first—in the Department of Finance, Insurance and Law.

The university is interviewing candidates now and hopes to fill the position during the next academic year, said Department Chairman Charles McGuire.

The department has also petitioned for a major in insurance, an upgrade from the current concentration within a finance major. Approval could double the number of students who make insurance their primary field of study to 70, Mr. McGuire said.

In addition, hundreds of students are expected to take advantage of a minor in insurance that is also pending. About 20,000 students are enrolled at Illinois State University.

The endowment also supports the university's Center for Insurance and Financial Services, which provides education programs to high school students and teachers, ISU students and the general public.

This summer, the center will offer its second two-week workshop for high school teachers, Director Andrew Nappi said.

Last year, 28 teachers attended, and this year more than 70 have applied for 40 spots.

Most of the applicants are from Illinois and the Midwest, but teachers from California and Texas have also applied, Mr. Nappi said.

"We are gaining a reputation as

*Continued on next page*

Insurer Topics

# 'Satisfied' policyholders may be keeping secrets

## Checklist reminds client of legitimate problems

**By MICHAEL BRADFORD**

DALLAS—Life insurers overestimate their customers' satisfaction and must work on ways to identify dissatisfaction, a customer services expert challenges.

That's because many insurers define "quality" incorrectly, says John Goodman, president of Washington-based Technical Assistance Research Programs, which specializes in gauging customer satisfaction.

TARP does not define quality according to whether an insurer or other company provides its product "according to spec." Quality, in the research firm's definition, depends on whether the customer can say after the transaction, 'I have had no unpleasant surprises. I have had no problems,' " said Mr. Goodman.

"This implies a radically different way of measuring your level of quality," he said. It means asking customers if they have had problems rather than waiting for them to report problems.

Mr. Goodman, speaking at the Life Office Management Assn.'s Systems Forum and Exhibit last month, said not only should insurers ask about customer satisfaction, they should supply the customer with a checklist of possible problems.

That way, customers will remember having certain problems that can be targeted for improvement. "The idea is, you don't want to measure satisfaction, you want to go after dissatisfaction," he said. "That's the only way you're going to improve quality."

Companies get into trouble by merely asking customers if they were satisfied because some consumers have low expectations of a product or service, Mr. Goodman pointed out. Those consumers, who didn't expect much to begin with, are easily satisfied, even if there are small problems.

A better approach is to ask whether the consumer would purchase the product or other items or services provided by the company, he said.

A customer also should be asked if he or she would recommend the product or service to another consumer. Some consumers may be willing to put up with inferior service or goods, but they are not willing to ruin their reputations by recommending the supplier of a shoddy product to others, he said.

After inquiring, companies must be prepared to rectify the causes of the complaints. "But most of the organizations that we have looked at spend 98% of their time responding to the individual problem and then 2% (wondering), 'How did we get into this mess and how can we prevent future occurrences?' "

Most companies assume too quickly that problems are caused by inept employees, Mr. Goodman said. TARP's studies show that only 20% of customer dissatisfaction is caused by the employee. Another 40% is caused by the company itself. "This happens when the company builds an unpleasant surprise into the product or service. We find that that happens quite often."

As an example, Mr. Goodman referred to a Washington bank that began allowing its customers to use automatic teller machines at other banks. Customers found—only after racking up service charges for the transactions—that the fees were mentioned only in fine print on the back of mailers that announced the new service.

The remaining 40% of customer dissatisfaction can be laid at the feet of consumers themselves, Mr. Goodman said. "Customers have incorrect expectations, or they are incompetent and they make mistakes. In many cases, they don't understand what they're getting from you."

Insurers and other companies have to recognize that "the customer is a major cause of poor quality," he stressed. BI

## Small business automation

*Continued from page 28A*

testing a way to drastically reduce the number of times a person handles a policy, even before it reaches the policyholder.

Under the new system, which is expected to be operational by the third quarter of this year, a computer-generated policy is sent directly to the customer with a cover letter from the agent.

Under USF&G's old system, each account was handled by two people —an underwriter and a technical processor—who together took about 32 to 35 individual actions from application to renewal.

Now, a "small-business specialist" takes the place of those two persons. At the Denver pilot operation, the small-business specialists are taking only nine to 11 actions, and the company's goal is to reduce that to six.

The company also plans to save time and money through automated underwriting. At its Denver facility, 70% of new policies are being written through a computer template, thus allowing underwriters to focus on exceptions. Until now, an underwriter had to work with each policy individually.

"This is sophisticated technology to make it easy for the agent and for the customer," said Mr. Griffin.

Though this sounds like a simple solution to excessive paper handling, Mr. Griffin noted the current labor-intensive policy handling system is "tradition-driven" and that agents may be concerned this is "a first step in cutting them out of the system." But, he said, USF&G intends to work as partners with agents, and the new system should save policy handling costs for the agents, too.

In fact, USF&G plans to begin a telemarketing campaign in 1994 to boost agents' enthusiasm by showing them how to save money by using computers in policy handling.

To reach the $1 billion premium volume target, USF&G plans to boost its independent agent force as well. By 1994, the company hopes to have 15,000 agents in its distribution network, up from the current 4,000 independent insurance agencies.

Marketing to smaller agencies has traditionally been expensive for insurers, but USF&G plans to solve this by streamlining the communication process. "We can't afford to meet with each person face to face, but we can deal by fax and phone" in a way that meets agents' needs, said Mr. Griffin.

USF&G "is committed to a broad-based distribution system, with more small agents in smaller towns," he added.

This new program will mean expanded availability of coverage for policyholders, said Mr. Griffin, who added that USF&G is "a major insurance company that says 'We want your business.' " BI

## Insurance center

*Continued from previous page*

an institution that works to promote and advance insurance education," he said.

The center is one of five facilities to offer the program, which is designed to familiarize teachers with basic industry concepts and products. Subjects include the personal auto policy, the homeowners contract, health insurance policies, tax-sheltered annuities and other contracts. Claims and underwriting functions are also discussed.

Participants receive three graduate credits.

A primary criterion in selecting participants is how teachers plan to incorporate the knowledge they gain in the workshop into their classrooms, Mr. Nappi said.

The center is also reaching out to high school students. Aetna Life & Casualty Co. has funded a program at the center to introduce college-bound, Chicago-area minority youths to professions in the insurance industry and to combat negative impressions of the industry.

This summer, 10 to 15 students who attended earlier seminars and have been accepted to ISU will be chosen to attend a special two-day orientation program.

The program will also support minority students once they have enrolled in insurance courses at the university with scholarships, mentor programs, internships and summer jobs.

*—By Sara Marley*

## IT Briefs

### Anti-fraud campaign

INDIANAPOLIS—A $1,000 reward for help in convicting insurance fraud criminals is part of the National Assn. of Mutual Insurance Cos.' new anti-fraud campaign.

Indianapolis-based NAMIC has teamed up with the Palos Hills, Ill.-based National Insurance Crime Bureau on the new campaign, called "Report the Ripoff."

The first promotion in the campaign is a wallet card—designed to be used as a premium stuffer or as a sales handout. The card urges consumers to call the NICB's national fraud hotline if they suspect insurance fraud.

The program offers consumers rewards of up to $1,000 for information leading to a fraud conviction.

NAMIC is offering the card to any insurance company interested in participating. For more information, call Jim Badger, director of communications, at 317-875-5250.

### Kids to learn insurance

NORTH HILLS, Calif.—A new project designed to prepare high school students for jobs in the insurance industry will begin this August at Monroe High School in the San Fernando Valley.

Called InVest, the program is the first vocational training program in the Los Angeles area designed to teach students insurance office procedures, among other things.

Because the program is in its start-up phase, its sponsor, the Independent Insurance Agents and Brokers of the San Fernando Valley, is seeking donations and/or office equipment.

For more information, contact project co-chairpersons Laura Andrew Clemens at 818-360-3410 or Bernie Lewis at 818-763-8501. BI



Insurer Topics

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## Peat Marwick

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eliminating retiree health care plans because they now are grasping the implications of Financial Accounting Standard 106, noted Jon Gabel, director of employee benefit research with Peat Marwick in Washington.

Many small firms have until 1995 to comply with FAS 106, while larger employers had to comply this year. As a result, some companies have taken enormous financial hits as they recognized accumulated retiree health liabilities.

In addition, smaller firms are less likely to be unionized than their larger counterparts and thus it may be easier for them to shed their retiree health care plans, he said.

Employers of all sizes are making retirees pay a greater share of costs, the survey found.

For example, 27% of employers have increased the percentage of the total premium paid by retirees during the past two years, while 26% have boosted plan deductibles.

Last year, retirees 65 and older paid an average of $34 a month for individual coverage, or 31% of the premium, while retiree contributions averaged $112 a month for family coverage, which covered 41% of the premium.

In 1988, retirees paid just 15% of the premium for individual coverage and 23% of the premium for family coverage, said Mr. Gabel, citing an earlier Johns Hopkins University-Health Insurance Assn. of America survey.

One way of controlling health care costs—encouraging individuals to join a managed care program—has yet to take off among retirees.

Last year, just 27% of retirees were enrolled in some type of managed care plan. This included 6% who were covered by a health maintenance organization, 10% covered by a preferred provider organization and 11% who enrolled in a point-of-service plan.

By contrast, Peat Marwick reported last year that 55% of active employees were enrolled in a managed care plan.

For several reasons, managed care is a tough sell to make to retirees, Mr. Gabel said. Retirees, more than any other age group, often have long-established relationships with physicians, which they likely would have to give up if, for example, they joined an HMO.

In addition, if a retiree is receiving the bulk of his or her health care coverage through Medicare, an employer may not be able to offer sufficient financial incentives in its Medicare supplemental plan for retirees to pick a managed care program.

"Retirees face fewer out-of-pocket costs relative to active workers when retaining traditional Medicare coverage," the study noted.

Individual health coverage and family coverage costs for retirees 65 and older were lowest among small employers, which typically have the least-generous plans. Small employers—those with 200 to 999 employees—reported 1992 individual coverage costs of $1,272 per retiree and family coverage costs of $3,180 per retiree.

Employers with 1,000 to 4,999 employees had the highest individual coverage costs, which averaged $1,620 per retiree, while family coverage costs were $3,336 per retiree. Employers with more than 5,000 retirees reported the highest family coverage costs, which averaged $3,576 per retiree, while individual coverage costs were $1,536 per retiree.

The survey also found:

• By region, the highest individual and family health care coverage costs for retirees over 65 was in the Northeast, where combined employer and retiree 1992 costs averaged $1,716 for individual coverage and $3,684 for family coverage.

Employers in the Midwest reported the lowest individual coverage costs—an average of $1,380 for retirees over 65—while family coverage cost $3,492 on average.

Employers in the South reported the lowest family coverage costs, which averaged $3,360 per retiree. Individual coverage costs there averaged $1,440 per retiree.

• By industry, the largest increases in retiree health care costs in 1991 and 1992 were reported by high-tech employers, manufacturing and retail companies.

Among high-tech firms, which had $1,344 on average for single coverage and $3,924 on average for family coverage, the cost of retiree benefits rose 15.5% last year. Manufacturers, which had $1,440 for single coverage and $3,324 for family coverage, saw costs rise 14.2%. And costs were up 13.9% last year for the retail industry, which reported $1,248 for single coverage and $3,552 for family coverage.

The lowest increases in retiree health care costs last year were reported by the service industry, state and local governments and finance and health care industries.

Service firms, which had $1,440 on average for single coverage and $3,336 on average for family coverage, saw costs rise 5.3% in 1992. State and local governments, which had $1,764 for single coverage and $3,768 for family coverage, reported a 5.6% increase in costs.

And, costs climbed 8.7% for the finance and health care industries. Finance firms reported costs of $1,308 for single coverage and $3,408 for family coverage. Health care companies had combined employer and retiree costs of $1,368 for single coverage and $4,128 for family coverage.

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*Copies of "Retiree Health Benefits: An Era of Uncertainty" are available for $90 each from Brian Newell, KPMG Peat Marwick, P.O. Box 23331, Newark, N.J. 07189; 201-307-7814.*

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# INTERNATIONAL

# Outlook for French market

## Privatization of state-owned insurers possible under new government

By ALINE SULLIVAN

PARIS—France's new center-right government may speed up the sale of shares in state-owned insurance companies to the public and encourage pension programs underwritten by insurers.

However, no immediate changes in the executive ranks of the state-run companies is envisioned as a result of last month's election.

The appointment of Prime Minister Edouard Balladur on March 29 ended five years of Socialist rule in France. Mr. Balladur's Rassemblement pour la Republique Gaullist party won 247 of the 577 seats in the French parliament, while the center-right Union pour la Democratie Francaise won 213 seats.

Socialist Prime Minister Pierre Beregovoy resigned on the same day. President Francois Mitterand's term runs until 1995, although the septuagenarian Socialist leader may step down sooner.

Mr. Balladur is strongly in favor of selling state-owned companies to the public. In May 1992, he was quoted in the French press as saying the privatization of French insurers "must be envisaged as a priority." As minister for the economy under the right-wing government of Jacques Chirac, Mr. Balladur proposed in 1986 that 65 companies—including the country's biggest insurer, Union des Assurances de Paris—be prepared for privatization. Of these, 36 remain in government hands, including several of the country's leading insurers.

Assurance Generale de France, France's second-largest insurer and the most profitable of the three state-owned insurers last year, is likely to be the first insurer put on the selling bloc, analysts said, followed by UAP.

Groupe des Assurances Nationales, the country's third-largest state-owned insurer, is unlikely to be privatized in the near future because the company is heavily burdened by real estate losses at its retail banking subsidiary, Credit Industriel et Commercial.

GAN and CIC will also have to be restructured under new legislation, according to French press reports. GAN holds 80% of CIC, but under a complicated system devised when the regional banks that make up CIC were nationalized in 1982, GAN has very limited rights to hire or fire the bank's management. This situation would have to be sorted out before GAN could be privatized.

One of the main attractions of GAN, analysts say, is its potential to develop a powerful "bancassurance" cross-selling partnership with CIC. But it will not be possible to unlock this potential for the benefit of private shareholders unless GAN can exercise tighter management control over the company.

Exactly when the new government will begin the privatization process remains uncertain. "We won't know until this autumn when UAP will be sold," said a spokesman for the insurer. "The Ministry of the Economy will publish a list in the next few weeks of the companies to be sold and it is certain that UAP will be on the list. But we won't know the timing until much later."

Analysts say the new administration will probably wait until Parliament reconvenes after its summer recess before proposing any changes in French law. Under the existing law, the government must directly or indirectly own at least 75% of state-run insurers.

AGF and UAP are 75% directly or indirectly owned by the government, and GAN is 80% directly or indirectly owned by the government.

"Privatization should be good for the insurers' business," said Michael Wheelhouse, an insurance analyst at Nomura Research in London. "But the thing to remember is that the big state-owned companies have been run (like private companies) since the mid-1980s. They have been preparing for this for years."

Privatization may encourage more competition among French insurers and lower rates, analysts said. The state-run companies are already competitive, but may become more so

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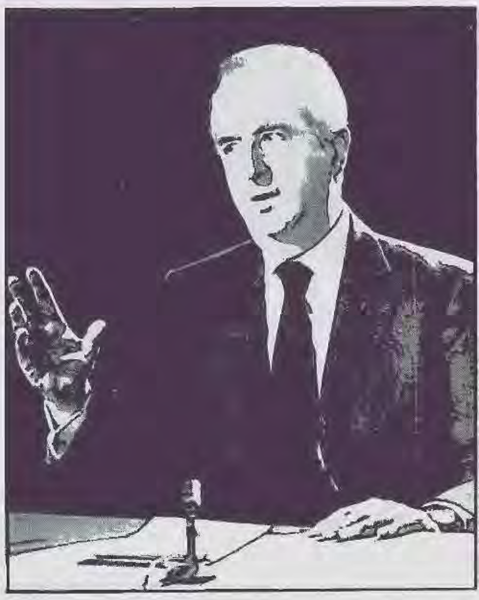


French Prime Minister Edouard Balladur.

# 1992 storms pound insurers

## Hurricane Andrew drives global losses up to $27.1 billion

By DON LEWIS KIRK

ZURICH, Switzerland—Global insured losses from man-made and natural catastrophes soared to a record $27.1 billion in 1992.

The 1992 total, according to Swiss Reinsurance Co.'s calculations, is nearly double the $14 billion in insured losses tallied in 1991 and nearly 60% larger than the previous record of $17 billion in 1990.

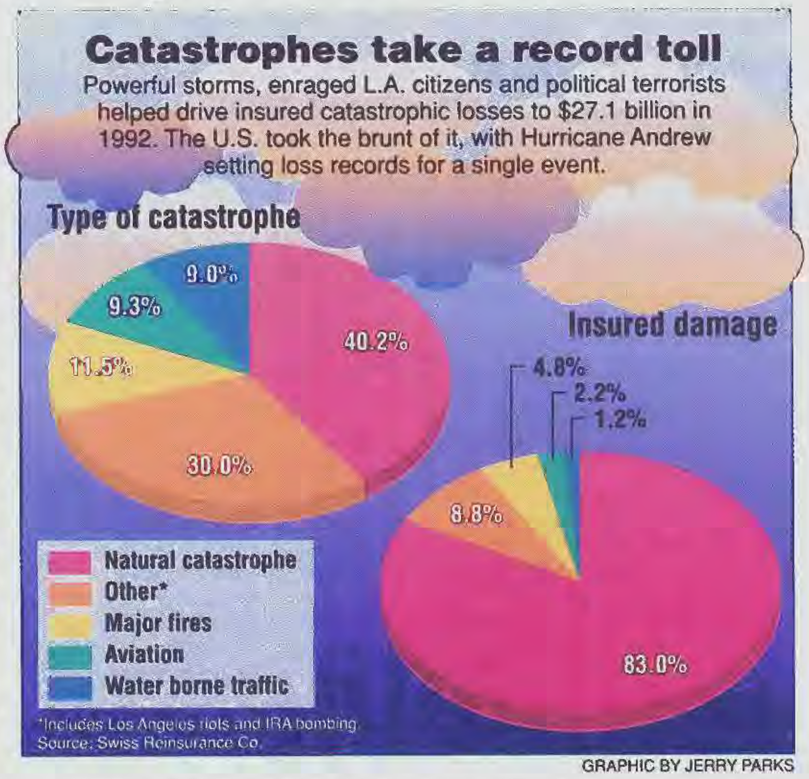
The bulk of the $22.5 billion in insured losses from natural catastrophes last year was caused by Hurricane Andrew, which caused $15.5 billion in insured losses in Florida and Louisiana. The hurricane is the costliest disaster on record *BI*, Sept. 7, 1992; Aug. 31, 1992).

Insured losses from man-made disasters hit $4.6 billion in 1992, a 30% increase from 1991 even though fewer man-made disasters were recorded last year. The largest man-made disaster was an IRA terrorist bombing in London's financial district. While the bombing was originally estimated to cost insurers $1.2 billion in insured damage, the figure was later lowered to about $700 million (*BI*, April 20, 1992).

The total number of events classified as catastrophes last year reached 323, the Swiss Re report states, 130 of which were natural disasters. In 1991, only 108 catastrophes were recorded.

The main factor in the huge growth in catastrophe losses last year were the 58 storms classified as catastrophes, which caused $22 billion in damage. The most damage —aside from Hurricane Andrew— was caused by Hurricane Iniki, which hit Hawaii in September and accounted for $1.6 billion in insured losses (*BI*, Sept. 21, 1992).

Eight of the 10 largest insured storm losses occurred in the United States in 1992. Swiss Re reported $21 billion in insured losses from U.S. storms, which is 95.5% of all storm damage worldwide.




GRAPHIC BY JERRY PARKS

Europe, on the other hand, was relatively unscathed. Insured damage from storms totaled only $164.3 million. The sum of damages came from two events: a winter storm in Norway that caused $134.2 million in insured losses; and a storm in Germany that caused $30.1 million in damages.

"In the last five years, storms have caused 88% of all losses from catastrophes," says Rudolf Enz, a Swiss Re economist. "At the same time, we are seeing an increase in population in (storm) risk areas. This development increases the concentration of values in endangered regions."

The Swiss Re study shows a distinct increase in the number of extreme weather patterns: storms, extremely strong rains and exceptionally long droughts, and extreme hot and cold periods.

"We can't exclude the possibility of an increase of losses due to a shift in climate," said Mr. Enz. "Statistically, these phenomena are still within the natural spectrum of climate. However, it's suspected that (these storms constitute) the first sign of a global warming."

Excessive use of fossil fuels is believed to be a cause of the climatic shift, Mr. Enz said.

The number of floods classified as catastrophes increased to 59 from 48 in 1991. However, insured losses from flooding fell about 73% to $425 million from $1.6 billion in 1991. This drop could partly be attributed to insurers that are increasingly excluding flood coverage.

The largest flood losses were incurred in France, where post-storm flooding caused $178.3 million in losses (*BI*, Sept. 28, 1992).

The 13 earthquakes in 1992 led to insured damage of $87.8 million. Again, regions of the United States were the most affected. "The three earthquakes in California from April 22-25 and on April 28-29 caused 63% of all insurance losses in this category," the study reported. Total U.S. insurance losses from earthquakes reached $55 million.

"The last four years marked an

Continued on page 33

# Lloyd's to write export credit cover for private sector

LONDON—Lloyd's of London is preparing to extend its export credit underwriting to offer insurance to private-sector buyers.

Lloyd's approved the export credit facility earlier this month, with syndicate 33, managed by Hiscox Syndicates Ltd., as the lead underwriter. The new coverage will only insure trade receivables and will not write financial guarantee insurance, which remains restricted under Lloyd's rules.

Lloyd's underwriters already offer export credit coverage against default by public-sector buyers.

The Lloyd's facility generally can offer a payment default policy period for up to 36 months, but the new coverage is likely to be offered for terms of 12 to 24 months. This is still a longer period than other private credit insurers offer, said Hiscox underwriter Geoffrey Lynch.

Mr. Lynch said coverage initially will be written for contracts in all countries, but aggregate coverage limits will be placed on individual countries.

The facility is not planning to offer a comprehensive package of export credit insurance comparable to state agencies or private-sector companies like NCM Credit Insurance Ltd. of Cardiff, Wales, because logistically the Lloyd's market is not set up to deal with such business, he said. A huge force of credit analysts and numerous computer banks are necessary to assess credit risks.

As far as syndicate 33 is concerned, default coverage is written up to a limit of $5 million per contract. Mr. Lynch said the new facility should be available by September. Lloyd's of London ceased issuing financial guarantees in the 1920s, after a large loss.

This decision was modified in 1982, when the market started writing contract frustration coverage as part of its political risk coverage. But this was just insurance against financial insolvency and default by public-sector buyers and was classified as political risk, explains Charles Berry of Lloyd's broker Berry, Palmer & Lyle.

This change came just before the 1982 Third World debt crisis broke and at a time when the conventional wisdom was that governments were unable to go bankrupt.

Mr. Berry said the latest move at Lloyd's may be seen as part of a worldwide restructuring of short-term export credit insurance, which has involved the sale of the U.K.'s Export Credit Guarantee Department's short-term operations to NCM and the U.S. Export-Import Bank's takeover of its underwriting agent, the Foreign Credit Insurance Assn.

While the Lloyd's facility will help ease the United Kingdom's short-term capacity crunch, the real problem is the lack of reinsurance support for short-term export credit coverage (*BI*, March 15). Lloyd's underwriters and brokers say that the issue of export credit and political risk reinsurance as a whole should be tackled on an international level.

Export credit insurance is now regarded as the high-risk end of the political risk market, said Mr. Berry. This new coverage brings Lloyd's into the more commercial side of export credit. "Potentially, Lloyd's will be able to compete in the bread-and-butter end of the market," he said.

—*By Maria Kielmas*

INTERNATIONAL

# Dismal results mark 'turning point': M&G exec

By STACY SHAPIRO

LONDON—Mercantile & General Reinsurance Co. P.L.C. will never again see numbers as bad as it reported in 1992, an executive claims.

The reinsurer's year-end 1992 results will be the "low watermark and the turning point" for M&G, said Managing Director John Engestrom.

M&G's results were announced last month with those of parent Prudential Corp. P.L.C. But last week, at M&G's first press conference in two years, the reinsurer provided additional details.

M&G reported a pretax loss of 44.7 million pounds at the end of last year ($67.7 million), compared with a profit of 25.2 million pounds in 1991 ($47.1 million).

The loss is attributable to M&G's non-life business which showed a 1992 pretax loss of 143.5 million pounds ($217.3 million) compared with a loss of 60 million pounds ($112.2 million) in 1991.

M&G's U.S. subsidiary suffered pretax losses of $68 million on Hurricane Andrew and another $16.8 million on Hurricane Iniki. M&G Re of America, which posted a $49 million pretax loss last year, expects 1993 rate increases will lead to improved results (*BI*, April 5).

But the U.K.-based company's non-life results also were hurt by an additional 53 million pounds ($80.3 million) added to reserves for London market excess-of-loss business. LMX losses in the last five years have cost M&G a total of 150 million pounds ($233.7 million).

Mr. Engestrom says the reinsurer has undertaken a detailed analysis of 22,000 claims and performed statistical modeling, so he is confident this latest reserve addition will be sufficient to meet LMX losses.

Meanwhile, M&G has taken drastic measures to turn its business around since Mr. Engestrom joined early last year.

The company is now more oriented toward life reinsurance, which constitutes 60% of 1992 gross premiums of 408.8 million pounds ($619.1 million) in 1992. M&G's life and disability business produced a 67.3 million pound ($101.9 million) pretax profit last year, compared with a 60.7 million pound profit ($113.5 million) in 1991. Life and disability reinsurance will become a bigger percentage of the group's business in the future.

Also, more than 100 people were fired in the United Kingdom last year, including executives in the non-life division, confirmed Mr. Engestrom. The group now employs 590 people in the United Kingdom.

## LONDON

### Members' lawsuits

Just as the Council of Lloyd's received a long-awaited final draft of its proposed business plan last week, a number of members' action groups filed lawsuits to avoid paying syndicate losses.

At least 700 members of syndicates 406 and 448 managed by Wellington Underwriting Agencies Ltd. filed lawsuits last week in London's High Court. The members are seeking to recover more than 80 million pounds ($124 million) in losses.

The lawsuits name Wellington; members agent Willis Faber & Dumas (Agencies) Ltd. and 54 other agents; and syndicate auditors Ernst & Whinney, now Ernst & Young.

About 4,000 names in all could eventually join the action, said David Tiplady, an attorney at the firm D.J. Freeman, who represents the members.

The lawsuit concentrates on unlimited liability runoff reinsurance contracts bought by the Wellington syndicates for the 1981 and 1982 underwriting years and underwritten by syndicate 317, said Mr. Tiplady. Syndicate 317 was then managed by R.H.M. Outhwaite (Underwriting Agencies) Ltd. In a private settlement years later, Wellington agreed to cap Outhwaite's liability under the runoff policies. The members contend that agreement leaves them unprotected for syndicate losses.

In addition, the members charge that the Wellington syndicates' years of account after 1979 were either wrongly closed or that reserves were underestimated because they incorrectly relied on transferring liability to the Outhwaite runoff reinsurance policies, said Mr. Tiplady.

Syndicate 406, underwritten by Ian Agnew, is expected to keep its 1990 underwriting year open. The syndicate reported a loss in 1989 of 30.4 million pounds ($56.8 million at year-end 1991 exchange rate) and a loss of 65.1 million pounds ($125.6 million at year-end 1990 rate) in 1988. In 1989, syndicate 406 had 3,009 members.

Syndicate 448, underwritten by Raymond Dumas, kept its 1989 year open with a total loss of 48.3 million pounds ($90.3 million). Syndicate 448 had 3,655 members in 1989.

And, The Bromley 475 Names Action Group is sending out notices to recruit approximately 2,000 members who suffered losses on syndicate 475, underwritten by Roy Bromley. Mr. Bromley committed suicide in January.

In the meantime, Christopher Stockwell, chairman of the Lloyd's Names Assn. Working Party, warns that a new Lloyd's business plan will mean nothing if it does not address the litigation between thousands of members and the market.

The business plan is to be unveiled by the end of April. BI



## French market

*Continued from previous page*

when they are more accountable to shareholders.

The chairmanship of UAP, the biggest institutional investor on the Paris Bourse, is the most politically sensitive position in the country's insurance market. The Socialist government appointed Chairman Jean Peyrelevade, a former adviser to the Socialist Party, in 1988 to replace Jean Dromer, a Gaullist banker. Last year, Mr. Peyrelevade was reappointed for another three-year term.

Analysts expect, however, that the 53-year old Mr. Peyrelevade will keep his job under the new administration. Mr. Peyrelevade, a political moderate, has not voiced any objections to privatization plans for UAP. He also supports changes in the country's pension law that will allow insurers to provide benefits hitherto provided by the state.

Like Mr. Peyrelevade, AGF Chairman Michel Albert has not objected to privatization of his company. Indeed, he has said he would welcome it.

Patrick Peugeot is also likely to remain as chairman of SCOR S.A., the largest French reinsurer, analysts said. While SCOR is not directly owned by the French government, the privatization of UAP could have an impact on SCOR since UAP is the reinsurer's biggest shareholder.

One of the new government's first priorities will be to liberalize the country's pension system. Like most other European Community members, France operates a pay-as-you-go system in which state-administered pensions are funded by contributions from the working population. France's pension and unemployment insurance system is now about 65 billion francs ($12 million) in debt.

The situation will get worse unless radical changes are made, analysts say. The dependency ratio—the number of retirees in relation to the working population—will grow.

To help solve these problems, the new French government has promised to encourage citizens to invest in private pensions. The Socialist Party had made the same pledge, but insurers expect faster changes under the new administration.

This shift to the private sector has been welcomed by insurance companies. But the big problem remains taxation. "We need a new law and a tax-refund system before insurance companies can start writing pension business," said the UAP spokesman. "Nothing has been said yet but we do expect changes soon."

UAP's Mr. Peyrelevade previously said private pension funds will provide new, domestic investors in French industry. The influx of domestic investors would diminish the need for such widespread state control to fend off foreign companies that seek to buy out French firms (*BI*, March 1). BI

INTERNATIONAL

# U.K. environmental laws shift with the wind

## Risk managers try to map an ever-changing landscape

STACY SHAPIRO

COVENTRY, England—British risk managers must struggle to keep up with constantly changing legislative, judicial and insurance issues that affect environmental pollution.

Pollution regulation is in a state of flux; current court cases may greatly expand companies' liability for polluted land; and, at the same time, some insurers are considering restrictions on pollution coverage in liability policies, experts said at the Assn. of Insurance & Risk Managers in Industry & Commerce's annual conference earlier this month.

Take, for example, a registry of contaminated property sites proposed in 1990 by the British government, said Brian Street, director of operations at environmental liability insurer ECS Underwriting Ltd. in London.

Section 143 of the Environmental Protection Act of 1990 initially proposed that the government set up a registry for all known contaminated sites in Britain, he said. After some lobbying, the government reduced the number of categories of pollution sites to be included to eight from 40, so that "only the most contaminated sites" were included, he said.

But the British government last month dropped the idea of a registry of contaminated sites altogether.

Without the registry, buyers of property must determine whether land they purchase is contaminated, because they could be held liable for cleanup, Mr. Street said.

The effect of the backtracking, he said, is that the government now "will punish the last person in the chain of land ownership," even though they are likely to be innocent of contaminating the land.

Mr. Street suggested that the government realized it wouldn't be able to sell off government-owned British Coal or British Rail if there were a registry that listed the owners of polluted property.

However, following the AIRMIC meeting, the British government invited property developers and bankers to take part in a review of pollution problems and the use of contaminated land. Any changes in British pollution law resulting from this review of current policies are expected this fall.

The Environmental Pollution Act of 1990 provides a framework for controlling pollution of air, water and land.

The 1990 law governs approximately 5,000 industrial processes that are a major source of pollution, said Julia Monteith, head of the environmental law unit at law firm Wansbroughs Willey Hargreave.

To operate such a process, a company needs an "integrated pollution control" authorization from Her Majesty's Inspectorate of Pollution. To receive such authorization, a company is required to use "the best available techniques which do not entail excessive costs," or BATNEEC, to prevent or minimize pollution, Ms. Monteith explained.

The HMIP has drafted guidelines on what constitutes BATNEEC for pollution control for each industrial process, the latest of which was published earlier this year.

"It is clear from the new guide that HMIP is taking BATNEEC seriously; it states that the cost of implementing it, although it might make a company insolvent, is not HMIP's concern," said Ms. Monteith. "Only the economic condition of an industry sector will be taken into account when deciding what is an excessive cost, not the financial state of an individual company."

The whole process of obtaining an authorization for an industrial process is "expensive," said Ms. Monteith. "Applications can take as much as one month of man-hours." The price might moderate once HMIP has authorized every company, an ongoing process, she added.

Imposing these authorizations has not been totally successful, Ms. Monteith added. "There is considerable lack of knowledge about the requirements."

Meanwhile, some industrial concerns had hoped to be able to use other techniques to reduce pollution; namely the "cheapest available technique not involving prosecution," or CATNIP, she quipped.

Enforcement of the Environmental Protection Act and the Water Resources Act of 1991 is shared by HMIP, the Health and Safety Executive and the National Rivers Authority. Of these, the NRA has been most effective in prosecuting polluters for the cleanup of Britain's water supply, said Ms. Monteith. Of 269 pollution suits filed by the NRA that reached the courts in the first half of 1992, only four failed to result in a conviction, she said.

The government may be considering the creation of a single agency charged with enforcing British pollution laws, Ms. Monteith said.

"Everything's changing, happening so quickly we don't know what might happen next year," she said.

The House of Commons Environment Committee wrote a report in 1991 proposing that an environmental protection agency be established, but the report has only recently been published, she said.

In the meantime, all eyes in the U.K. are on a pollution case that could set a precedent for holding landowners strictly liable for unintentional gradual pollution that occurred in the past.

The case, *Cambridge Water Co. vs. Eastern Counties Leatherwork P.L.C.*, is expected to be heard by the House of Lords by next year.

A U.K. appeals court last year ruled that, based on an 1885 court precedent, the tannery was responsible for paying damages and cleanup costs to Cambridge Water Co. for unintentionally polluting a site in 1976 that was 1.3 miles away from the tannery (*BI*, Dec. 14, 1992).

"Why?" he then asked.

If the decision is upheld, it will mean that public liability insurance policies written years ago will be responsible for paying pollution cleanup costs retroactively, according to Mr. Street. Many of these public liability insurance policies were written on an occurrence basis with no pollution exclusion and some of them were for unlimited amounts, he said.

Today, coverage in the United Kingdom is generally available only for sudden and accidental pollution under general and public liability policies, said Ms. Monteith. Indeed, her firm found that 94% of the top 35 U.K. insurance companies offer "sudden identifiable, unintended and unexpected" pollution coverage.

That wording has yet to be tested in the U.K. courts, she said. But underwriters are now starting to question what "sudden and accidental" means. In one case now being litigated, underwriters are trying to void payment of pollution claims caused by an explosion because they say that seepage of a pollutant occurred gradually over a number of years and caused an explosion.

And some underwriters are now excluding pollution altogether from liability policies. BI

## Catastrophe loss report

*Continued from page 31*

exceptional rise in average loss" for all kinds of catastrophes, said Mr. Enz. "We've determined that the value of property and the current economic situation doesn't explain the increase. Over the last 23 years, global GDP has increased 85%, while insurance losses rose more than 900%.

"For a long time, the rise of insured losses was explained by the greater value of property. The idea was the more valuable the property, the more which can be destroyed. If this thesis is correct, then loss would increase in relation to the increase in value."

But the study shows losses are greatly increased by factors like the frequency and intensity of storms, location and construction of buildings, the distribution of value and insurance policy conditions, like the amount of deductibles.

The report also indicates:

- Large-scale fires caused 64% less damage in 1992 than in 1991. Thirty-seven fires were considered catastrophes and caused insured losses of $1.3 billion. That is 15 fewer fires than in 1991.

Industrial fires, not including fires at petrochemical facilities, were fewer and less costly in 1992. The number of catastrophic industrial fires and the insured damage they caused fell by 50% last year.

More than 90% of the $482.4 million in industrial fire losses occurred in Europe. The largest single loss was an explosion and fire at a hydrogen peroxide facility in Jarrie, France, which caused $87.8 million in damage.

However, five fires and explosions at petrochemical plants caused $541 million in damage—40% more damage than in 1991.

"As in the other categories, the industrial countries dominate in the amount of insured losses," the report says. "At the same time, we register more deaths from catastrophes in economically underdeveloped countries. However, property damage in these countries should not be underestimated. Often damage is not reported, and its effect is wider-reaching than insured losses in industrial countries."

The largest 1992 commercial fire occurred Nov. 9 in La Mede, France, where a refinery fire caused $181 million in damage and killed six people (*BI*, Nov. 16, 1992). The second-largest loss was an Oct. 16 explosion and fire at an oil refinery in Sodegaura, Japan, causing $160.5 million in damage (*BI*, Oct. 26, 1992).

Insured losses from commercial catastrophic fires in the United States decreased 38% to $266.5 million. Three fires alone caused $163.9 million in damage. Two fires were at petrochemical companies and the third was a forest and brush fire in California on Oct. 1.

- The report also indicates 1992 aviation catastrophes increased to 30 from 28. Hull losses of $604.5 million were 27% higher than in 1991, but still much less than the record 1990 sum of $949 million.

"In 1992, the major cause of insured losses in the aviation/space category occurred from airplane crashes." There were 23 crashes in 1992, causing 983 deaths and insured liability losses of $281.4 million, up from $194.2 million.

- The 29 major losses in the waterborne traffic sector caused insured damage of $313.4 million, 56.1% less than in 1991, when insured damaged totaled $714.2 million. The largest loss in this sector was the $75.9 million in damage, suffered by the luxury liner Queen Elizabeth 2 when it ran aground Aug. 8 near Martha's Vineyard, Mass. (*BI*, Aug. 17, 1992). BI

No. 0012 of 1993

IN THE HIGH COURT OF JUSTICE
Chancery Division Companies Court

IN THE MATTER OF

ST HELEN'S INSURANCE COMPANY LIMITED
(IN LIQUIDATION)

and

IN THE MATTER OF THE COMPANIES ACT 1985

**NOTICE IS HEREBY GIVEN** that on 12th March 1993 the Scheme of Arrangement between the above-named company and the Scheme Creditors (as defined in the Scheme of Arrangement) was approved unanimously by the Scheme Creditors.

**FURTHER NOTICE IS HEREBY GIVEN** that by an Order dated 7th April 1993 made in the above matter, the Court has approved the Scheme of Arrangement. The Operative Date (as defined in the Scheme of Arrangement) for the Scheme is 7th April 1993.

After the Operative Date, Claim Forms (as defined in the Scheme of Arrangement) will be dispatched to all known Scheme Creditors. If any creditor does not receive a Claim Form, one may be obtained by contacting either Mr. B. Harding or Mr. R. Johns at Coopers & Lybrand, St. Andrew's House, 20 St. Andrew Street, London EC4A 3AY, Telephone: 071-606 7700; Facsimile: 071-212 6800. Scheme Creditors should note that all Claims must be submitted to the Joint Liquidators on or before 7th August, 1993—the Claims Submission Deadline.

Dated 19th April 1993 I D B Bond Joint Liquidator

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**RISK MANAGEMENT INFO SYSTEM**

The Port of Portland, Risk Management Division, is requesting proposals for a Risk Management Information System. The selected firm will install their RMIS software (or access to off-site system), convert loss info monthly from the Port and its insurers, and provide training and support.

The full Request for Proposal may be obtained from the Port at (503) 731-7593. Technical questions should be directed to Mac Butler, (503) 731-7434. Deadline for proposals is 5:00 p.m. (PDT) on May 11, 1993.

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**SALE OF CHARTER**

The Special Deputy Receiver of COMCO INSURANCE COMPANY, a Texas property and casualty insurer in receivership, is soliciting bids for the purchase without warranty of the charter and licenses of the company. COMCO has been licensed in the following states: Arizona, California, Colorado, Florida, Georgia, Iowa, Kansas, Louisiana, Mississippi, Missouri, Nevada, New Mexico, Oklahoma and South Dakota; all licenses may not be current. Sale is subject to approval of the Receivership Court in Travis County, Texas and the Texas Department of Insurance. **Bids must be received on or before May 14, 1993.**

Bids should be submitted to **Mr. Donald McPhee, 1510 Bank One Tower, P.O. Box 27551, Austin, Texas 78755-2551.** For further information, contact **Mr. McPhee at (512) 472-0815.**

## REQUEST FOR PROPOSALS

**REQUEST FOR PROPOSAL**

The Delawware State Housing Authority (DSHA), a public corporation in the Delaware Development Office of the State of Delaware, is soliciting proposals for insurance for the years begining July 1, 1993, 1994, and 1995. The types of insurance coverage required are:

> Property, Comprehensive General Liability, Commercial Umbrella Liability, Workers' Compensation, Commercial Automobile, Boiler Insurance, Directors and Officers Liability Insurance, Volunteer Workers Accident, Commercial Inland Marine, Electronic Data Processing, Fidelity Bond, Flood Insurance

A **voluntary** pre-proposal conference will be held at 9 a.m., May 5, 1993, at the Delaware State Housing Authority, 18 The Green, Dover, DE 19901, and the proposal due date is 2 p.m. May 31, 1993.

Interested parties should contact **John C. Conley of DSHA at 302-739-4263** for information and to receive a request for proposal package. The insurance requirements are detailed in the Request for Proposal.

Bids are especially invited from minority and women business enterprises (MBE/WBE).

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**REINSURANCE CLAIM MANAGER**

**Acting as a liaison between various claims divisions, Corporate Actuarial, Reinsurance Accounting and brokers/reinsurers, this individual will be responsible for the identification, preparation and ceded recoverable calculations pertaining to all reinsurance claims and claim reports. Additional duties include providing technical assistance as necessary, participating in the claims negotiation/settlement process and monitoring/controlling the status and reporting of claims.**

**REQUIRES: 7+ years property/casualty insurance experience, preferably with the last 3 years relating to reinsurance claims; a good understanding of primary insurance concepts; experience handling reinsurance claims; knowledge of insurance/ reinsurance accounting; and an understanding of the claims adjusting process. Successful completion of 8 or more IIA or CPCU parts is preferred. Good PC and system skills a must.**

**CONTROLLER-CEDED REINSURANCE**

**Responsibilities encompass compiling and allocating profit/loss results and analysis associated with reinsurance transactions by accident year and business center; overseeing processing, evaluation and reporting of data and management reports for reinsurers and Company personnel; maintaining records; and managing internal/external information flow and procedures.**

**REQUIRES: 8+ years experience in financial analysis, accounting and/or auditing, preferably within the insurance industry; an MBA or similar advanced degree desirable; in-depth knowledge of reinsurance transactions and information systems and prior supervisory experience are strongly preferred.**

**REINSURANCE UNDERWRITER**

**Key responsibilities include preparing, organizing, maintaining and communicating information needed for the placement of new and renewal insurance; evaluating treaty reinsurance contracts; and assisting in the management of automatic facultative binding agreements and aggregate utilization of facultative reinsurance.**

**REQUIRES: 6+ years experience in primary property and casualty multi-line underwriting, preferably with 2 years of experience involving underwriting large commercial accounts including the responsibility for the placement of facultative reinsurance; prior experience working with treaty reinsurance is a strong plus. Successful completion of 8 or more IIA or CPCU parts is preferred, with a demonstrated commitment to further professional development.**

**In addition to the individually listed requirements, ALL positions require bachelor's degree in a relevant field or an equivalent combination of education and experience plus excellent communication and organizational skills.**

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# The Professional Marketplace



Business Insurance

## Circulation Breakdown★

**Commercial Consumers**

**Administrative:**
CEO's Presidents, and Owners ........ 2,652
Vice-Presidents, General Managers and Other Administrative Personnel ........ 4,166

**Financial:**
Chief Financial Officers and Vice-presidents of Finance 2,526
Secretaries, Treasurers, controllers and other Financial Personnel ........ 3,735

**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 ... 15,035

**Sub-total** ........ **28,114**

Associations ........ 392
Government, unions and Educational Institutions ........ 1,120

**Commercial Consumers**
**Sub-total** ........ **29,626**

Insurance Agents and Brokers ........ 8,788
Insurance Companies ... 7,977
Accountants, Actuaries, Attorneys & Consultants ...... 3,572
Adjusters, Appraisers, TPA's, Captive Managers & Health Care Providers ........ 1,849
Others Allied to the Field ... 968
Single Copies ........ -

**TOTAL** ........ **52,785**

★ Source Business/Occupational breakdown of qualified circulation, November 30, 1992 issue, as submitted to BPA for December 1992 BPA Publisher's Statement.

# Insurance Services Guide

# For the record

## Senate bill would ban AIDS benefit caps

WASHINGTON—Employers would be prevented from limiting health care benefits for employees with AIDS under legislation introduced in the Senate this month.

The legislation, S. 765, introduced by Sen. Barbara Boxer, D-Calif., would bar group health plans from varying, based on disease or medical condition, the maximum lifetime benefits an individual could receive.

The measure, Sen. Boxer says, is aimed at overturning a federal appeals court decision that said nothing in the Employee Retirement Income Security Act of 1974 prevents a self-funded employer from providing fewer health care benefits to employees with acquired immune deficiency syndrome.

In that case, H&H Music Co. of Houston, capped AIDS benefits at $5,000 after switching to a self-funded plan from an insured program. For other conditions, the lifetime limit under the new plan was $1 million (*BI*, Nov. 18, 1991).

## North Dakota limits punitive damages

BISMARCK, N.D.—North Dakota Governor Edward Schafer has signed a law that limits punitive damage awards to two times compensatory damages or $250,000, whichever is greater.

The law, signed late last month, applies to all types of claims—including product liability—but excludes contract disputes.

Under the law, a defendant may only be found liable for punitive damages "by clear and convincing evidence." The law allows for bifurcated trials on the issue of punitive damages, prohibits evidence about a defendant's net worth in the punitive trial stage, and prohibits awards of punitive damages when no compensatory damages are awarded.

North Dakota is the second state to restrict punitive damages in 1993.

In February, Mississippi approved a law that allows for the bifurcation of trials on the issue of punitive damages, prohibits punitive damages in the absence of a compensatory damage award and requires the amount of punitive damages to be rationally related to the harm caused. The law applies to most types of cases—including product liability—but excludes contract, asbestos, libel and slander claims.

## NAHU seeks funds to arm for lobbying war

WASHINGTON—The National Assn. of Health Underwriters is seeking contributions from members for a $1.2 million "war chest" to battle health care reform proposals that may cost them their jobs.

NAHU is asking its 11,500 members, primarily life/health agents and brokers, to contribute at least $200 each to its "emergency political action plan"—dubbed Project 200. The money will finance "a full-court press on the White House, Congress, the news media and our political allies and opponents," NAHU President Joseph Lee Pugh said in a letter.

"We must make any nationalized plan too controversial, too politically unpopular for Congress to support," he said.

## Safety rules expected but not prepared for

LONG GROVE, Ill.—An overwhelming majority of businesses are bracing for more stringent environmental and workplace safety regulations under the Clinton administration, but only about half of risk managers responding to a recent survey said they're prepared for the changes.

According to the Kemper Risk Management Services survey, which drew responses from 143 manufacturing and service companies, 93% of the respondents think the Environmental Protection Agency will impose tougher standards on businesses and 85% think the Occupational Safety and Health Administration will do the same. Eighty-three percent of the respondents think the EPA will beef up enforcement efforts, with 80% agreeing that OSHA is ready to crack down harder than in the past.

Three percent of the risk managers in the survey said they were "extremely well-prepared" for the likely changes, while 48% deemed themselves "prepared." The rest of the sample said they had made some preparation, but needed to do more.

## Wisconsin high court strikes COB clause

MADISON, Wis.—A collective bargaining agreement prohibiting duplication of health insurance for married employees and their employed spouses violates a state law ban on discrimination on the basis of marital status, the Wisconsin Supreme Court ruled last month.

In *Braatz vs. Labor and Industry Review Commission*, five teachers whose spouses are employed sued the Maple, Wis., school district because of a clause in the board's collective bargaining agreement with the Maple Federation of Teachers stipulating that married teachers can have health insurance under the school district's policy or under the spouse's policy, but not both.

Justice Donald W. Steinmetz said the non-duplication requirement "constitutes marital discrimination" because single employees who have health insurance from another source are not forced to choose between policies. Also, thechoice required by the school district does not account for an employee's death or divorce, which may terminate the former spouse's coverage, leaving the person unable to obtain a policy elsewhere.

*Continued on next page*

# For the record

Continued from previous page

## Fireman's Fund offers anti-fraud services

NOVATO, Calif.—In a pilot project in California, Fireman's Fund Insurance Cos. is offering anti-fraud special investigation services to large self-insureds, brokers and small insurers.

The service will investigate cases of suspected fraud in auto and general liability insurance. California law mandates that insurers protect themselves against fraud.

Fireman's Fund expects eventually to offer the program nationally.

The insurer's Special Claim Services unit will provide services ranging from analysis of claims "looking for flags that signal potential fraud" to "retaliatory action against those who practiced the attempted fraud," the company said.

## 10th Circuit rejects plan's ERISA defense

SALT LAKE CITY—ERISA does not pre-empt state common law statutes that bar unilateral modifications of insurance contracts, the 10th U.S. Circuit Court of Appeals has ruled.

In *Seymour vs. Blue Cross & Blue Shield*, Ed and Shannon Seymour were covered from July 1984 under his employer's group health plan, which covered liver transplants. In December 1984, the employer, Bookcraft Inc., switched insurers to Blue Cross & Blue Shield of Utah under a policy that excluded liver transplants.

In 1987, the Seymours had a baby who was diagnosed as needing a liver transplant. Mr. Seymour applied for and was denied coverage for the transplant. He argued that he had never received a copy of the amendment excluding liver transplants. Neither the Seymours nor Bookcraft ever agreed in writing to the amendment, although agreement in writing is required under Utah law.

The case went to an arbitration panel, which found for the insurer because Mr. Seymour acknowledged receiving a policy booklet excluding liver transplants in early 1987 and because he continued to pay premiums without protest.

The U.S. District Court in Salt Lake City granted BC/BS of Utah's motion to confirm the decision.

On appeal, the Seymours contended the panel's decision should not be enforced because BC/BS of Utah's unilateral modification of the original policy was contrary to Utah public policy. BC/BS responded that Utah insurance laws are pre-empted by the Employee Retirement Income Security Act of 1974. The appeals court found that ERISA does not pre-empt state insurance laws governing purchased insurance policies.

But the appeals court affirmed the panel's decision, noting that a reviewing court is generally precluded from disturbing an arbitration panel's decision.

## South Dakota reforms to cut work comp costs

PIERRE, S.D.—Several workers compensation reforms that become effective this summer are designed to reduce costs for the state's workers comp insurers and 19,500 employers.

One of the most significant reforms that the Legislature passed and Gov. George S. Mickelson signed last month requires that injured workers receive treatment in a managed care setting.

The state's Department of Labor and Management still must develop a managed care approach.

Employees covered through the state's assigned risk pool would be subject to managed care beginning in 1994; workers at insured and self-insured companies would be subject to managed care beginning in 1995.

Other measures designed to improve workplace safety and cut system costs will:

- Allow the state to establish medical fee schedules for providers treating workers comp cases.
- Require employers, beginning July 1, to have workplace safety reviews conducted by their insurers at least once every three years.
- Provide employers a mechanism through the Department of Labor to investigate fraudulent claims and reduce or eliminate benefits for those claimants.

Previously, such cases had to be resolved through the criminal court system.

- Presume that an injured worker requires no further medical care if he or she has not required medical care for an injury for three years. This should allow workers comp insurers to close claim files more quickly and free up reserves established for the claims.

Under the reforms, the state's 38 self-insured employers for the first time must pay a tax on the "hypothetical premiums" they would have paid to commercial insurers.

The $261,000 the tax is expected to generate in its first year will be used to automate the Labor Department.

## No U.S. art coverage for Barnes exhibition

WASHINGTON—The U.S. government will not be responsible for insuring an art show valued at more than $1 billion.

Because the Federal Council on the Arts and Humanities has not yet signed a certificate guaranteeing free government indemnity for the Barnes Foundation art exhibit, the National Gallery of Art has purchased additional commercial insurance to cover travel risk for the exhibit.

The exhibit is scheduled to open at the Washington museum May 2.

GTE Corp., the show's sponsor, paid about $200,000 for the additional coverage.

Controversy arose last month over the museum's application for federal indemnification because the Barnes show contains 80 U.S.-owned items and only one foreign-owned item.

The federal program was set up to insure only works from overseas (*BI*, March 22).

Also, the council had been criticized for approving government indemnification in a closed meeting in violation of a federal act that requires federal agency meetings involving policy decisions be open to the public. BI

# Solvency bill

Continued from page 2

discuss the Dingell bill.

"What we can do is cooperate with each other, share information," he said.

"This is not some well-oiled machine," observed Peter Lefkin, vp-federal affairs for Fireman's Fund Insurance Co. "It's not going to be some powerful lobbying juggernaut."

A broadly worded draft statement of purpose by the AIA praises the general direction of Rep. Dingell's bill but says it should be improved.

Among other things, the statement supports a bill that would: offer insurers the choice of federal or state solvency regulation; eliminate laws "unfairly suppressing rates"; establish a national guaranty fund to protect individuals and small businesses; and avoid duplicate or conflicting federal and state regulation.

The statement proposes efforts to: build a broad coalition of insurance industry, commercial policyholder and consumer groups to support a regulation bill; identify major concerns with H.R. 1290 as currently written; and sponsor research that would support the coalition's program.

Getting interested parties to agree on what the coalition should support will be a big problem, some observers say.

For example, the Insurance Solvency Coalition—which consists of several brokers, insurers and corporate buyers—objects to pieces of the current legislation that the AIA has not opposed, according to Robert Shapiro, a Washington lawyer who is representing ISC.

"It's an eclectic group. Everyone there has an interest, but everyone has their own interest," he said. "I don't think it's something (the AIA) will be able to hold together, even within their own group."

Mr. Lefkin agreed there is probably too much difference of opinion for the proposed coalition to succeed as an umbrella group.

"As far as I'm concerned, this is just another industry meeting," Mr. Lefkin said. "It's just another group in Washington, a city composed of groups. It's people going to meetings looking for other meetings to go to."

The AIA had scheduled another meeting of interested parties for last Friday.

The House Subcommittee on Commerce, Consumer Protection and Competitiveness, which is chaired by Rep. Cardiss Collins, D-Ill., has scheduled hearings on the bill April 22 and 28. BI

# Hines symposium in May

CHICAGO—Four leading experts in risk management and commercial insurance will participate in the 1993 Harold H. Hines Jr. Memorial Symposium on May 13 in Chicago.

The theme of the symposium is "Risk and Uncertainty in the '90s: Major Issues and Responses."

The panelists will be: Suzanne H. Crager, president of the Risk & Insurance Management Society Inc. and assistant vp-risk management and insurance with PNC Bank Corp. in Pittsburgh; Jeffrey Greenberg, executive vp of American International Group Inc. in New York; Tinsley H. Irvin, chairman and chief executive officer of Alexander & Alexander Services Inc. in New York; and Barbara Stewart, president of Stewart Economics in Atlanta.

The symposium is co-sponsored by the Chicago and Northeast Chapters of RIMS, The Insurance School of Chicago and *Business Insurance*.

It honors Mr. Hines, who at the time of his death in 1984 was president of Rollins Burdick Hunter, now Rollins Hudig Hall.

Each panelist will give opening remarks, followed by questions from the audience and the symposium moderator, Kathryn J. McIntyre, publisher and editorial director of *Business Insurance*.

The program will alert attendees to new issues important to risk management and provide ideas on how to handle these issues.

The symposium, free to invited guests, will be held at the Union League Club of Chicago, 65 W. Jackson Blvd. Registration will begin at 3:15 p.m., with the program beginning promptly at 3:30. A reception will follow at 5:30.

To request an invitation, contact The Insurance School of Chicago, 312-427-2550.

# Travelers to offer runoff management

HARTFORD, Conn.—Travelers Corp. and Rodney-Smith & Partners Ltd. of London have joined to provide runoff management services for international insurers and reinsurers.

The services will be marketed in Bermuda, Europe, the United Kingdom and the United States this month.

Administration will be done by Farmington, Conn.-based Travelers Special Liability Group—in its first external marketing initiative—and Rodney-Smith & Partners' offices in Bermuda, Chicago, London and New York.

The companies will offer runoff administration, claims resolution and management services, including technical reinsurance consulting and specialized environmental claims handling.

Services will be coordinated by James Morgan, vp of Travelers Special Liability Group, and William Storie, president of Rodney-Smith & Partners (Bermuda) Ltd.

For more information, contact Mr. Morgan at 203-277-7066.

# Markets

## A&A construction unit

NEW YORK—Alexander & Alexander Services Inc. has formed a global construction group to coordinate insurance, reinsurance, risk management and project consulting services for large construction projects.

The program is designed for companies with complex or unusual construction risks.

Leonard J. Battifarano will head the new unit, which pools resources from A&A's worldwide risk management and insurance operations, including environmental, political risk and reinsurance specialists.

The Global Construction Projects Group headquarters are at 1185 Ave. of the Americas, New York, N.Y. 10036-2684; 212-238-1168; fax: 212-238-1038.

Meanwhile, A&A of Minnesota has formed a risk management unit for large corporate clients.

In addition to brokerage services, the unit will consult on finance, loss control and claims.

Thomas J. Rodell, managing vp of A&A of Minnesota, will head the unit. R. George Worsley, local manager of A&A's Midwest Global Business Unit, will also serve in the office, at 4000 Olson Memorial Highway, Minneapolis, Minn. 55422; 612-520-3000.

## RHH specialty group

CHICAGO—Rollins Hudig Hall has formed RHH Financial Services Group Inc. to provide specialty brokerage and consulting services in directors and officers, professional and fiduciary liability coverages. The group will be as a production, service and marketing unit of the Aon Corp. brokerage subsidiary.

The new group combines the former Rollins Financial Brokers and Hall Financial Services, which was a unit of Frank B. Hall & Co. Inc.

Joseph E. Morahan, formerly of Hall Financial Services, is chairman of the new operation, while Joseph J. Prochaska joins RHH as president of the Financial Services Group. Both were once executives at Shand, Morahan & Co. Inc., an underwriting manager in Evanston, Ill.

Mr. Morahan can be reached in Denver at 303-758-7688. The contact in Chicago is Ron Moyer at 312-701-4177 and in New York is Vince McGeehan at 212-952-1200.

## Sedgwick Payne unit

SEATTLE—Reinsurance and wholesale broker Sedgwick Payne Ltd. is merging the operations of two subsidiaries to provide comprehensive reinsurance analysis and brokerage services.

The new Seattle-based operation combines Aldgate Consulting Group, which is a unit of intermediary E.W. Payne Cos. Ltd., with the reinsurance analysis division of E.W. Payne's U.S. subsidiary, Sedgwick Payne Co.

Sedgwick Payne Insurance Strategy Ltd., or INSTRAT, will service clients worldwide, providing simulation models for alternative reinsurance proposals and shortfall coverages for insurers unable to reach their desired catastrophe reinsurance limits.

Jim Payne, deputy chairman of Sedgwick Group P.L.C., is chairman of INSTRAT. Andrew Martin is managing director in the United Kingdom and Don Paterson is chief executive officer in the United States. Mr. Paterson can be reached at 206-621-2947.

## Burns & Wilcox office

Specialty underwriting manager and broker Burns & Wilcox has opened an office in Grand Rapids, Mich. The H.W. Kaufman Financial Group Inc. unit's new office is at 3040 Charlevoix Drive S.E., Suite 202, Grand Rapids, Mich. 49546; 616-285-0154; fax: 616-285-0160. BI

# IRS relief

*Continued from page 1*

ers had hoped the IRS would allow them to use their interactive systems, which are widely used to administer 401(k) plans, to handle the entire notification and distribution process.

The IRS notice comes less than five months after the effective date of a federal law that imposes a 20% withholding tax on many types of pension distributions, including lump-sum payments from defined contribution plans when employees terminate employment.

Congress did provide a way to avoid the 20% withholding tax: Employees can ask their employers to directly transfer the distribution to an individual retirement account or to a defined contribution plan sponsored by a new employer, if it will accept the distribution.

Because the 20% withholding tax was tucked into an unrelated bill passed last summer, many employers knew nothing of the new requirements until shortly before the law took effect Jan. 1.

Aside from scrambling to put administrative systems in place to allow direct transfers of employees' pension distributions to IRAs or other companies' savings plans, employers had to contend with widespread employee confusion about the tax.

By and large, the confusion has eased, though some employees still incorrectly believe that a special 10% tax that Congress imposed in 1986 on many savings plan distributions taken in cash before age 59½ was raised to 20%, said Kwasha Lipton's Mr. Croyle.

And with the specter of a 20% withholding tax, more employees terminating employment with a lump-sum distribution of benefits are, as legislators intended, directly transferring those funds to IRAs rather than taking the money in cash—less the government's cut.

While administrative problems have eased, the 30-day waiting period to receive savings plan distributions remained a sore point with employers and employees.

The IRS was flooded with letters from employers and lobbying groups urging the service to allow employees to waive the 30-day wait.

"There was an outcry from the benefits community," said Marc Silbert, a vp with Noble Lowndes in Philadelphia.

"In light of employers being able to cut a distribution check quickly, it seemed a step backwards to make employees wait 30 days," said Frank Roque, a consultant with Hewitt Associates in Lincolnshire, Ill.

The IRS, in its notice, conceded the 30-day wait is unnecessary.

The government believes "that it is unnecessary to retain the 30-day period as a means of discouraging pre-retirement withdrawals of retirement savings.

This goal is adequately achieved by the expansion of participants' opportunities to roll over distributions combined with the tax disincentives for early withdrawal," the IRS said.

But the IRS notice does place a new administrative burden on insurance companies that offer certain group annuity benefit products.

For example, a terminating employee may ask his or her employer to purchase an annuity from an insurer with the employee's 401(k) plan account balance.

Later, the employee may request the cash value of the annuity from the insurer. In that situation, the insurer would have to notify the employee of the 20% withholding tax and give the employee the option of directly transferring the distribution to an IRA or other savings plan.

That requirement will increase insurers' costs and could slightly increase annuity prices, benefit consultants say. BI

# Rosy outlook for bond insurers

NEW YORK—Although municipal bond insurance volume probably will drop slightly from 1992's all-time highs, 1993 should be robust for new municipal bond issues and insurance demand, an executive predicts.

It is unlikely that government entities will be able to keep pace this year with the record number of bond issues in 1992. Municipal bond volume is expected to fall by about 11.4% to about $210 billion this year, from a mammoth $237 billion in 1992.

But, consistent with last year is the forecast that 35% of new muni bonds will be insured, said David Elliott, president and chief executive officer of MBIA Corp. of Armonk, N.Y.

"My crystal ball tells me that 1993 should be another very good year, if not quite up to the extraordinary levels of last year. . . We have just finished a record-smashing year that was even more robust than most market observers—myself among them—had anticipated," Mr. Elliott said during MBIA's sixth annual forum on the municipal bond market, earlier this month in New York. MBIA's subsidiary, Municipal Bond Investors Assurance Corp., is a leading bond insurer.

Mr. Elliott based his bullish predictions for 1993 on a couple key market assumptions.

"The recovery from the recession seems likely to accelerate modestly during 1993, resulting in economic growth in the 2.5% to 3% range. Inflation will also increase, but not dramatically, so the economic outlook is generally favorable," he said.

Infrastructure investment should be spurred by the Clinton administration and continuation of low interest rates, which are currently below 8%, he added.

Municipalities are still facing budgetary strains, which forces them to seek sources other than current cash flow to fund infrastructure projects. With ample unused debt capacity, borrowing by state and local governments should continue at strong levels, he predicted.

Meanwhile, insurance will continue to play an important role in the municipal bond market.

"Municipal credit quality. . .will continue to be a concern, and municipalities will look for ways to keep their borrowing costs down. This means the flight to quality will persist as an investment theme, making it likely that there will be a further increase in new issues coming to market with insurance," said Mr. Elliott.

Municipal bond insurance, a type of financial guarantee coverage that purchases bonds from investors if the issuer defaults, generally provides bonds with a higher rating than uninsured issues, which increases their marketability. It also lowers their cost to the issuer because yields on insured bonds are typically below those of similarly rated uninsured bonds.

Judging by the muni bond market's performance so far, Mr. Elliott's projections for 1993 seem to be at least on pace, if not conservative. Through the first two weeks of March, the volume of new issues is up 17% from last year at this time, and insured volume is 55% greater than last year's record pace.

"This fast start bolsters my case for another good year. But the main theme I've been striking for the past several years is that even if municipal volume is down in a given year, the long-term prognosis for municipal financing is very favorable, because the only way to finance the country's vast infrastructure needs is through the issuance of long-term, tax-exempt debt."

New York Gov. Mario Cuomo, who also spoke at the MBIA forum, agreed that America needs to improve its infrastructure, and issuing insured municipal bonds is the best way to finance future projects. "Debt is a reality of building and maintaining infrastructure. It's not possible for us to be a pay-as-you-go society. It sounds fancy and easy, and talking about it can win a politician an election, but that's as far as it goes," Gov. Cuomo said.

*—By Michael Schachner*

## At issue

***What do you feel is the most needed benefit for employees with dependents?***

**Kevin P. Flatley**
Vp-Employee Benefits
**American Express Co.**
**New York**

If you picture a world in which all company-provided employee benefits were suddenly not there, the most acutely felt need would be for basic health coverage. This would be true regardless of individual family circumstances. Companies have provided this type of coverage for so long, we tend to take it for granted.

**Catherine Broadbent**
Human Resource Director
**Charter Township of Plymouth**
**Plymouth, Mich.**

Flexibility in the work schedule. A flex-time policy allows the employee to balance the family needs with the responsibilities of a career. This policy will improve employee morale, increase productivity and decrease absenteeism and stress.

**Ellen Lobato**
Director of Field Personnel
**Guaranty National Insurance Co.**
**Englewood, Colo.**

The most needed benefit, not only for dependents but employees as well, is routine health care. This means coverage for things such as well-baby care, children's vaccinations, annual physicals, mammograms and other general health care needs.

*Compiled by Cynthia Bloom*

## Update

# Harbor objects to jury finding

*Continued from page 2*

evidence that solvents from a Garden City, N.Y., chemical distribution facility formerly owned by Purex had been leaking into the groundwater since the 1950s.

But the jury apparently agreed with Purex attorneys Bird, Marella, Boxer, Wolpert & Matz, which argued the contamination was indeed sudden because it took only a short time for the solvents to seep from the point of release into the groundwater.

"The Purex lawyer was as surprised as I was," said Harbor attorney Robert Zeavin, who also was one of the lead counsel in the Shell case.

But the verdict doesn't by itself award coverage for cleanup costs since it came in the early interpretive phase of a multiphase trial involving six sites, Mr. Zeavin pointed out. On April 28, jurors will begin considering the second site.

# $1 million basket insured

CHICAGO—Great American Insurance Co. of Cincinnati will pay $1 million to a Bloomington, Ill., man who nailed a 79-foot basket during a contest at a Chicago Bulls basketball game last week.

Don Calhoun will receive $50,000 annually for 20 years after heaving the ball nearly the length of the court as part of a time-out contest sponsored by The Coca Cola Co. of Atlanta and Chicago-based restaurant chain Lettuce Entertain You Enterprises Inc.

The sponsors had purchased the policy through American Hole n' One, a managing general agency based in Oakwood, Ga. The contest and coverage will continue next season.

# No D&O cover for club policy

SAN FRANCISCO—Lloyd's of London underwriters are not obligated to indemnify the Olympic Club, a San Francisco athletic and social club, for defense costs in connection with racial and sexual discrimination suits brought against it by the city, an appellate court panel said.

The city of San Francisco filed suits against the club in 1987 and 1989 for refusing to admit blacks or women as members. A panel of the 9th U.S. Circuit Court of Appeals in San Francisco upheld a lower court ruling that Lloyd's syndicates are not liable to indemnify the club for defense costs under the club's directors and officers liability policy.

In a 2-1 ruling issued April 7, the court said the suits are based on the club's own policies and not on a "wrongful act" of its directors or employees that is imputed to the club. "The policy, after all. . .is not an expanded comprehensive liability policy insuring the club against liability for everything it does," the panel said in the decision.

Attorney Robert B. Stringer of Cyril & Crowley in San Francisco, who represents the Olympic Club, said it has not decided whether to appeal. Mr. Stringer said the club has agreed to admit women and blacks since the suits were filed.

# Briefly noted

A Georgia state court judge refused to reduce the $101 million in punitive damages awarded to the parents of Shannon Moseley, who was killed in a crash in his **General Motors Corp.** pick-up truck, or to grant GM a new trial (*BI*, Feb. 8). . . .Southern Underwriters Inc., a Miami-based reinsurance pool manager, is suing **Hansa Reinsurance Co. of America** to recover $10 million in Hurricane Andrew claims Hansa has refused to pay. The suit also seeks $100 million in punitive damages. Hansa has argued that Southern Underwriters concealed information about its concentration of property risks in Florida. . . .New Jersey and Missouri insurance regulators are seeking to revoke the agent licenses of **Arthur A. Blumeyer III.** Mr. Blumeyer, owner of the defunct Bel-Aire Insurance Co., was indicted on insurance-related fraud charges last month (*BI*, March 22). . . .Two storms packing wind and hail last month caused an estimated **$160 million in insured property damage** in Texas and Kansas. The severe weather was assigned Catastrophe Nos. 47 and 48. Also, wind, hail and tornadoes caused an estimated $65 million in insured property damage to portions of Florida and Georgia on April 5, and was assigned No. 49. . . .California Gov. Pete Wilson has signed S.B. 31, which sets a fee schedule to limit the cost of **medical-legal evaluations** for injured workers (*BI*, April 12). . . .In a **Superfund liability** case, the 2nd U.S. Circuit Court of Appeals adopted a special exemption to the law that could allow Alcan Aluminum Corp. to avoid any liability for the cost of cleaning a hazardous waste site in New York. Alcan would have to prove that "its pollutants did not contribute more than background contamination" at the site. . . .**Pacific Telesis Group** will take a onetime pretax charge of $2.9 billion to recognize its retiree health care liability under FAS 106. . . .**A.M. Best Co.** has boosted its damage estimate of the Blizzard of '93 to $1.5 billion from the $800 million it estimated shortly after the March storm (*BI*, March 29). . . .A federal judge in Ohio has tentatively approved a plan that would allow **Navistar International Corp.** to reduce its retiree health care benefits (*BI*, Dec. 21, 1992). Navistar hopes that the plan will receive final court approval in May and be implemented during the summer. . . .A lawsuit filed by several thousand non-union retirees of **McDonnell Douglas Corp.** seeking reinstatement of lifetime retiree health care benefits was granted class action status March 30. The aerospace giant replaced retiree health care programs with an employee-pay-all plan financed by surplus defined pension benefit plan assets (*BI*, Oct. 19, 1992). A preliminary injunction against the company was denied (*BI*, Jan. 4; Dec. 7, 1992). . . .New York State Sen. Guy J. Velella proposed putting a constitutional amendment on the state ballot that would make New York the 13th state to **elect its superintendent of insurance**.

## Health care task force

*Continued from page 1*

dent's health care reform task force indicated that states would play a key role in organizing the purchasing alliances. According to the memo—read to a *Business Insurance* reporter by a business lobbyist—states would be given maximum flexibility in structuring the cooperatives.

In some smaller, sparsely populated states, only one purchasing alliance might be allowed by the state. Conceivably, the state could then have a single-payer health care system, with all employers and individuals paying premiums to the state-run alliance that, in turn, would purchase coverage.

The largest employers in that state would have to join the state alliance and eliminate their existing health care plans, some business lobbyists speculate.

If that is the case, "Then we've got a single-payer system, and why don't we call it national health insurance?" asked Sharon Canner, vp-industrial relations at the National Assn. of Manufacturers in Washington.

"I'm concerned the administration may be moving away from a pluralistic system of many purchasers to a statist approach," said Mark Ugoretz, president of the ERISA Industry Committee, a benefits lobbying group in Washington representing big employers.

The head of a group that represents about 60 employer-organized health care purchasing and data collection coalitions says he is not concerned so long as the states would not be forced to form just one purchasing alliance.

"If (the number of purchasing alliances) is left up to state legislatures, we feel we could fight and win. Many states would not (appreciate)" one purchasing alliance, said Sean Sullivan, president of the National Business Coalition Forum on Health in Washington.

But if purchasing alliances were limited to one per state, "Our dollars would be taken away by the public sector" and we would lose control, he added.

Other business groups, though, say the administration has no intention of forcing big employers—defined perhaps as those with at least 1,000 employees—to join state-run purchasing alliances.

"We believe big employers would continue to be exempt," said Dr. Mary Jane England, president of the Washington Business Group on Health.

However, smaller employers—including those that are members of large trade groups that could conceivably want to sponsor their own alliances—could be required to participate in a state-controlled alliance, she said.

At the briefing earlier this month, administration officials for the first time indicated that the health alliances would offer multiple health plans, including fee-for-service plans. They also indicated universal coverage and many other aspects of the package would be phased in over a number of years.

"This is a major change we're envisioning for one-seventh of the economy. You can't turn that on a dime. It will take some number of years to make the change," an administration official said.

The officials also said individuals would get a "health security" card, which would assure coverage at all times, even if they were out of work. Officials also said individuals will be expected to pay part of the premium.

In addition, officials suggested that no major changes were expected to the Medicare program, but that the Medicaid program, which covers the poor, would eventually disappear with the indigent obtaining coverage through the purchasing alliances.

At the briefing, officials made a point of no longer describing their program as "managed competition." That may be because one key element of managed competition—taxing employees on at least a portion of employer-paid health care premiums—is not expected to be included in the president's proposal.

In addition, the administration may have felt the term managed competition didn't mean anything to the average citizen, said Ellen Goldstein, director of health care policy at the Assn. of Private Pension & Welfare Plans in Washington. "They are going for terms, like health security card, that are warm and fuzzy," she said.

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*Associate Editor Mark Hofmann contributed to this report.*

# Doctors skeptical of reformers

By JERRY GEISEL

WASHINGTON—Most physicians believe the nation's health care system should be overhauled, but they doubt a White House task force or Congress will make the right decisions.

Sixty-four percent of physicians said the health care system needs fundamental changes, while 24% said only minor changes are needed and 10% said a complete rebuilding is necessary.

But, a poll of 408 physicians by the Times Mirror Center for The People & The Press, a public opinion research arm of The Times Mirror Co., found that only 24% of medical providers believe the Task Force on National Health Care will make "wise" recommendations.

Sixty-five percent said they had no confidence in Hillary Rodham Clinton's task force to make good recommendations while the remaining 11% didn't know.

Physicians were even more skeptical about Congress' ability to reform the health care system. Eighty-two percent expressed no confidence in Congress to come up with the right reforms, while just 14% expressed confidence and 4% didn't know.

The American public is more confident than physicians that Mrs. Clinton's task force will come up with the right prescription for reform.

Another poll of 1,011 private citizens found that 55% expect the task force to make wise recommendations, while 33% lacked confidence in the task force and 12% didn't know.

The public more doubtful Congress will come up with good health care reform recommendations: Just 32% of the public expressed confidence that Congress would make wise health care reform recommendations, while 61% had no confidence in Congress and 7% didn't know.

Physicians were almost evenly split on whether there should be national limits on health care spending—assuming there was no other way to control costs.

Forty-eight percent of physicians said they would favor limits on health care spending, while 47% were opposed and 5% didn't know.

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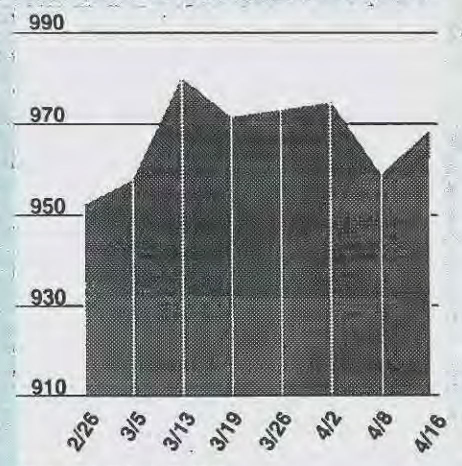
*Free single copies of "The Public, Their Doctors and Health Care Reform," are available from the Times Mirror Center for The People & The Press, 1875 I St. N.W., Suite 1110, Washington, D.C. 20006; 202-293-3126.*

## BI Insurance Index




Base = 100 on Dec. 29, 1978
Source: Nordby International Inc.

**Insurance industry stocks rose last week, as the *Business Insurance* Index climbed 9.8 points to 968.2 April 16 from 958.4 on April 12. Advancing issues for the week were led by USF&G Corp., up 18.6%; Chandler Insurance, up 14.3%; and Sierra Health Services, up 11.5%. Declining issues for the week followed Lawrence Insurance Group, down 12.5%; U.S. Healthcare, down 5.9%; and Statesman Group Inc., down 4.2%. The most active issue was U.S. Healthcare, 13.8 million shares traded. The *BI* Index was up 1.0%; the NYSE Composite was up 1.6%; the Standard & Poor's 500 was up 1.6%; and the Dow Jones 30 Industrials rose 2.4%.**

## British Issues

| April 15 Companies | Price pence | P/E | Div. pence | Yield % | 1 Week High—Low pence pence |
|---|---|---|---|---|---|
| Comml Union | 620 | N/M | 32.5 | 5.2 | 628—617 |
| Genl Accident | 597 | N/M | 35.7 | 6.0 | 613—597 |
| Gdn Royal Exch | 183 | N/M | 9.3 | 5.1 | 186—183 |
| Royal | 310 | N/M | 6.7 | 2.2 | 310—306 |
| Sun Alliance | 335 | N/M | 19.0 | 5.7 | 349—335 |
| **Brokers** | | | | | |
| Bradstock | 140 | 16.4 | 6.8 | 4.8 | 140—140 |
| CE Heath | 335 | 19.4 | 21.3* | 6.4 | 348—335 |
| Hogg Group | 195 | 17.2 | 10.9 | 5.6 | 195—193 |
| JIB Group | 194 | 19.2 | 10.0 | 5.1 | 195—194 |
| Lloyd Thompson | 274 | 22.1 | 7.5 | 2.7 | 274—273 |
| Lowndes Lmbrt | 348 | 13.8 | 16.8 | 4.8 | 348—346 |
| PWS Holdings | 60 | 8.9 | 5.3 | 8.8 | 60—60 |
| Sedgwick Grp | 156 | 18.8 | 8.0 | 5.1 | 156—153 |
| Steel Brrl Jones | 230 | 13.5 | 17.7 | 7.7 | 230—229 |
| Willis Corroon | 193 | 18.1 | 8.8 | 4.5 | 193—187 |

Source: Philip Olsen, London — * Estimated

# BI Industry Stock Report

### APRIL 12, 1993 THROUGH APRIL 16, 1993

| | | Price | Weekly % change | Year to Date % change | Annual High | Annual Low | Vol.(000) | $ Div. | % Yield | P/E | Book value | Mkt/Bk. value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **BROKERS** | | | | | | | | | | | | |
| Acordia Inc. | NYS | 21.38 | -1.16 | -0.58 | 24.75 | 15.13 | 30 | 0.36 | 1.68 | 14 | 7.01 | 3.05 |
| Alexander & Alexander | NYS | 25.13 | 2.55 | -5.19 | 28.88 | 18.25 | 348 | 1.00 | 3.98 | 19 | 10.00 | 2.51 |
| Gallagher Arthur J. & Co. | NYS | 35.00 | -0.71 | 23.89 | 35.63 | 21.00 | 271 | 0.72 | 2.06 | 22 | 6.35 | 5.51 |
| Hilb, Rogal & Hamilton | NYS | 15.63 | 0.81 | 0.00 | 16.88 | 11.00 | 140 | 0.44 | 2.82 | 22 | 3.11 | 5.02 |
| Marsh & McLennan | NYS | 94.13 | -0.13 | 3.01 | 97.63 | 73.50 | 464 | 2.68 | 2.85 | 22 | 14.40 | 6.54 |
| Poe & Associates | OTC | 19.88 | 7.43 | 18.66 | 19.88 | 11.25 | 42 | 0.40 | 2.01 | 76 | 2.64 | 7.53 |
| BROKERS | AVERAGE | | 1.5 | 6.6 | | | | | 2.2 | 25 | | |
| **CONGLOMERATES & HOLDING COMPANIES** | | | | | | | | | | | | |
| Berkley W.R. Corp. | OTC | 44.88 | -0.28 | 4.36 | 50.50 | 31.00 | 36 | 0.40 | 0.89 | 17 | 23.51 | 1.91 |
| Berkshire Hathaway Inc. | NYS | 12150.0 | 2.10 | 3.40 | 13200.0 | 8850.00 | 1 | 0.00 | 0.00 | 35 | 6437.25 | 1.89 |
| ITT (Hartford Group) | NYS | 84.25 | 7.15 | 17.01 | 84.25 | 62.50 | 1153 | 1.96 | 2.33 | -32 | 68.23 | 1.23 |
| Sears (Allstate) | NYS | 53.63 | 1.42 | 17.86 | 55.75 | 37.75 | 4518 | 1.60 | 2.98 | -10 | 40.18 | 1.33 |
| CONGLOMERATES | AVERAGE | | 2.6 | 10.7 | | | | | 1.6 | 3 | | |
| **INSURERS/REINSURERS** | | | | | | | | | | | | |
| ACE Ltd. | NYS | 29.13 | 0.87 | - | 29.63 | 28.00 | 2228 | 0.00 | 0.00 | - | 34.06 | 0.86 |
| AEGON N.V. | NYS | 46.38 | -1.07 | 11.41 | 49.38 | 33.00 | 64 | 0.68 | 1.47 | 9 | 34.06 | 1.36 |
| Aetna Life & Casualty | NYS | 51.00 | 1.49 | 9.68 | 53.75 | 38.00 | 1496 | 2.76 | 5.41 | 93 | 67.08 | 0.76 |
| Allied Group Inc. | OTC | 44.50 | -1.11 | 40.16 | 44.75 | 18.75 | 108 | 0.72 | 1.62 | 11 | 11.29 | 3.94 |
| Allmerica Prop. & Casualty | NYS | 56.75 | 0.00 | 12.38 | 60.38 | 34.75 | 36 | 0.44 | 0.78 | 9 | 40.44 | 1.40 |
| American General | NYS | 33.00 | 2.33 | -42.11 | 33.00 | 21.00 | 1486 | 1.08 | 3.27 | 13 | 39.89 | 0.83 |
| American Heritage Life Ins. | NYS | 31.88 | -1.16 | 5.37 | 34.00 | 25.13 | 7 | 0.84 | 2.64 | 15 | 16.51 | 1.93 |
| American Indemnity/Fin'l | OTC | 7.88 | -3.08 | 31.25 | 9.75 | 4.75 | 6 | 0.08 | 1.02 | 5 | 14.43 | 0.55 |
| American International | NYS | 131.13 | 2.24 | 13.04 | 131.13 | 82.00 | 2290 | 0.56 | 0.43 | 17 | 54.21 | 2.42 |
| American Re Corp. | NYS | 39.25 | -0.32 | 6.08 | 41.75 | 34.25 | 133 | 0.00 | 0.00 | 39 | N/A | N/A |
| Aon Corp. | NYS | 56.25 | 0.67 | 4.17 | 56.50 | 41.25 | 190 | 1.80 | 3.20 | 19 | 27.17 | 2.07 |
| Argonaut Group | OTC | 33.25 | -1.48 | 9.02 | 35.25 | 25.50 | 79 | 0.84 | 2.53 | 10 | 21.70 | 1.53 |
| AVEMCO Corp. | NYS | 22.13 | -3.28 | -5.35 | 28.00 | 21.00 | 15 | 0.40 | 1.81 | 27 | 7.33 | 3.02 |
| Baldwin & Lyons Inc. | OTC | 34.00 | -2.86 | -6.85 | 36.50 | 27.00 | 0 | 0.48 | 1.41 | 8 | 30.85 | 1.10 |
| Chandler Insurance | OTC | 4.00 | 14.29 | -15.79 | 7.63 | 3.50 | 4 | 0.00 | 0.00 | 17 | 8.63 | 0.46 |
| Chubb Corp. | NYS | 94.50 | 0.53 | 6.33 | 96.38 | 64.00 | 869 | 1.72 | 1.82 | 14 | 40.67 | 2.32 |
| CIGNA Corp. | NYS | 62.25 | 3.32 | 6.18 | 68.00 | 47.13 | 694 | 3.04 | 4.88 | 11 | 81.73 | 0.76 |
| CNA Financial Corp. | NYS | 99.63 | 4.32 | 1.66 | 102.88 | 81.50 | 120 | 0.00 | 0.00 | -9 | 80.24 | 1.24 |
| Continental Corp. | NYS | 27.25 | 10.66 | 1.40 | 34.75 | 20.00 | 1257 | 1.00 | 3.67 | 13 | 38.32 | 0.71 |
| EXEL Ltd. | NYS | 49.50 | 0.51 | 4.76 | 51.88 | 32.38 | 982 | 1.00 | 2.02 | 9 | N/A | N/A |
| Fund American Corp. | NYS | 83.00 | 2.31 | 15.28 | 84.00 | 62.50 | 26 | 0.00 | 0.00 | 60 | 81.85 | 1.01 |
| Fremont General Corp. | OTC | 41.38 | 0.00 | 19.93 | 41.50 | 41.38 | 0 | 0.00 | 0.00 | - | 25.62 | 1.61 |
| Frontier Insurance Group | NYS | 48.63 | 6.87 | 11.78 | 49.00 | 30.13 | 24 | 0.60 | 1.23 | 17 | 13.97 | 3.48 |
| Gainsco Inc. | ASE | 16.50 | 0.00 | 16.81 | 18.56 | 7.56 | 203 | 0.04 | 0.24 | 20 | 2.65 | 6.23 |
| General RE Corp. | NYS | 122.00 | 6.43 | 5.40 | 130.50 | 77.50 | 714 | 1.88 | 1.54 | 18 | 46.07 | 2.65 |
| Guaranty National Corp. | NYS | 22.63 | -2.69 | 14.56 | 24.00 | 13.50 | 50 | 0.00 | 0.00 | 14 | 9.12 | 2.48 |
| Harleysville Group | OTC | 30.00 | -1.64 | 6.19 | 32.75 | 17.75 | 72 | 0.64 | 2.13 | 14 | 16.77 | 1.79 |
| Hartford Steam Boiler | NYS | 57.13 | 0.22 | -1.08 | 59.88 | 49.13 | 87 | 2.12 | 3.71 | 21 | 19.74 | 2.89 |
| HCC Insurance Holdings | OTC | 21.00 | 3.70 | 3.70 | 22.75 | 12.25 | 67 | 0.00 | 0.00 | 22 | 19.74 | 1.06 |
| Kemper Corp. | NYS | 40.00 | -2.74 | 35.02 | 43.00 | 20.75 | 1042 | 0.92 | 2.30 | -11 | 37.66 | 1.06 |
| Lawrence Insurance Group | ASE | 6.13 | -12.50 | -28.99 | 10.25 | 6.13 | 5 | 0.12 | 1.96 | 102 | 4.66 | 1.31 |
| Liberty Corp. | NYS | 33.38 | 7.66 | 18.14 | 33.38 | 23.13 | 179 | 0.56 | 1.68 | 13 | 18.43 | 1.81 |
| Lincoln National | NYS | 82.25 | 1.54 | 12.48 | 83.63 | 50.50 | 345 | 3.04 | 3.70 | 11 | 58.92 | 1.40 |
| Market Corp. | OTC | 36.25 | -0.68 | 16.00 | 36.50 | 23.00 | 25 | 0.00 | 0.00 | 8 | 15.44 | 2.35 |
| Mutual Risk Mgmt. Ltd. | NYS | 34.13 | -2.50 | -15.74 | 46.00 | 25.75 | 248 | 0.28 | 0.82 | 20 | 7.51 | 4.54 |
| NAC Re Corp. | OTC | 42.50 | 0.59 | 4.94 | 44.75 | 21.75 | 264 | 0.16 | 0.38 | 75 | 13.60 | 3.13 |
| National Re Corp. | NYS | 36.13 | 4.71 | 21.94 | 39.00 | 17.63 | 125 | 0.12 | 0.33 | 20 | N/A | N/A |
| Navigators Group | OTC | 33.75 | 0.75 | 3.85 | 42.50 | 28.50 | 63 | 0.00 | 0.00 | 26 | 15.69 | 2.15 |
| Nobel Insurance Ltd. | OTC | 6.44 | 0.99 | 9.58 | 8.25 | 4.25 | 123 | 0.00 | 0.00 | 2 | 3.91 | 1.65 |
| NWNL Companies | NYS | 61.38 | 1.66 | 20.64 | 64.88 | 33.88 | 147 | 1.60 | 2.61 | 15 | 46.21 | 1.33 |
| Ohio Casualty Corp. | OTC | 65.75 | 1.54 | 4.16 | 68.75 | 49.00 | 79 | 2.84 | 4.32 | 12 | 43.08 | 1.53 |
| Old Republic Int'l | NYS | 23.75 | -3.06 | -4.52 | 27.38 | 18.75 | 341 | 0.40 | 1.68 | 8 | 18.63 | 1.27 |
| Orion Capital Corp. | NYS | 46.25 | 8.19 | 30.74 | 46.25 | 23.19 | 177 | 0.80 | 1.73 | 10 | 28.62 | 1.62 |
| Phoenix Re Corp. | OTC | 26.50 | 10.42 | 68.25 | 27.00 | 8.88 | 965 | 0.20 | 0.75 | -41 | 13.32 | 1.99 |
| Provident Life | NYS | 30.00 | 8.11 | 5.26 | 31.50 | 20.00 | 77 | 1.04 | 3.47 | 12 | 30.38 | 0.99 |
| Re Capital Corp. | ASE | 15.25 | 0.83 | -7.58 | 16.63 | 12.25 | 13 | 0.28 | 1.84 | 73 | 16.88 | 0.90 |
| Reliance Group Holdings | NYS | 7.88 | 5.00 | 28.57 | 8.50 | 4.25 | 579 | 0.32 | 4.06 | 3 | 2.94 | 2.68 |
| RLI Corp. | NYS | 26.00 | 0.00 | 5.05 | 28.63 | 17.75 | 30 | 0.52 | 2.00 | 11 | 17.92 | 1.45 |
| St. Paul Companies | NYS | 80.00 | 0.47 | 3.90 | 83.25 | 66.50 | 387 | 2.80 | 3.50 | -14 | 59.79 | 1.34 |
| SAFECO Corp. | OTC | 63.50 | 2.42 | 11.89 | 66.75 | 43.75 | 1706 | 1.64 | 2.58 | 15 | 35.37 | 1.80 |
| SCOR U.S. Corp. | NYS | 19.50 | 0.65 | 11.43 | 20.75 | 13.13 | 31 | 0.32 | 1.64 | 81 | 14.39 | 1.36 |
| Seibels Bruce Group | OTC | 1.13 | 0.00 | -40.00 | 6.13 | 0.38 | 103 | 0.00 | 0.00 | 0 | 6.22 | 0.18 |
| Selective Ins. Group | OTC | 23.00 | -3.16 | 4.55 | 25.75 | 17.25 | 368 | 1.12 | 4.87 | 11 | 20.22 | 1.14 |
| Statesman Group Inc. | OTC | 14.13 | -4.24 | 17.71 | 16.50 | 5.00 | 304 | 0.20 | 1.42 | 8 | 6.71 | 2.11 |
| Tokio Marine & Fire | OTC | 60.25 | -1.83 | 25.52 | 62.00 | 36.25 | 56 | 0.00 | 0.00 | - | 70.93 | 0.85 |
| Torchmark Corp. | NYS | 58.88 | -1.46 | 3.74 | 64.75 | 36.00 | 565 | 1.04 | 1.77 | 16 | 14.87 | 3.96 |
| Transamerica | NYS | 54.38 | -0.68 | 13.28 | 56.13 | 40.00 | 610 | 2.00 | 3.68 | 13 | 35.86 | 1.52 |
| Transatlantic Holdings | NYS | 53.25 | -1.84 | -5.12 | 56.75 | 29.38 | 114 | 0.28 | 0.53 | 17 | 21.85 | 2.44 |
| Travelers Corp. | NYS | 28.75 | 5.99 | 5.50 | 30.75 | 17.13 | 1049 | 1.60 | 5.57 | -4 | 43.85 | 0.66 |
| Trenwick Group Inc. | OTC | 47.50 | 7.65 | 16.56 | 49.25 | 25.00 | 227 | 0.80 | 1.68 | 19 | 23.87 | 1.99 |
| United Fire & Casualty | OTC | 37.25 | -0.67 | -10.24 | 43.00 | 36.75 | 2 | 1.00 | 2.68 | 106 | 28.47 | 1.31 |
| Unitrin | OTC | 46.00 | 3.95 | 7.60 | 46.25 | 32.75 | 549 | 1.20 | 2.61 | 15 | 36.51 | 1.26 |
| UNUM Corp. | NYS | 55.13 | 1.15 | 4.01 | 58.38 | 32.75 | 551 | 0.80 | 1.45 | 15 | 21.83 | 2.53 |
| US Facilities Corp. | OTC | 11.00 | 7.32 | 10.00 | 16.75 | 6.50 | 1149 | 0.00 | 0.00 | 15 | 9.64 | 1.14 |
| USF&G Corp. | NYS | 19.13 | 18.60 | 54.55 | 19.13 | 9.88 | 2676 | 0.20 | 1.05 | -113 | 10.29 | 1.86 |
| USLICO Corp. | NYS | 17.25 | 2.22 | -4.17 | 20.00 | 15.00 | 65 | 0.24 | 1.39 | -5 | 29.80 | 0.58 |
| USLIFE Corp. | NYS | 38.63 | 2.66 | 6.55 | 42.63 | 28.41 | 240 | 1.20 | 3.11 | 13 | 64.90 | 0.60 |
| Washington National | NYS | 27.25 | 6.34 | 18.48 | 28.00 | 16.88 | 117 | 1.08 | 3.96 | 16 | 30.27 | 0.90 |
| Zenith National Ins. | NYS | 26.13 | 2.45 | 32.28 | 29.25 | 15.50 | 201 | 1.00 | 3.83 | 28 | 14.81 | 1.76 |
| INSURERS/REINSURERS | AVERAGE | | 1.8 | 8.8 | | | | | 2.2 | 19.9 | | |
| **HEALTH MAINTENANCE ORGANIZATIONS** | | | | | | | | | | | | |
| FHP International | OTC | 20.25 | -2.41 | 1.25 | 29.00 | 12.50 | 1119 | 0.00 | 0.00 | 19 | 9.61 | 2.11 |
| Pacificare Health Sys. | OTC | 35.00 | 0.72 | -31.37 | 57.50 | 25.25 | 366 | 0.00 | 0.00 | 19 | 3.90 | 8.97 |
| Safeguard Health Enter. | OTC | 8.75 | -1.41 | -10.26 | 13.13 | 7.00 | 6 | 0.00 | 0.00 | 11 | 4.03 | 2.17 |
| Sierra Health Services | ASE | 13.38 | 11.46 | -38.15 | 21.69 | 8.06 | 136 | 0.00 | 0.00 | 12 | 2.01 | 6.65 |
| TakeCare Inc. | OTC | 35.13 | 5.64 | -21.07 | 50.25 | 25.75 | 287 | 0.00 | 0.00 | 14 | 2.01 | 17.48 |
| United Healthcare Corp. | NYS | 46.50 | -0.27 | -18.24 | 68.00 | 34.25 | 1764 | 0.03 | 0.06 | 28 | 4.68 | 9.94 |
| United Medical Corp. | ASE | 9.38 | 1.35 | 47.06 | 9.75 | 6.13 | 2 | 0.20 | 2.13 | 23 | 10.30 | 0.91 |
| U.S. Healthcare | OTC | 38.13 | -5.86 | -14.57 | 59.75 | 29.34 | 13757 | 0.52 | 1.36 | 21 | 3.60 | 10.59 |
| HMOs | AVERAGE | | 1.2 | -10.7 | | | | | 0.4 | 18 | | |
| ALL COMPANIES | AVERAGE | | 1.7 | 3.9 | | | | | 2.0 | 19 | | |

System design: Nordby International Inc.

# Spring renewals

*Continued from page 1*

increases of any kind, so they have to take larger deductibles," Mr. Drake said.

Changes in conditions include sublimits for earthquake, windstorm and business interruption coverage.

Disasters like the World Trade Center explosion and last year's Chicago flood have focused underwriters' attention on business interruption exposures.

"They realized business interruption has the capability to produce losses greater than direct property losses," Mr. Drake said.

Trammell Crow Co. saw changes in terms and conditions when it renewed its property coverage in February, said Steve Cataldo, director of risk management for the Dallas-based real estate developer.

The company's insurer, Aetna Life & Casualty Co., put a cap on windstorm claims—which had been included in the blanket limit —even though Trammell Crow filed no claims after Hurricane Andrew. The company does have exposures in both South Florida and California.

"Overall, we're paying 20% to 25% more, because we had to go out and replace those coverages individually," Mr. Cataldo said.

Given the record $23 billion in insured U.S. catastrophe losses last year, property insurance rates should be increasing more than they really are, said Robert H. Hilb, chief executive officer of broker Hilb, Rogal & Hamilton Co. in Glen Allen, Va.

"There are lots of signs that things are starting to firm, but not across the board," Mr. Hilb said.

"I'm disappointed prices aren't increasing more" for primary property risks, said Paul B. Ingrey, president of F&G Re Inc. in Morristown, N.J., the reinsurance unit of USF&G Corp. "The prices are not sufficient to generate an underwriting profit."

Although property insurance rates are increasing dramatically in Florida, they are rising from a very depressed base, said J. Hyatt Brown, president of Brown & Brown Inc. The Daytona Beach, Fla.-based broker will merge with Poe & Associates Inc. at the end of the month pending approval by both boards of directors.

"A lot of packages are being written at 15%-20% of manual" rates established by the Insurance Services Organization Inc., said Mr. Brown. "We're still not at the price levels we were in 1986," the height of the last hard market.

Declining capacity is fueling rate increases as insurers attempt to limit their writing in certain areas and certain lines of business.

CNA Insurance Cos. this month announced it will discontinue underwriting property business for national accounts and will not renew most of its $40 million in premium volume for this line.

Its small book of business left Chicago-based CNA heavily dependent on reinsurance, the company said. "The property reinsurance market has tightened dramatically. Faced with these unsatisfactory conditions, CNA chose not to renew its property reinsurance treaty."

Prices for property catastrophe reinsurance are up at least 70%-80% over January 1992, Mr. Ingrey said. And, "there is less capacity than I thought there would be six months ago."

Rates for higher cat layers are increasing faster than for lower layers.

"The net effect is that programs are much more horizontal," Mr. Ingrey said. "The first layer is more commercial, more loss-sensitive. The upper layers are more capacity sensitive, so prices are up more sharply."

"No one is having easy renewals for property cat business," agreed Willis T. King Jr., chairman and CEO of Willcox Inc., the reinsurance brokerage subsidiary of Johnson & Higgins. "Everyone is suffering from the diminished capacity."

However, the turmoil in the catastrophe reinsurance market has not yet affected middle-market property insurance, for which pricing remains competitive for accounts with insured values of up to $1 million, said Joe Basta, president of Zurich-American Commercial Insurance in Schaumburg, Ill.

"Prices are still declining, but not as fast," Mr. Basta said. "Renewals are starting to bottom out."

Insurers "will go out of their way for a good piece of property," Mr. Basta said. "Everyone is conservative in coastal areas, but it's not because the market is tightening; it's because of worry about increasing catastrophe occurrences."

"There are pockets where companies have made money historically, where they will commit resources to increase their market share," said Craig McCune, CEO of broker Accordia of Western Pennsylvania.

Property rates for some western Pennsylvania risks fell 20% at renewal.

"Insurers are taking an aggressive posture to retain and write new business," Mr. McCune said. "A few carriers are suggesting 5% increases, but when push comes to shove and there's a competitor, they'll reduce the cost 15%."

Most national and larger policyholders renewing property insurance are facing increased scrutiny as well as increased rates.

"Underwriters wanted to be assured that we have a safety program supported by risk management and also by senior management," said M. Adelle Spradley, director of risk management at Hovnanian Enterprises Inc. "They want a buy-in at a higher level within the company."

The Red Bank, N.J.-based condominium developer saw 10%-15% rate increases across the board when it renewed property and casualty coverages at the end of February.

Property rates also are rising for risk managers attempting to renew global insurance programs.

In the international arena, "all markets are refocusing on specific market segments," both by size of risk and by industry, said Teresa L. Pahl, senior vp-business development at Rollins Hudig Hall in Chicago. "There are fewer players in each segment, so renewals take longer to do."

Risk managers should start working on their global program renewals four or five months in advance, instead of the normal three months, because brokers first must determine whether the incumbent insurer is still interested in the class of business.

Rates are increasing "slowly but surely," said Ms. Pahl, who credits insurers for acting "very professionally" during the renewals by granting extensions while the programs are remarketed.

Despite the rate increases, risk managers continue to look to global programs to find capacity, Ms. Pahl said.

Imcera Group is one of the companies looking to establish a global program. "We think we can hold the line on pricing by consolidating," Mr. Lewis said.

Terrorism coverage in the United Kingdom and earthquake coverage worldwide have been difficulties for Imcera, which operates in 35 countries.

Pricing in London is "all over the board. They are pricing to the account," Ms. Pahl said. "Right now the market is trying to deal with a lot of uncertainty with June treaty renewals coming up."

Insurers are looking for reinsurance support at lower levels, she said.

"A year ago, reinsurance support was not required until $100 million or more. Now they're looking at $50 million, and its moving downward."

Due to more restrictive terms and conditions on treaties, international insurers are increasingly looking toward the facultative reinsurance market, which drives up the price of the primary product, Ms. Pahl said.

"There is a tremendous demand for facultative (reinsurance), greater than I've seen in years," said Salvadore D. Zaffino, chairman and chief executive officer of Crump Re in Hartford, Conn., a unit of Sedgwick Group P.L.C.

Insurers are buying facultative reinsurance because they are not comfortable retaining larger lines and because of tightening in the treaty market.

Meanwhile, the casualty insurance market is still soft, brokers, insurers and risk managers agree.

In some cases, casualty renewals are being used as a bargaining chip in property insurance negotiations.

"If a company is willing to write the property at reasonable terms and conditions, they might demand the casualty at a price higher than it could be purchased separately," said Mr. Brown.

Still, in many cases, insurers are cutting casualty rates.

"In February and March, we saw further erosion in casualty, particularly umbrella," Mr. Zaffino said. "Companies find it attractive and an easy way to get some cash."

"In casualty, companies are trying to get increases, but no one is getting them," said W. Peter Steffen, vp of market relations for Alexander & Alexander Services Inc. in Chicago.

Some insurers that historically have written only excess and umbrella layers are now writing working casualty layers to generate premium, he added. "More players at the lower levels gets the pricing down."

There are some exceptions in the competitive liability insurance market.

Excess liability insurer ACE Ltd. is increasing rates 20%-40% for chemical, pharmaceutical and large energy risks, said Walter Scott, chairman and CEO of the Bermuda-based insurer.

"For ordinary risks there could be some hardening starting in 1994," Mr. Scott said.

"By and large, most of the liability market beneath us is still pretty spongy. The D&O market continues to be quite competitive. If an account is willing to shop around, it might achieve a reduction."

Most lines of professional liability are underpriced by 20%-40%, said Frank Patalano, president of the professional liability division of National Union Fire Insurance Co. of Pittsburgh Pa., a unit of American International Group Inc.

"We have decided internally we will get the rate we need or lose the business," Mr. Patalano said. BI

# A tale of two renewals

The ferocious winds of Hurricane Andrew weren't felt as far north as Virginia Beach, Va.—at least not until now.

The city's risk manager, Robert W. Esenberg, is still scrambling to renew its property insurance program by May 1.

The saga began in November, when incumbent insurer Fireman's Fund Insurance Co. sent the city a non-renewal notice. "They feared what their reinsurance treaties would look like, and their fears came to pass," Mr. Esenberg said.

Virginia Beach marketed its property insurance program and received several declinations from insurers, all of which said the city's coastal location and windstorm and flood exposure was too risky.

Royal Insurance Co. agreed to underwrite the program but then shied away before the March 1 effective date.

"In the afternoon, five days before March 1, everything was fine," Mr. Esenberg said. "In the morning, four days before March 1, all bets were off."

Rather than leave the city unprotected, Royal agreed to write an all-inclusive 60-day binder and said it would consider participating in Virginia Beach's coverage on an excess level.

"On March 3rd or 4th, we were at ground zero, starting all over again," Mr. Esenberg said. "It was rather unnerving."

Meanwhile, Fireman's Fund agreed to write the city's property coverage excess of $25 million.

Mr. Esenberg last week met with three insurers that may be interested in writing primary or lower excess layers.

Royal has since indicated it is not interested in writing the risk at any layer.

"We're getting awfully close to May 1 and nothing is nailed down 100%," Mr. Esenberg lamented.

The city currently has more than $260 million in property values, and a new $33 million judicial center will open July 1. Other construction in progress will boost insurable values to more than $300 million by the end of 1993, Mr. Esenberg said.

He expects a rate increase of 25% to 40%, depending on how many insurers participate below $25 million. "If a single underwriter takes the first $25 million, it will mitigate the cost."

The city also is flexible on the size of its deductible.

"At this point, we'd take almost anything to get our program together by May 1," Mr. Esenberg said.

Despite being hit by some big storms, including the Blizzard of '93 last month, "our loss record is as clean as a whistle," he said. The only damage any of the city's property sustained in the $1.6 billion blizzard was a few shingles blown off a roof.

"We feel good about the physical ability of our facilities to withstand major risks," Mr. Esenberg said.

Now the risk manager's challenge is to communicate that to underwriters.

"We are offering much more material proactively to help underwriters understand the risk, the city and the type of construction," Mr. Esenberg said.

The closest city property to water is seven-tenths of a mile away, while most sites are six or seven miles inland. Also, several buildings are 13 feet to 18 feet above sea level, Mr. Esenberg said.

Renewals were a very different story for a city 350 miles northwest of Virginia Beach.

Erie, Pa., had at least five insurers vie for its property account that renews on May 1. The bidding ultimately was won by the incumbent, The Home Insurance Co., after it cut the expiring premium nearly 50%, according to the city's broker.

The Home reduced Erie's premium to $40,749 from $77,856, said Craig McCune, chief executive officer of Acordia of Western Pennsylvania.

"They have good (loss) experience, but not great," he said.

The Home also offered the city an option of $5 million in flood coverage and $5 million of earthquake coverage, both with a $50,000 deductible, for an additional premium of $4,750, Mr. McCune said.

Other premium offers ranged from $49,149 from American International Group Inc., to $73,621 from Allendale Mutual Insurance Co., which was only 5% below the expiring premium.

Erie also renewed boiler and machinery coverage at just 30% of the expiring premium. The new premium, written by Chubb Corp., is $7,241, compared with the expiring premium of $24,675.

*—By Sara Marley*

# Washburn wins grand prize in charity raffle

CHICAGO—John Washburn, senior vp of Aon Risk Services, won the grand prize in the Angus Robinson Jr. Memorial Foundation St. Patrick's Day raffle.

Mr. Washburn won a trip for two to Ireland—or $4,000—in the raffle, which was held in conjunction with the 21st annual St. Patrick's Day party thrown in Chicago by Aon Risk Services, a unit of Aon Corp.

Michael O'Halleran, president of Aon Risk Services, is a member of the Angus Robinson Jr. Memorial Foundation board.

The raffle raised nearly $18,000 for the foundation, which provides financial assistance to students of insurance and reinsurance.

Four pieces of Waterford crystal also were awarded in the raffle.

The foundation was established in honor of Mr. Robinson, who was a founder of Trenwick Group Inc. in Bermuda in 1978 and president of Chartwell Reinsurance Co. at the time of his death in 1990.

With the proceeds of the raffle, the foundation now has $214,000.

Last year, the foundation awarded nine scholarships totaling $14,500.

For more information on the foundation, or to contribute, write Angus Robinson Jr. Memorial Foundation, 4 Wake Robin Road, Westport, Conn. 06880. BI