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Updates

Lloyd's annual venture system hinders market: Sandler

LONDON—Lloyd's needs to make fundamental changes to its arcane and old-fashioned operations, and the annual venture system of raising capital is a hindrance to updating the market, Lloyd's chief executive says.

Speaking at a meeting of the Assn. of Lloyd's Members last week, Ron Sandler said Lloyd's "needs to reinvent itself in some very fundamental ways" if it is to have a prosperous future. Recent problems have taken Lloyd's focus off the steps being taken by its

See **Updates** *on next page*

AT&T fails to connect

Failure of frame relay network highlights risks in telecommunications

By GAVIN SOUTER and MICHAEL PRINCE

NEW YORK—The failure of AT&T Corp.'s frame relay network, which aused computer systems to break lown in thousands of businesses across the country last week, could increase interest in a recently developed rrors and omissions coverage for elecommunications companies.

Although few businesses reported ignificant losses as a result of the utage, the incident highlights the poential liability that the once-protected telecommunications industry faces since it was deregulated, insurance experts say.

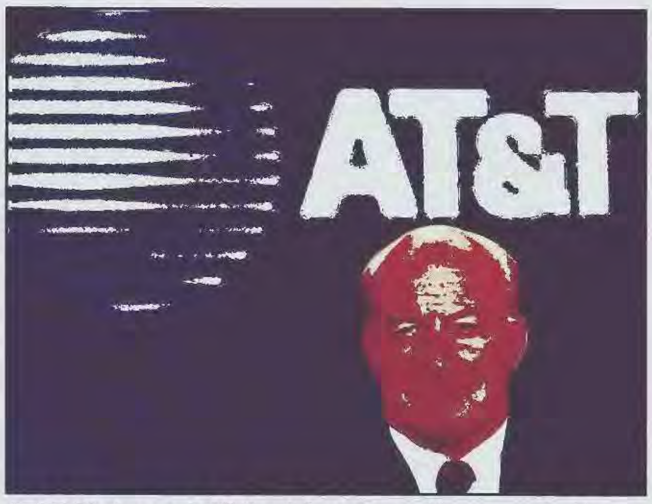
"It'll be interesting to see how this shakes out," said Tom Wing, an assistant vp and telecommunications segment leader at Chubb Corp. in Warren, N.J.

For customers of those telecommunications companies, however, insurance coverage likely is not the answer to their risk exposure, experts say.

Most companies will likely be uninsured for any financial losses resulting from the AT&T frame relay outage, said Tom Wilks, national director of business interruption consulting at Deloitte & Touche L.L.P. in Dallas. Although service interruption endorsements to business interruption policies are frequently purchased, they often carry a 24-hour time deductible, he said.

Felix Kloman, editor of Risk Management Reports in Old Lyme, Conn., and a former consultant at Tillinghast, said, "Insurance is a waste of money in these events." Rather than emphasizing insurance, companies should

See **AT&T** *on page 42*



AT&T Chairman C. Michael Armstrong discussed the frame relay outage in a conference call with reporters last week.

New grain to benefits

Purchasing alliance would revive Clinton health care reform idea

By JOANNE WOJCIK

BATTLE CREEK, Mich.—Employers in this Midwestern community are trying to reform health care locally by using the strategy once touted by First Lady Hillary Rodham Clinton.

If the strategy is successful, the uninsured members of this community will be able to purchase the same basic health plan as coalition employers buy for their employees—at the same price—through a joint health care purchasing alliance.

The purchasing alliance concept is similar to the "managed competition" model espoused by Alain Enthoven, the Stanford University economist who served as a consultant to Mrs. Clinton's Health Reform Task Force, acknowledged Dr. Joe Alberding, vp-global medical affairs at W.K. Kellogg Co., one of the founding members of the coalition.

Under Mr. Enthoven's model, people are organized into large purchasing groups and insurers and providers bid on the group's insurance and medical services business. Insurers also cannot refuse to cover individuals with pre-existing conditions.

While the managed competition model has been used by employer coalitions for years, this is believed to be the first time it is used to provide coverage to individuals and employers together as a group.

The southwest Michigan health reform effort actually began in 1992 with the creation of the Calhoun County Health Improvement Program, a community health organization funded by the W.K. Kellogg Foundation.

"The foundation felt that after Clinton's reform efforts failed, reform would have to come from the community," explained Marilyn Bell, president of the Southwest Michigan Healthcare Coalition in Kalamazoo.

Coincidentally, Kellogg Co., which is affiliated with the foundation, was also a founding member of the coalition, also launched in 1992.

Other members of the employer coalition include Pharmacia & Upjohn, First America Bank, Denso Manufacturing and I.I. Stanley.

This is not the first time Kellogg has taken the lead in health care innovation.

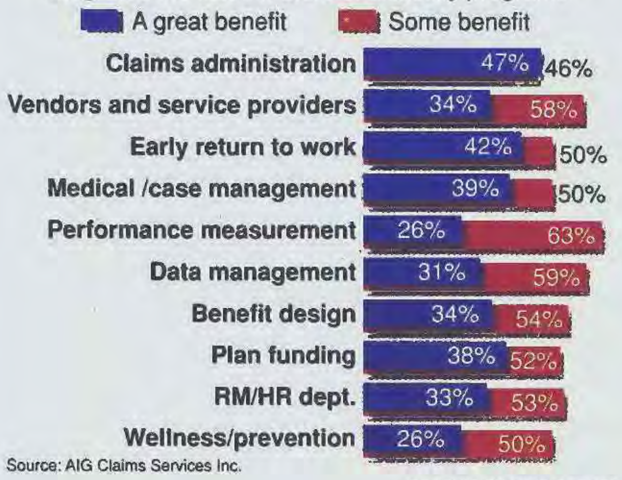
In fact, at the turn of the century Kellogg founder Will

See **Coalition** *on page 48*

Disability integration makes slow gains, study shows

Benefits of integration

Response of companies reporting that they have integrated the listed feature of disability programs



Source: AIG Claims Services Inc.

GRAPHIC BY MIKE GARVEY

By ROBERTO CENICEROS

Large employers nationwide are moving toward integrating occupational and non-occupational health and disability management programs—but slowly, according to a new survey sponsored by AIG Claims Services Inc.

Eight percent of the survey respondents said they have "fully integrated" their occupational and non-occupational medical and disability benefits, while 29% have integrated some components of these programs. Respondents were not asked to describe what they meant by full or partial integration.

A majority of respondents, 61%, reported no integration of these programs. The remainder did not know or did not answer.

Nearly all companies that have coordinated individual components of integrated health and disability management programs say they have benefited from doing so, the survey report indicates.

The AIG Claims Services survey broadly defined integrated health and disability management as coordinated occupational and non-occupational medical and disability benefits, including any combination of workers compensation, group health insurance and long- and short-term dis-

See **Integrate** *on page 4*

Ruling may prompt more laws on domestic partner benefits

By MICHAEL PRINCE

OAKLAND, Calif.—More public entities may require their contractors to offer employees domestic partner benefits, after a federal court largely upheld such an ordinance in San Francisco.

Meanwhile, the City by the Bay is pushing ahead with an additional proposal that would give area employers that contract with the city greater incentive to provide the benefits.

"It's a green light, and it's likely that other cities that are inclined to enact equal benefit ordinances can go ahead and enact it with clarity," said Marc Slavin, deputy city attorney for San Francisco.

An attorney for the airline organization that had challenged the San Francisco law agreed the opinion might help other cities pass their own laws. The ruling provides "some guidance on how to go about adopting that type of ordinance in a fashion permitted by federal law," said David Berg, assistant general counsel for the Air Transport Assn. of America in Washington.

In New York City, Councilman Tom Duane, who plans to introduce legislation similar to San Francisco's, said he was happy with the judge's decision and will use it for guidance in crafting the New York law.

"I think here in New York, we will be mindful of what happened in San Francisco but still push the limits as much as we can" in providing domestic partner benefits, Mr. Duane said. He hopes to bring the law before the City Council later this year, he said.

Both sides claimed victory in the April 10 ruling by Judge Claudia Wilkes of the U.S. District Court in Oakland.

The decision largely exempts the airlines that challenged the law from having to comply with the domestic partner ordinance. Even so, the judge upheld most of San Francisco's law, which still applies to the thousands of

See **Ruling** *on page 16*

Updates

Lloyd's chief calls for change

Continued from previous page
competitors, and it has been losing market share over the past 15 years, he said to the gathering of Lloyd's names.

"Because we were preoccupied for so long with the crisis which ultimately led to (reconstruction and renewal), we did not necessarily perceive, until relatively recently, just how far the competitive balance is in danger of tilting," Mr. Sandler said.

One of the major barriers to updating the market is the one-year nature of Lloyd's capital base, which is fully regenerated from scratch every year, said Mr. Sandler. "There are many who regard the annual venture as the principal reason why Lloyd's is losing its competitive edge," because it is costly in terms of administration, legal aspects, lost investment opportunities and regulation.

But from his point of view, "the real drawback to the annual venture is the constraint that it imposes upon the ability of Lloyd's vehicles to develop the new distribution structures which are demanded to participate fully in multiyear contracts. . .and to make the necessary investments in the new skills and technologies to support new product development." Permanent capital would prevent these problems at Lloyd's and would make the market more understandable for institutional investors. Mr. Sandler said that annual capital could continue alongside permanent capital if capital providers wanted to trade in that way, but they would have to pay the costs incurred.

Along with permanent capital, Mr. Sandler would like to see Lloyd's move to annual accounting, rather than the three-year accounting method. "Lloyd's ability to attract capital from institutions and insurance industry participants would be greatly enhanced by adopting a more conventional accounting regime and discarding as much as possible of the arcane ways in which we currently measure and report our performance," said Mr. Sandler.

Tornadoes fuel insurance claims

BIRMINGHAM, Ala.—Tornadoes that raked portions of Alabama, Georgia and Mississippi earlier this month caused an estimated $150 million in insured property damage, according to the Insurance Services Office Inc.'s Property Claim Services unit.

Insurers can expect even more tornado-related losses from another storm system that sent tornadoes spiraling across portions of Arkansas, Tennessee and Kentucky late last week. Last week's twisters killed at least 11 people in those states and caused an as-yet undetermined amount of property damage, including damage to buildings in downtown Nashville, Tenn.

The storms earlier this month hit the Birmingham, Ala., area particularly hard, with damage worst in that city's northwestern suburbs. Although neither the office of Alabama Gov. Fob James nor state emergency management officials had projections of total damages by the end of last week, a spokesman for State Farm Insurance Group said the Bloomington, Ill.-based insurer was estimating it would pay $10 million in losses from the Birmingham area alone.

Yankees covered for losses

NEW YORK—The New York Yankees baseball club has insurance coverage for revenues lost as a result of the disruption in its schedule after Yankee Stadium was closed when part of a roof beam collapsed last week.

Although the Yankees will make up the two canceled games against the Anaheim Angels later in the year, the revenues for those games will likely be substantially less than if they had gone ahead on schedule on April 14 and 15, a Yankees spokesman said.

"For example, if we have to play a double-header, there will be a dramatic difference in revenues," he said.

The insurance coverage also should cover any loss of revenues as a result of playing the games in alternate stadiums, he said.

He would not reveal the insurer for the Yankees.

The 500-pound concrete and steel beam fell into a seating area in the 75-year-old stadium about 3 p.m. on Monday, April 13. No one was in the area at the time.

In addition to canceling two games, the Yankees were forced to play their Wednesday game at Shea Stadium, the home of the New York Mets, and the team's scheduled home weekend series against the Detroit Tigers was transferred to Detroit.

The repair work at Yankee Stadium is expected to be finished this week.

AIG to raise 20th Century stake

WOODLAND HILLS, Calif.—American International Group Inc. is planning to buy a controlling interest in 20th Century Industries within the next year, the company announced last week.

In an April 10 filing required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, AIG stated that it intends to acquire additional common stock that would result in ownership of more than 50% of the voting securities of the company.

AIG now holds 42% of the company.

20th Century will become part of the American International Group, a spokesman said.

20th Century has been granted licenses for insurance sales in Nevada, Oregon and Washington and plans to begin writing in those states by the end of the year, according to John B. DeNault, chairman of the company's board of directors.

When AIG made its initial investment in 20th Century in September 1994, the company said the cash infusion would enable it to expand outside California.

20th Century, now the eighth-largest publicly held personal

See **Updates** *on page 46*

Screening liability at stake

Kirby appeals liability for actions of distributor's employee

By MICHAEL BRADFORD

AUSTIN, Texas—Texas employers are waiting for a state Supreme Court decision that could impose a greater duty on businesses to protect their customers.

It is unclear when Texas' high court will rule on whether the Kirby Co. is responsible for an alleged sexual assault by a salesman employed by an independent contractor that sells the company's vacuum cleaners. Attorneys closed their arguments before the state Supreme Court last month.

The case is noteworthy because a trial court jury and an appeals court have held Kirby responsible for the acts of a contractor's employee, whom it neither hired nor employed. The courts decided the company was negligent because it should have required its independent distributor to perform a background check that could have revealed the salesman's history of sex crimes.

Kirby, based in Cleveland, sell its products to independent con tractor "distributorships," whic then hire as "dealers" door-to door salespeople who retail th vacuum cleaners to customer through home demonstrations.

Kirby argued it had no lega duty to protect the customer of it Seguin, Texas, independent dis tributor, which hired the sales man accused of the 1993 assaul

See **Texas** *on page 4*

Germany weighs product law

Proposal would expand liability for pain and suffering awards

By DON LEWIS KIRK

BONN, Germany—Risk managers could face higher legal costs and insurance premium hikes in Germany should a government plan to boost court awards for victims of product defects pass the Bundestag.

Chancellor Helmut Kohl and his Cabinet recently approved draft legislation that would eliminate the requirement that negligence be proven for pain and suffering awards and would raise the maximum pain and suffering damages.

Kohl's Christian Democratic Union dominates the coalition majority that controls the lower house of parliament and wants to pass the legislation before this session officially ends in September. But it is still too early to tell if the legislation will gain the needed support to pass and survive scrutiny by both houses of parliament.

German law has no provision for pain and suffering awards to victims of product defects outside o negligence.

The new bill would create stric liability for pain and sufferin claims resulting from essentiall any product defect. Defendant would no longer need to prove cor porate negligence for courts t award such damages.

All branches of industry subjec to strict liability, including au tomakers, pharmaceutical compa nies and airlines, would be ope

See **Awards** *on page 1*

OSHA resumes enforcement

Agency awaits ruling on proposed compliance program

By MARK A. HOFMANN

WASHINGTON—The Occupational Safety and Health Administration has resumed its traditional enforcement program as it awaits a court ruling on the legality of its blocked cooperative compliance program.

"We still would have preferred to go forward in partnership" with the businesses OSHA oversees, said OSHA Administrator Charles Jeffress as he announced the return to a strategy of comprehensive workplace inspections at a Washington news conference last week.

Mr. Jeffress made clear that he regarded the inspections as a "second-best" approach for the agency. He said he had no choice, because the U.S. Court of Appeals for the District of Columbia blocked implementation of the cooperative compliance program after the U.S. Chamber of Commerce, the National Assn. of Manufacturers and two other employ er groups questioned its legalit (*BI*, Feb. 23).

"I'd be willing to go to the CC tomorrow," said Mr. Jeffress.

The cooperative complianc program would have allowe about 12,000 employers wit higher-than-average acciden rates to meet a variety of require ments set by OSHA and in retur be exempt from comprehensiv OSHA inspections and fine

See **OSHA** *on page 2*

Employers not doing enough on growing EPL risks: Survey

By DAVE LENCKUS

Many employers are not adequately protecting themselves against the burgeoning employment practices liability exposures they face, the findings of a recent survey suggest.

The survey respondents, few of whose organizations hold risk managers responsible for dealing with their employment practices exposures, do not take adequate loss prevention measures, according to employment practices experts.

In addition, many of the respondents have not financed the risk, the cost and frequency of which are growing.

"Corporate America has a rapidly growing exposure to EPL lawsuits, and it's rapidly growing in terms of frequency and cost," said survey author Phil Norton, national managing director for the financial products division of broker Sedgwick Inc. in Chicago.

Already, 20% of federal lawsuits involve employment practices-related charges, noted employer attorney Gerald L. Maatman Jr., a partner and head of the employment law practice at

See **EPL** *on page 48*

Inside

Cover photo: Michael Marcotte
Cover illustration: Mike Garvey

Departments

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CalPERS fighting Kaiser over rate hike

By JUDY GREENWALD

SACRAMENTO, Calif.—The California Public Employees' Retirement System is ocked in a dispute with Kaiser Permanente ver the HMO's 12% rate increase request or next year.

Kaiser, which reported a $270 million 997 loss, says rising costs justify the hike. But CalPERS contends the increase is an nreasonable attempt to make up for earli- r years' underpricing and is demanding an xamination of Kaiser's books.

CalPERS, the nation's second-largest ealth insurance buyer behind only the fed- ral government, has agreed to average 5% remium rate increases for nine other ealth maintenance organizations.

But in Kaiser's case, CalPERS moved last veek to freeze enrollment beginning in Jan- ary, which means members can leave the HMO but not join. About a third, or 338,416 of the more than 1 million California public employees, retirees and family members that CalPERS serves, now use Kaiser.

The move to freeze enrollment is not good for Kaiser, CalPERS or its employees, said Jack Hudes, vp of sales and marketing for Kaiser's California division.

"They feel determined they must kick us," even if "they throw their knee out of joint," said Mr. Hudes, who added the freeze will not have a substantial impact on the HMO.

Steve Richter, practice leader with Watson Wyatt Worldwide in Southern California, based in Sherman Oaks, who noted CalPERS is a client, said, "I think other employers will have similar concerns to CalPERS."

"I think those purchasers with any kind of clout or options will certainly take a look at what their options are," he said.

"It looks like we're seeing the end of the buyers' market in health care, and it's going to take a more sophisticated approach for employers to effectively get real value out of their health care dollars going forward," Mr. Richter added.

Jim McCabe, vp at Sedgwick Noble Lowndes in San Francisco, said: "Other employers don't have the marketing position that CalPERS has from a negotiating standpoint. But what it might do is put the whole issue of how health care is funded back on the table" for senior executives after several years of moderate increases.

Margaret T. Stanley, CalPERS assistant executive office-health benefit services, said the 12% increase Kaiser seeks would add another $54.6 million to the $1.5 billion CalPERS pays in annual premiums.

"We consider that a major problem, and so far they've been unwilling to back off," she said.

"We certainly acknowledge they need some premium increase, but we think asking for so much all at once is blatant" and disregards its customers, she said. "We believe they ought to open their books," said Ms. Stanley, adding that Kaiser has a big capital expenditure program as well as $6 billion in assets.

"We would like to have it demonstrated to us that they have looked at every alternative to spread that rate increase over a longer period of time instead of demanding it all at once," she said. Ms. Stanley charged that Kaiser has underpriced its business in the past to increase its market share.

Even if CalPERS' freeze "does not have that big an impact on Kaiser, in a way it's a chance for them to get their act together," she said. "They've demonstrated that they've been unable to handle the rapid growth, and it's in our interest for Kaiser to

See **CalPERS** on page 46

Communication is symposium focus

CHICAGO—This year's Harold H. Hines Jr. Memorial Symposium will use real-life examples to examine how effective communication among an organization's risk management, human resources and legal departments can reduce risks and control costs.

Titled "Who's Talking to Whom?" this year's symposium will be held May 19 at the Union League Club of Chicago.

Panelists will share horror stories from their experiences that could have been prevented by effective communication, and they will answer questions about communication among risk management, human resources and legal departments.

The panel will include Elizabeth M. Lindner, executive vp in charge of the Client Services Group of Kemper Insurance Cos. in Long Grove, Ill.; Steven R. McCown, a managing shareholder in the Dallas office of the Littler, Mendelson, Fastiff, Tichy & Mathiason law firm; Sandy Rimes, manager of benefits and risk for Melrose Park, Ill.-based Alberto Culver Co.; and James C. Sharf, vp in the Human Resources Consulting Group of Aon Consulting in Washington.

Kathryn J. McIntyre, publisher and editorial director of *Business Insurance*, will moderate the discussion.

The symposium is presented by the Chicago and Northeastern Illinois chapters of the Risk & Insurance Management Society Inc., the Insurance School of Chicago and *Business Insurance*.

Registration for the event will begin at 3:15 p.m., with the program beginning at 3:30 p.m. and a reception following immediately at 5:15 p.m.

There is no charge to attend the symposium. For an invitation, contact the Insurance School of Chicago, 175 W. Jackson, Suite 2200, Chicago, Ill., 60604; 312-427-2520; fax: 312-427-8528.

Cat preparedness pushed

Innovative financing, mitigation examined at symposium

By MARK A. HOFMANN

WASHINGTON—Getting government out of the business of encouraging people to put their property in harm's way should be part of a national strategy for dealing with natural disasters.

That was one clear message during a one-day conference on insurance regulation sponsored by the Competitive Enterprise Institute in Washington last week. The CEI is a Washington-based think tank that promotes free market economics and limited government. The discussion was part of the CEI's ongoing "Insurance Reform Project," launched in 1994, which features daylong symposia on insurance issues every two years.

But the questioning of some government catastrophe policies came not from a CEI officer but from Robert W. Klein, associate professor of risk management and insurance and director of the Center for Risk Management and Insurance Research at Georgia State University in Atlanta. He is a self-described "moderate."

Mr. Klein made clear that while private markets work best when those who determine the risk pay the full cost and reap the full benefits from their actions, he thinks there are times when private markets aren't always the best choice.

"There are times when government intervention in the insurance market is justified," he said. Otherwise, the worst possible scenario can play out, where the public pays for private risks, he said.

Mr. Klein noted that catastrophe exposure has grown over recent years, even as recent natural disasters—notably 1992's Hurricane Andrew—have awakened

See **Disasters** on page 22

Marketing regulation might mean higher drug costs, PBMs warn

By ROBERT KAZEL

WASHINGTON—Employers' costs for drug benefits could rise under proposed federal guidelines for regulating prescription benefit managers' marketing, PBMs are warning federal officials.

PBMs argue that the Food and Drug Administration, in publishing draft guidelines for its proposal about three months ago (*BI*, Jan. 12), did not anticipate potentially wide-ranging implications for the entire managed care industry and many plan sponsors.

The PBMs want the FDA to withdraw its proposal and, essentially, leave the industry's operations to the free market.

Although the exact parameters of the FDA's plans are not clear, alarmed PBMs contend the federal agency is embarking on a broad regulation of their industry.

The FDA's proposed policies would establish FDA jurisdiction over the marketing relationships between drug manufacturers and PBMs, with a special watch over cooperation between manufacturers and their PBM subsidiaries. Also to be covered would be drug makers that don't own PBMs but have close business ties to them, such as rebate contracts.

In an attempt to tighten the reins on drug companies more than on PBMs, the proposal would hold the pharmaceutical makers responsible for the promotional activities of PBMs that have a business interest in seeing those drug makers' products succeed. That means drug makers would be responsible to ensure that PBM materials promoting their drugs are accurate and comply with FDA guidelines regarding which medications can be used to treat which conditions.

PBMs traditionally have had far more freedom than drug manufacturers in promoting the advantages or similarities of favored prescription brands. Drug mak-

See **PBMs** on page 46

Early praise for welfare-to-work

Indications show little change in number of workers comp claims

By MEG FLETCHER

ORLANDO, Fla.—Early successes in ome welfare-to-work jobs programs how that former public aid recipients ave not tried to substitute workers ompensation benefits for their diminshing welfare benefits, panelists say.

However, employers concerned about ormer aid recipients filing questionable vorkers comp claims may face new chalenges dealing with the remaining hard- r-to-employ aid recipients moving into ransitional work, they say.

A broad-based panel discussed "Work- rs Compensation-The Welfare Substiute?" during this month's annual symosium sponsored in Orlando, Fla., by he National Council on Compensation nsurance Inc., based in Boca Raton, Fla.

Marriott International Corp. has found it mutually beneficial to provide specialized training and entry-level jobs to help ease public aid recipients' transition to employment, said Fred Kramer, project director for the hotel chain's community employment and training programs.

An enrollee in Marriott's six-week, "Pathways to Independence" program spends half of his or her time attending a 15-member class that goes beyond specific job-related training to deal with topics such as life skills, self-esteem, reliability and accountability, he said.

The other half of the program consists of shadowing a worker employed by the Washington-based hotel chain.

Once an individual graduates from the program, he or she usually is offered an entry-level position, such as front desk clerk, housekeeper, cook or food server.

More than 900 people have graduated from the program, representing 88% to 90% of those who were initially enrolled, Mr. Kramer said.

About 95% of Pathways graduates receive full-time jobs and are eligible for full benefits and career advancement opportunities within Marriott, he said.

The program is a success from several viewpoints.

"One of the pleasant surprises that we've had in the program is that our retention rate is higher for Pathways graduates than it is for the 'job-experienced' person coming in off the street," he said. The retention rate for Pathways graduates in entry-level jobs is 70% to 75% for one year, whereas the industry average—

See **Welfare** on page 18

Marriott.

Achievements of the hotel chain's Pathways to Independence Program:

- Graduated more than 900 former welfare recipients after six-week program
- About 95% placed in full-time, entry-level jobs with benefits
- 70%-75% job retention rate after one year exceeds industry average of 50%

GRAPHIC BY ADAM DOI

Integrate

Continued from page 1

ability or sick pay.

The survey, a preliminary copy of which was released exclusively to *Business Insurance*, was conducted last month via telephone interviews with human resource managers and risk managers representing 399 large corporations.

The survey found early return-to-work/light duty is the feature of disability management programs integrated by the greatest number of respondents, with 77% of employers integrating that feature for occupational and non-occupational injuries. This was followed by medical case management, with 57% of respondents integrating that process.

Of those that integrate early return-to-work, 42% report integration to be of "great benefit," while 50% say it's of "some benefit." The remainder said it was of "not much" benefit or none. The respondents did not elaborate on their answers.

Case management integration is found by 39% of employers to be of great benefit, while 50% find it benefits them some.

Claims administration and performance measurement are integrated by the smallest percentage of respondents, according to the survey.

Twenty-nine percent of respondents said their companies integrate claims administration of occupational and non-occupational disabilities. Some 47% of those employers report integration of this feature is of great benefit, while 46% reported some benefit.

Performance measurement is integrated by 24% of the companies, and 26% of them find it of great benefit while 63% find it benefits them somewhat.

'The momentum is clearly in the direction of integration, but at a slow pace,' says a report with the survey.

Other survey findings on the benefits derived by employers from integration of disability management include:

• 28% of respondent companies integrate data management. Of those, 31% say it is of great benefit, while 59% find it benefits them some.

• 33% of respondent companies integrate benefit design. Of those, 34% find it of great benefit, while 54% find it benefits them some.

• 32% of respondent companies integrate plan funding. Of those, 38% find it of great benefit, while 52% find it of some benefit.

• 33% of respondent companies integrate some functions of their risk management and human resource departments. Of those, 33% say it is of great benefit, while 53% find it benefits them some.

• 49% of respondent companies integrate wellness/prevention. Of those 26% find it of great benefit, while 50% find it benefits them some.

• 39% of companies integrate vendors and service providers. Of those, 34% reported great benefit from integration, while 58% reported some benefit.

While certain individual features of disability management already have high rates of integration, such as early return-to-work, integrating other features could be years for some respondents.

"The momentum is clearly in the direction of integration, but at a slow pace," states a report accompanying the AIGCS survey. The report states, for example, that 76% of companies that have not integrated light duty/early return to work efforts say they are likely to integrate them in the next few years. However, only 18% expect integration in the next year. Fifteen percent of the respondents say they will never integrate this function.

About eight in 10 firms not currently integrating features report that they are likely in the future to integrate wellness/health risk prevention efforts, medical/case management and benefit design. More than 70% of respondents said it is likely that those features will not be integrated by their company in the next year, but in two or more years.

But respondents view integration of corporate risk management and employee benefits departments within their organization as less likely, with roughly half, or 51%, viewing it as likely, while nearly that many, 40%, say it is unlikely. The remainder were unsure or didn't answer.

There also were lower expectations among respondents for furthe integrating claims administratio and plan funding, the report state For example, 60% said future inte gration of claims administration i their company is likely, while 30 said it is unlikely, and 10% were n sure. As for plan funding, 57% sai it is likely, but 30% said it is unlik ly.

•

For more information about th survey, contact Stefanie Frelick, d rector of marketing communicatio and advertising for AIG Claim Se vices Inc., 212-770-6173.

Wausau Insurance Companies, 2000 Westwood Drive, Wausau, Wisconsin 54401 www.wausau.com
Nationwide Insurance Enterprise

Association benefit plans declining: Study

By ROBERT KAZEL

Benefit Beat

Obtaining health insurance through a trade or professional association used to be convenient and affordable for millions of people and their dependents.

For many groups today, however, obtaining insurance coverage via an association health plan has become difficult and more expensive as insurers flee a market they view as increasingly tarnished.

These are the findings of a 1997 survey of 283 associations—ranging from medical and legal societies to accounting and trucking organizations—conducted jointly by W.F. Morneau & Associates, an Alexandria, Va.-based benefits consulting firm, and the American Society of Assn. Executives in Washington. Similar surveys on health insurance were done in 1992 and 1994.

Large associations with annual health insurance premiums as high as $250 million to $300 million are doing well at keeping costs down and maintaining their health plans, which did show growth in total premiums from 1994 to 1997, the survey found.

But many smaller plans have had a tough time, suffering higher rates and, thus, less success in attracting participants. Some have seen insurers desert them at renewal.

"There are fewer plans than there used to be, absolutely, and that's not a surprising finding to me," said Jerry Connelly, executive vp of W.F. Morneau.

The survey found that more than 57% of association health plans saw total enrollment fall in the past three years and that they suffer from price instability: The plans recently experienced an average rate increase of 8%, more than twice the rate hike for 1994.

The survey found that almost all national associations with health plans have stopped, or are moving to stop, offering health insurance.

This is partly because insurers show little interest in bidding for association contracts, even compared with five years ago. Insurers find these plans hard to manage, because of marketing and administrative burdens, and essentially don't see the business as worth the trouble of a tough negotiation, Mr. Connelly said.

"It's very difficult to find a replacement carrier," Mr. Connelly said. "The insurers aren't interested in the business. You used to have a list of 30 carriers you sent a (request for proposals) to; now you have 15," he said.

The terrain of the association health insurance market varies from state to state, the survey found, with Pennsylvania and Michigan still having a large insurer market for association health plans. States such as New York and California have virtually no insurers left to serve the association group market, though, while at least one major national insurer is in the process of pulling out of the association market in Florida, Mr. Connelly said.

Among the variables working against the survival of association health plans, according to the survey, are:

- Consolidation in the insurance industry is leaving fewer insurers for associations to deal with.
- National associations find it difficult to administer health care on a local level, or to make sure comparable levels of care are available in different parts of the country.
- The Health Insurance Portability and Accountability Act has spawned new methodologies for figuring insurance rates; the methods are so complex they are causing "turmoil" among association health plans trying to implement them.
- Conflicts are developing between associations that want to offer members a choice of health plans and insurers that demand to be exclusive.

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A copy of the report, "Survey of Association Member Health Plans," may be obtained free by contacting George Bode at W.F. Morneau, 703-684-4845.

Long-term care push

DENVER—Calling the problem a "ticking financial time bomb," the Colorado association that provides retirement benefits to state employees is urging its members and retirees to purchase long-term care insurance.

The Public Employee's Retirement Assn., which administers benefits to 150,000 active state workers and 52,000 retirees, said paying a comparatively small, out-of-pocket monthly premium is the best way workers, retirees or their relatives can be assured of a safety net if they become ill, injured or incapacitated for an extended time. PERA's affiliated plan sponsors include state government, state universities, the judicial system and all school districts outside Denver.

PERA opened the LTC enrollment period Jan. 1 and was to close it April 30, but the board is likely to extend the deadline at least an additional month, said Renae McKenny, director of insurance programs. The next open enrollment period will not come until the year 2000.

"We expect this last month to have the onslaught," she said. About 40,000 people have sent in requests for information, she said.

The program, in addition to being open to employees and retirees, is available to spouses, parents, parents-in-law, grandparents and grandparents-in-law. It is designed to address the needs of those who become unable to perform activities of daily living such as dressing, eating, toileting and bathing. Though usually associated with those near retirement or the elderly, it is being promoted to young and old alike.

The individual pays the full premium, Ms. McKenny said. The program is being managed by Santa Monica, Calif.-based U.S. Care Inc. and is being underwritten by Rochester, N.Y.-based MedAmerica Insurance Co.

PERA said the average cost for a one-year stay in a Colorado nursing home is $42,000, and plan participants or their families end up paying more than half of all long-term costs.

The program pays a lifetime maximum of $110,000 to $350,000 depending on which one of three plans is selected. The cost also depends on age. For example, a worker who is 24 who chooses a basic plan would pay only $5 a month while a 70-year-old retiree opting for the same benefits—nursing home and home health care—would pay $130 a month. BI

Opinions

Some cuts not a sharp move

THE WAVE OF MEGAMERGERS now sweeping corporate America should give employers a fresh impetus to review their benefit and risk management programs.

Inevitably when companies merge, one of the first things that happens is that departments at the merging companies deemed duplicative are pared back and employees laid off.

Indeed, an oft-touted benefit of mergers is that the merged companies can operate more efficiently than either could individually.

But mergers, to be truly successful, can and should be far more than just laying off employees and trying to do more with less.

A merger can give an employer a new and intimate insight into how another company—often a current competitor—runs its programs, such as employee benefits and risk management.

Even with expert outside help, it isn't uncommon for a company, after an extended period of time, to run certain programs on a kind of autopilot. Things are done—a certain workers compensation administrator is used to process claims or a particular preferred provider organization is offered to employees—because they always have been done that way. In short, a kind of inertia can set in.

Mergers can, or at least they should, shake up that corporate complacency. One company acquiring another may find—perhaps to its surprise—that the company it acquires has a pension program that meets employees' needs far better than its own program.

Or an acquiring company may discover that its acquisition's risk management program is much more successful in controlling losses than is its own program or that the purchased company's insurance brokers provide better service than its own brokers.

That sort of corporate self-examination, though, becomes a lot more difficult to accomplish when—in the name of efficiency and lowering costs—the acquiring company immediately begins wholesale layoffs of risk and benefit managers.

The risk or benefit professional let go often is in the best position to know which risk management and benefits programs have worked well and which have not.

"ON SECOND THOUGHT, I MAY NEED THAT!!"

Regrettably, we heard this week in the case of a couple of merging financial institutions that most, if not all, of one of the firm's benefit professionals were not expected to hang onto their jobs because they are in a location too far from where the merged companies will be based.

That sort of corporate stupidity, if true, is mind-boggling. Maybe payroll costs can be shaved through such action. But could it be that no one at that institution's benefit department had good ideas, perhaps even great ideas, that would have saved the merged companies far more than what would be gained in lower payroll costs? We doubt that.

Rather than looking at mergers as just exercises in pruning costs, employers also should see mergers as a way of gaining new talent and ideas. Without such an attitude, the results of many a merger will be pennywise but pound foolish.

Plan liable to lead to woe in Germany

GERMAN LAWMAKERS are about to open Pandora's box.

And like the evils the box loosed in the mythological tale, proposed changes to the German civil justice system will plague manufacturers for years to come.

As we report this week, German Chancellor Helmut Kohl and his Cabinet have introduced legislation that would expand manufacturers' liability for pain and suffering damages in product defect cases. Under their proposal, now before Germany's Parliament, claimants would no longer have to prove negligence to win pain and suffering awards in product defect cases. In addition, the maximum pain and suffering award would be doubled to 1 million deutsche marks, or about $550,000.

Although German businesses have challenged the proposal for more than a year, in the end they won only hollow concessions from Mr. Kohl. In response to businesses' concern, the proposal now stipulates that pain and suffering awards would be allowed without proof of negligence only in cases where a claimant has sustained a "severe" and "long-term" injury. Battles to define what those vague terms mean are bound to tie up German courts for years.

Not only will this proposal increase litigation in Germany, but it also will substantially raise the cost of doing business there. Liability insurance rates are bound to rise.

What is amazing is the proposal ignores the experience of manufacturers—including many German companies—with such awards in the U.S. civil justice system. The ordeal of German automaker BMW in an Alabama punitive damages case should give lawmakers pause, not to mention the experience of insurers such as Allianz and Munich Re.

Product liability awards in the U.S. legal system—especially for pain and suffering and punitive damages—spiraled out of control in the late 1970s and early '80s. In response, massive tort reform efforts have sought to limit plaintiffs' ability to recover for non-economic damages. More than a dozen states have some form of cap on non-economic damages, and proponents of federal product liability reform legislation are pushing for the same.

So why is Germany moving in the opposite direction?

We believe the legislation is being driven by a misguided attempt to right a perceived wrong that occurred with a 1993 tainted blood scandal in Germany. In that case, damages for people who contracted AIDS through tainted blood were capped by law. The government pleaded for insurers to pay hundreds of millions of deutsche marks more voluntarily, but they refused.

A year later, German lawmakers doubled the strict product liability of pharmaceutical companies for economic damages to 1 million marks, and now they are seeking to expand non-economic damages for all companies.

We hope German businesses and insurers are persuasive in their efforts to lobby members of parliament to reject this broad expansion of liability. Otherwise, manufacturers doing business in Germany will likely find themselves being hit with excessive product liability awards.

Germany, at least, has one safeguard, though, that is not assured in the U.S. civil justice system—all awards are determined by a judge, not a jury.

So at least a little sanity will remain in the German legal system even if the onerous tort proposal becomes law. But it would be far saner for German lawmakers to look at the unpredictable effects of U.S. product liability law and then leave their current product liability code alone.

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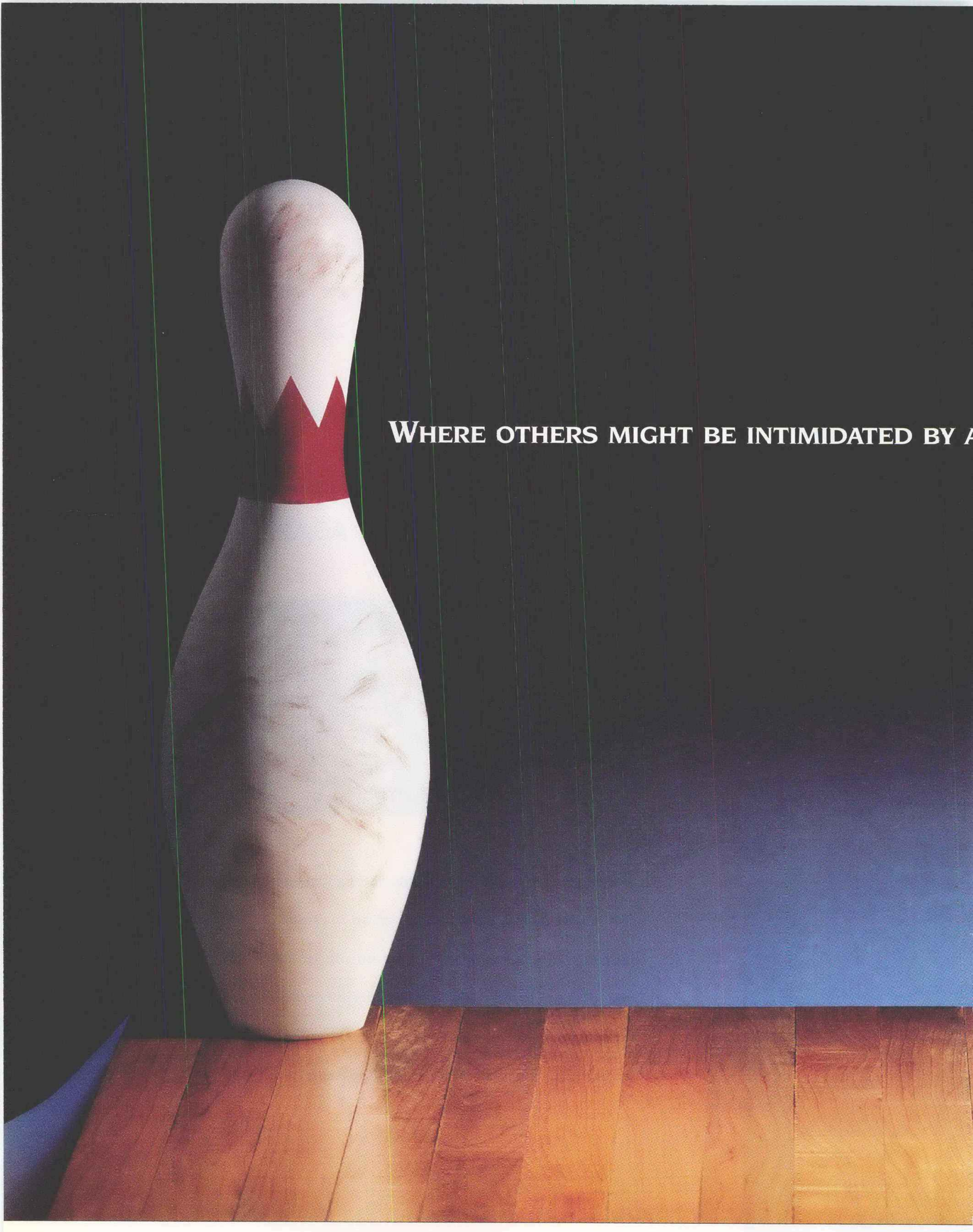
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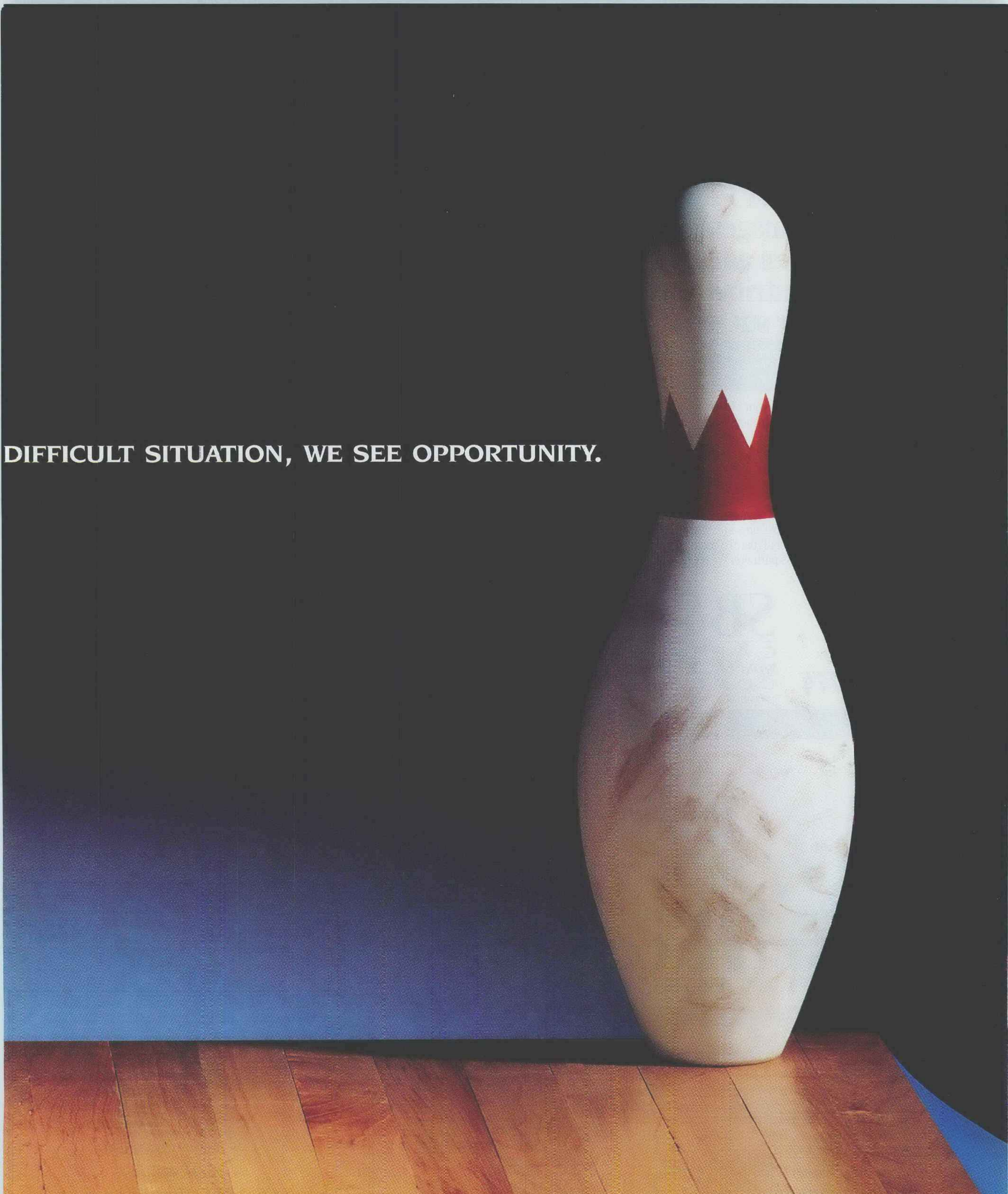

DIFFICULT SITUATION, WE SEE OPPORTUNITY.

Awards

Continued from page 2

to pain and suffering awards in addition to awards for other damages. Businesses have lobbied strongly for concessions on this bill.

"We're definitely not happy about this," said a spokesman for the German Federation of Industries. "We know it's going to cost a lot, but we don't know how much."

Germany's legal system historically has been a boon to employers, who praise its predictability. By U.S. standards, awards have been small and court battles seldom fought, said Klaus-Wolfgang Schultze-Weslarn, risk manager and head of the insurance division of Henkel A.G., a leading consumer products manufacturer.

"Germany has excellent social insurance, which makes up for deficits in countries where a plaintiff must seek pain and suffering awards to secure a certain living standard," Mr. Schultze-Weslarn said. "So why bring in elements of other legal systems when they are not needed?"

The reasoning behind the proposal, said Justice Ministry official Edwin Frietsch, is a growing public sensitivity to loopholes in the legal system. "In some cases, awards seem cruelly inadequate," he said. "Such awards can also have a punitive character."

In 1993, for example, lawmakers sought restitution for AIDS victims who had contracted the disease from tainted blood products manufactured by Koblenz, Germany-based UB Plasma, which was shut down by the government. At the time, limits on the size of economic and non-economic damages under Germany's legal system caused a public outcry. Lawmakers sought up to 700 million deutsche marks ($383.8 million) in damages for the AIDS victims but found themselves legally limited to public appeals to insurers and industry. German insurers refused those appeals, fearing it would create a precedent, arguing they had already paid 140 million deutsche marks ($76.8 million), the maximum required under the law.

A year later, lawmakers raised Germany's strict product liability cap for actual economic damages against pharmaceutical companies to 1 million deutsche marks ($548,300) per person from 500,000 deutsche marks ($274,150), and they are now seeking to increase pain and suffering awards against all types of companies to 1 million deutsche marks from 500,000 deutsche marks.

"We don't want it," said a spokesman for the Assn. of German Pharmaceutical Cos. "We believe raising the cap will be a costly development. Higher insurance costs are just one factor."

Those costs are a big factor, said former Gerling Group board executive Herbert Schilling, who now acts as a consultant. "This decision weighs heavily on industry," he said. "We're establishing American-like liability conditions. Industry may not pay more this year or next, but we're headed for dramatic increases in settlements and premiums."

Mr. Schilling said he believes raising pain and suffering awards in product liability cases will be felt by most industries and will raise the cost of most forms of liability insurance.

Stefan Rizor, a product liability attorney with the Cologne law firm Graf von Westphalen, Fritze & Modest, agrees. "If this law is passed as written, we'll have a whole new situation on our hands," he said. "It will affect the entire legal system. Judges will have tremendous power to increase awards for all kinds of ailments."

The prospect of claims for any number of cases—regardless of how petty—motivated lawmakers to put a major restriction into the draft; the bill limits claims to "severe" and "long-term" ailments.

"This was a major concession to industry," said Mr. Frietsch of the Justice Ministry. "Eliminating the petty pain and suffering cases will take the burden off industry. Only the hard cases will be affected."

German industry has taken some consolation in the "severe and long-term" language in the new bill, though lawyers and insurers warn that the improvement may be superficial.

Critics such as Mr. Schilling fear "elastic interpretation" of the law. "Who is to say what's severe or long term?" he asked. "It's a question of interpretation, and very flexible."

"Severity is indeed open to interpretation," agreed Mr. Rizor. "Is a headache long term and severe? I think a judge would have a hard time limiting severe to cases of paralysis o[r] terminal illness. . . .It will be difficul[t] to pass judgment on something a[s] subjective as the severity of pain an[d] suffering."

That could spell bad news for busi[nesses] in Germany, said Mr. Schultze-Weslarn.

"Restricting pain and sufferin[g] claims to severe and long-term case[s] is what makes this law acceptable," he said. "It's the trade-off that mini[mizes] industry burdens."

Nevertheless, Mr. Schultze-Weslarn said, the prospect of more claims t[o] defend, legal costs to carry and highe[r] insurance premiums are a bitter pill. "Is it any wonder that German com[panies] set up business elsewhere?" h[e] asked.

One consolation, said Peter Ramb[...], risk manager and head of the insur[ance] division of Hoechst A.G., a lead[ing] chemical and pharmaceutica[l] manufacturer, is a feature of Ger[many's] legal system that leaves pai[n] and suffering judgments up to a judg[e] and not a jury.

"Luckily, juries do not play the rol[e] in Germany they do in countries lik[e] the United States. I'm confident com[mon] sense and objectivity will prevai[l] on this issue. I think we can live wit[h] the law," he said.

In the past, German pain and suf[fering] awards have been nowher[e] near those of the United States, sai[d] Mr. Rizor. "An extreme case of pai[n] and suffering might get a plaintif[f] 150,000 deutsche marks ($82,245)."

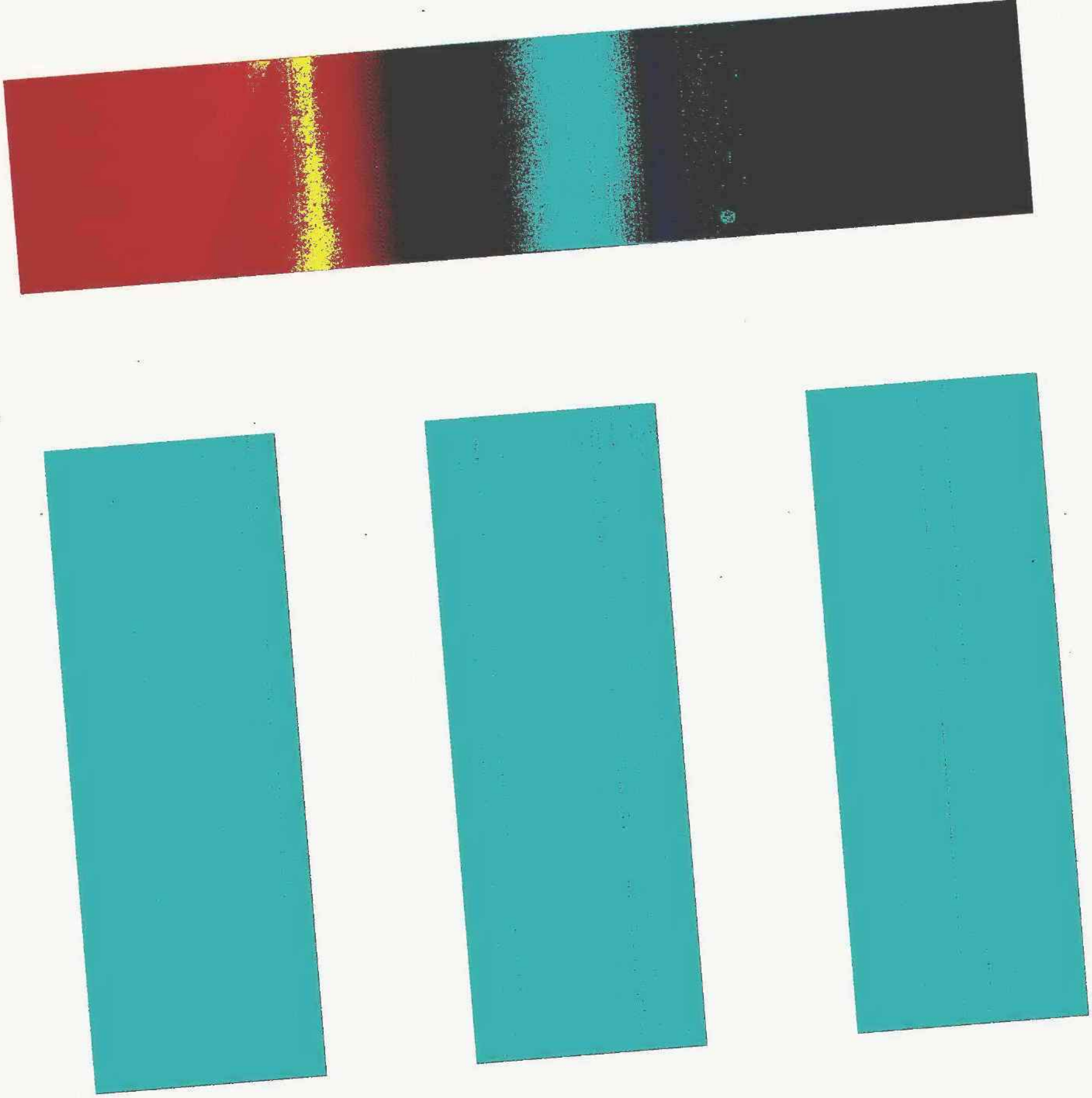
German courts now make pain an[d] suffering awards with an eye on gen[erous] social insurance benefits for re[habilitation], health costs and retrain[ing]. While pain and suffering award[s] have been relatively small in the past, Mr. Rizor said there are signs o[f] change.

"The AIDS settlement over tainte[d] blood products demonstrates how bi[g] an issue pain and suffering award[s] can be," he said.

Ewin Kretschmer, insurance com[mittee] chairman of the German Fed[eration] of Industries, said he is con[cerned] that expanded liability fo[r] pain and suffering awards will hur[t] research and development. "We se[e] stringent regulations taking us close[r] to strict liability for all of industry. W[e] could end up with strict liability fo[r] all products—especially when i[t] comes to pain and suffering."

"When products reach the mar[ket] they've been tested and approved but there's always an element of risk. . .Why should we punish companie[s] for taking bona fide risks? That's wha[t] we do if we base pain and suffering o[n] ...

See **Awards** *on page 1[...]*



Awards

Continued from page 12

strict liability. Companies are sued even though their products are approved by a government agency. Such a regulation only impedes research and development," Mr. Kretschmer said.

Mr. Kretschmer said businesses also are concerned about changes in trial procedure, which give plaintiffs greater access to information about products. "Supplying a plaintiff with information isn't a bad thing by itself. A plaintiff with cause should have access to information about the product's effects and side effects. But as it stands, anyone has access to any information about a product. We need a restriction that would mandate information be related to a specific illness."

Mr. Ramb, though, said he approves of the information clause. "Should a plaintiff have evidence a certain pharmaceutical causes an illness, he or she has a right to information from the company about the product's effects and side effects."

"Plaintiffs should have rightful access to company and government information about the licensing procedure," said Mr. Frietsch. "In the past, plaintiffs had only limited access to details about research and production methods. The law is designed to help plaintiffs out of this predicament, giving the plaintiff access to the same information as the defendant."

A spokesman for the German Insurance Assn. of Property & Casualty Insurers, said he believes the proposed law raise costs for industry and insurers. "Once the law passes and the first claims are made, premiums will rise; we don't know how much, but they will rise."

"Pharmaceutical companies in particular. But, theoretically, this law affects any company," the spokesman said. BI

Ruling

Continued from page 1

businesses that contract with the city.

"This is great news," said Tom Ammiano, a member of San Francisco's Board of Supervisors and a supporter of the law. "Most of it is truly thrilling, and it established a true precedent."

Mr. Berg of the ATA said the airline organization also was pleased with the decision. "We view it as a solid victory and that we've accomplished what we set out to do," he said.

The city's law, passed in 1996, requires all city contractors that provide group benefits to offer employees domestic partner benefits equal to any spousal benefits. The city applied the ordinance to airlines that fly to San Francisco International Airport because the city owns the airport and contracts with the airlines to operate there. The airline association argued that the law violated the federal Employee Retirement Income Security Act, which preempts state and local laws that relate to benefit plans.

'We view it as a solid victory and that we've accomplished what we set out to do,' says David Berg of the ATA.

Judge Wilken's 95-page decision held that in dealing with city contractors other than the airlines, the city acts as a "market participant" and the law therefore does not violate the ERISA pre-emption provisions. In that role, the city can establish requirements for doing busines with it, including requiring contrac tors to offer certain benefits, th judge found.

But when dealing with airlines a the city-owned airport, the city act not as a market participant but as regulator, and the law is pre-empte by ERISA, Judge Wilken ruled. Th judge also agreed with an argumen of the airlines that the U.S. Constitu tion prevents the city from passin an ordinance that interferes with in terstate commerce.

"The ordinance is unconstitution al as applied to out-of-state conduc that is unrelated to the purpose of city contract," wrote Judge Wilken "It is federally pre-empted as ap plied to airport contracts insofar a it affects ERISA plans providin ERISA-covered benefits. With re spect to other benefits, the ordinanc is also federally pre-empted if th burden of complying with the other wise-valid portions of the ordinanc practically forces air carriers to sto using the airport."

The market-participant exceptio "as applied to ERISA pre-emptio does not shield the ordinance excep where the city wields no more powe than an ordinary consumer in it contracting relationships," the judg further stated. "Because the city however, exerts more economi power at the airport than an ordi nary consumer would, due to th city's monopoly position as the air port proprietor, the ordinance i largely pre-empted by ERISA whe applied to airport contracts."

Although the decision exhaustive ly examined many issues, it did no fully answer what, if any, non ERISA benefits the airlines must of fer employees' domestic partners t satisfy the city's law.

"Some of the benefits that are list ed in the ordinance, such as movin expenses, memberships and mem bership discounts and travel bene fits, are not governed by ERISA a all," the judge wrote. "A plan to pro vide other benefits, such as bereave ment and family medical leave, ma be an ERISA plan or a non-ERIS plan."

"The remaining benefits, howeve such as health and pension benefit is necessarily an ERISA plan," th judge's opinion states.

Currently, the airlines and the cit are negotiating over whether an other benefits must be provided t airline workers under the judge' ruling, said Mr. Slavin, the deput city attorney.

"We're confident we can resolv that," he said. If those negotiation proceed smoothly, Mr. Slavin said h does not foresee either side having reason to appeal the ruling.

Mr. Berg said the ATA believes th airlines do not need to provide an other benefits to domestic partner But, he added, negotiations with th city will take place over the issue.

Supporters of the law wasted n time in following up on the decisio The next business day after the deci sion was released, a request wa made by Board of Supervisors mem ber Leslie Katz to draft an ordinanc stating the city would give prefer ences in bidding and purchasing t those companies that offer domesti partner benefits. No date has bee set for when the proposed ordinanc would be drafted and submitted t the Board of Supervisors for a vote.

"I don't think there will be an problems at all," with the new pro posal becoming law, said Mr. Ammi ano, a supervisor. The proposed or dinance does not yet specify wha type of preference would be provid ed to these companies.

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Air Transport Assn. of America, e al. vs. City and County of San Fran cisco, et al., United States Distric Court for the Northern District o California; No. 97-1763.


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Welfare

Continued from page 3

and Marriott's—is about 50% for such jobs.

"I absolutely believe that the program is a success because we are attracting loyal associates that choose to stay with Marriott," Mr. Kramer said. In fact, some Pathways graduates have become real success stories, including a 1995 graduate who now is a training manager, he said.

Overall, the Pathways program appears to be a good deal financially for the hotel chain, at least in terms of total program costs.

About 50% of the cost of Marriott's program is subsidized by state and local agencies through welfare-to-work grants. Although Marriott funds the other half of the program through in-kind contributions, "the extra reduction in turnover makes it more than worth the extra efforts we put in," Mr. Kramer said. Marriott also receives tax and other credits for its program, said panel moderator John D. Worrall, an economics professor at Rutgers University in New Brunswick, N.J.

The fact that unskilled workers generally are statistically more likely to injure themselves on the job has not been a problem for Marriott, Mr. Kramer said. The company is tracking the experience of Pathways graduates who have become full-time employees, though it does not have reliable data at this time.

"With those 900 graduates, we've had one workers comp incident during the training period," Mr. Kramer said.

That good outcome may stem in part from the company's emphasis during training on learning how to perform each job safely. Every job at a Marriott hotel is covered under a job safety analysis, which reviews every step it takes to perform the job and sets safety standards for it.

"Those analyses are gone over with the Pathways students, so by the time they are actually placed in employment, they actually have more safety skill than someone just coming in off the street," Mr. Kramer said.

However, employers "need to show a lot more patience" in safety training, he said.

Safety training is particularly important because general research literature shows a "fairly strong" indication that new hires have a higher injury rate, Mr. Worrall said.

However, Marriott's experience and that of the state of Wisconsin challenge those findings, panelists said.

Wisconsin has three sources of empirical evidence about the impact of welfare reform on workers comp costs and claims, said Gregory C. Krohm, administrator of Wisconsin's Division of Workers Compensation Department of Workforce Development.

The first study, which broadly assesses the macroeconomic impact on workers comp, stems from data that found that the number of lost-time injuries was about 75,000 per year when the welfare reform efforts started several years ago. The number is expected to drop to 64,000 this year.

That reduction in the number of injuries corresponds with the reduction in the state's welfare rolls, which went from 75,000 over the past several years to under 15,000 now. "We are now at the lowest level of cash assistance since 1969, and we have the lowest recordable lost-time injury rate among workers that we can track back to World War II," Mr. Krohm said.

The second study is a more refined, microeconomic review of people who have participated in Wisconsin's program to encourage former welfare recipients to obtain private employment. In that transitional program, 580 people were placed in a variety of jobs, including hospitality and nursing homes. Those 580 people filed only two claims, which is "very, very low" claims experience, he said. That equates to a lost-time injury rate for the time they were employed of about 1.7 incidents per 100 full-time equivalent years of work, he said. That rate is equivalent to comparable private employment, he said.

The third empirical research finding is total claims filed against the state of Wisconsin under a special program in which it can assume the workers comp liability for employers who agree to take on former aid recipients and put them in their job sites. The state assumed the liability for more than 10,000 people. However, after more than two years, it has had only four workers comp claims, the largest being for $23,000, Mr. Krohm said.

Based on these findings, "I can say that in Wisconsin that lost-time injury claims have been very modest and well within the zone of what one might expect from ordinary employment," he said.

One of the major beneficiaries of the welfare-to-work program has been the restaurant industry, which has hired many new workers as a result of the program, he added.

However, employers should remember that the former welfare recipients who are being placed now are likely to be the best workers with the fewest difficulties, said Robert W. Klein, director of Georgia State University's Center for Risk Management and Insurance in Atlanta.

Wisconsin's generally favorable experience has been with easier-to-place workers. It is now approaching dealing with people with "serious social problems," who should probably be receiving Social Security benefits but are not eligible, Mr. Krohm said.

As transitional programs reach down into the pool of welfare recipients, they will undoubtedly reach less-motivated individuals, panelists say. At the bottom is a "deadly" group of hostile recipients, who often won't cooperate despite the real threat of incrementally losing their welfare checks and being banned from the system for eight years in Delaware, warned Mary L. Marconi, director of adult services for the Wilmington, Del.-based West End Neighborhood House, a community service organization.

In dealing with aid recipients generally, employers may want to try to strike a positive note and emphasize that the welfare-to-work program can provide a rising tide that may lift all segments of the workforce, said John Lennes, vp and director of workers compensation/health for the Alliance of American Insurers in Schaumburg, Ill. "But it is not going to be easy," he added.

Employers also will have to consider the extent to which they want to get involved in helping new employees solve the transportation problems that often exist because many of these employees live in inner cities or poor rural areas, while their jobs are in more prosperous suburbs.

Other challenges employers may face include the potential impact of any future economic downturn, as well as union efforts to organize some workers participating in such programs, panelists added. BI

Datebook

APRIL

APRIL 26-29. American Compensation Assn. international conference in Chicago, sponsored by the ACA, Canadian Compensation Assn. and the Global Remuneration Organization; $775 for members and $905 for non-members. ACA, P.O. Box 29312, Phoenix, Ariz., 85038-9312; 602-922-2020.

APRIL 26-29. Alliance of American Insurers annual meeting in San Antonio, sponsored by AAI; $700 for first member, $1200 for non-member. Other rates apply. Sue Christensen, AAI, 1501 Woodfield Rd., Suite 400 West, Schaumburg, Ill.; 847-330-8595

APRIL 26-MAY 1. 36th RIMS Annual Conference and Exhibition in San Diego, sponsored by the Risk & Insurance Management Society Inc.; $895 for RIMS members, $1,095 for non-members. RIMS Customer Service, 655 Third Ave., New York, N.Y. 10017-5637; 212-286-9292.

APRIL 27. D&O, Fiduciary Liability and Employment Practices Liability—Coverage Aspects and Marketing Strategy workshop in Princeton, N.J., sponsored by the CPCU Society's Central Jersey chapter; $89 for members, $99 for non-members. Bonnie Kinsley, CPCU, 720 Providence Road, P.O. Box 3009, Malvern, Pa., 19355-0709; 800-932-2728, ext. 2735.

APRIL 27-28. "The Future of Financial Services Regulation" forum in Baltimore, sponsored by the National Assn. of Insurance Commissioners; $350 for government employees, and $550 for all others. NAIC, 120 W. 12th St., Suite 1100, Kansas City, Mo., 64105-1925; 816-842-3600.

APRIL 27-28. "Change as the Motivator of Strategy" seminar in New York, sponsored by the Insurance Data Management Assn.; $400 for members, $550 for non-members. IDMA, 85 John St., New York, N.Y., 10038; 212-669-0496.

APRIL 27-MAY 1. The Fundamentals of Global Risk Management in Brookfield, Wis., sponsored by the International Foundation of Employee Benefit Plans; $1,375 for members, $1,625 for non-members. Registrations Department, IFEBP, P.O. Box 69, Brookfield, Wis. 53008-0069, 414-786-6710.

APRIL 27-MAY 1. Fundamentals of Global Benefits Management in Brookfield, Wis., sponsored by the International Foundation of Benefit Plans; $1,375 for members, $1,625 for non-members. Registrations Dept., IFEBP, P.O. Box 69, Brookfield, Wis. 53008-0069, 414-786-6710, ext. 8257.

APRIL 28-29. National Employee Benefits Institute Spring Legislative Conference in Washington, D.C., sponsored by NEBI; For members, one representative is free, and each additional representative is $100. For non-members, $395. NEBI, 1101 Connecticut Ave., NW, Suite 1000, Washington, D.C., 20036-4374; 800-558-7258, ext. 2275.

APRIL 30. 1998 Reinsurance Conference in Chicago, sponsored by The Illinois CPA Society; $135 for members, $175 for non-members. The Illinois CPA Society, 222 S. Riverside Plaza, Suite. 1600, Chicago, Ill. 60606; 312-993-0393.

APRIL 30-MAY 1. Toxic Torts and Environmental Law seminar in Baltimore, sponsored by the Defense Research Institute; $545 for members, $595 for non-members. Defense Research Institute, 750 N. Lake Shore Drive, Suite 500, Chicago, Ill., 60611; 312-944-0575.

MAY

MAY 1. Litigation Management seminar in Durham, N.C., sponsored by the American Bar Assn; $50. David B. Zoffer, ICALM Group, 6320 Quadrangle Drive, Suite 230, Chapel Hill, N.C. 27514; 919-419-7370.

MAY 3-5. Professional Insurance Agents 1998 convention in Las Vegas, sponsored by PIA; $200 for members and $275 for non-members before April 20 and $225 for members and $300 for non-members after. PIA of California & Nevada, 1315 I St., Suite 200, Sacramento, Calif., 95814; 916-443-4221.

MAY 3-5. Professional Insurance Agents Assn. of Virginia and the District of Columbia 1998 convention in Richmond, Va., sponsored by PIA; $230 for first attendee, $150 for additional attendees from the same agency. PIA, 1508 E. Parham Road, Richmond, Va., 23228; 804-264-2582.

MAY 4. Environmental Insurance Information Exchange seminar in Phoenix, sponsored by ECS Underwriting; No charge. Also **May 5** in Denver. ECS Underwriting, 520 Eagleview Blvd., P.O. Box 636, Exton, Pa. 19341-0636. 800-ECS-1414.

MAY 4-6. The Washington Legislative Update seminar in Washington, D.C., sponsored by the International Foundation of Employee Benefit Plans; $675 for members, $825 for non-members. Registrations Department, IFEBP, P.O. Box 69, Brookfield, Wis., 53008-0069. 414-786-6710, ext. 8257.

MAY 4-6. Beyond the Basics of Health Care Cost Management seminar in Los Angeles; $825 for members, $975 for non-members. Registrations Department, IFEBP, P.O. Box 69, Brookfield, Wis., 53008-0069. 414-786-6710, ext. 8257.

MAY 5-6. Alternative Risk Financing seminar in New York City, sponsored by The College of Insurance; $695. The College of Insurance Center for Professional Education, 101 Murray St., New York, N.Y. 10007; 212-815-9201.

MAY 5-7. The Insurance Summit conference in Las Vegas, sponsored by The Insurance Summit; $345 for attendees of seminars, exhibit hall admittance is free. The Insurance Summit, P.O. Box 290344, Tampa, Fla. 33687; 800-835-6238.

MAY 6. Solving the Additional Insured Issues workshop in Garden City, N.Y., sponsored by the CPCU Society's Long Island chapter; $85 for members and $95 for non-members. Bonnie Kinsley, CPCU, 720 Providence Rd., P.O. Box 3009, Malvern, Pa., 19355-0709; 800-932-2728, ext. 2735.

MAY 6-7. "21st Century Business Technology for the London and International Markets" conference in London, sponsored by IBC UK Conferences Ltd.; £795 ($1,326). The Bookings Department, IBC UK Conferences Ltd., Gilmoora House, 57-61 Mortimer St., London, W1N 8JX, England; 44-171-453-2706.

MAY 6-8. Property/Casualty Financial Analysis seminar in Philadelphia, sponsored by the Fells Road Group/Michael Conn Associates; $1,250. Fells Road Group, Inc., 271 Route 46 West, Building D, Suite 207, Fairfield, N.J., 07004; 973-227-5955.

MAY 6-8. Prescription Drug Utilization Management Workshop in Scottsdale, Ariz., sponsored by the Pharmacy Benefit Management Institute Inc.; $650. PBMI, P.O. Box 9427, Scottsdale, Ariz., 85252-9427. 602-730-0814

MAY 6-8. Property & Casualty Product Management Skills and Techniques seminar in Boston, sponsored by Dorman Consulting Associates; $995. Dorman Consulting Associates, 1 Haverhill Court, Beachwood, Ohio, 44122, 216-464-5678.

MAY 7-8. Insurance Claims Supervision seminar in Des Moines, Iowa, sponsored by The Defense Research and Trial Lawyers Assn.; $525 for members, $575 for non-members. Defense Research Institute, 750 N. Lake Shore Drive, Suite 500,

Continued on next page

Datebook

Continued from previous page

Chicago, Ill. 60611; 312-944-0575

MAY 7-8. Employment Practices Liability seminar in Toronto, sponsored by the Risk & Insurance Management Society; $295 for members and $350 for non-members. Also **June 11-12** in Seattle. RIMS Inc., Professional Development Department, 655 Third Ave., New York, N.Y., 10017-5367; 212-286-9292, ext. 257.

MAY 7-9. Public/Private Behavioral Healthcare Summit in Arlington, Va., sponsored by the Institute for Behavioral Healthcare; $595 before April 23, $795 after April 23. CentraLink-BIT, 4370 Alpine Road, Suite 209, Portola Valley, Calif. 94028; 650-851-8411.

MAY 8. Using Risk Data to Learn and Improve seminar in Chicago, co-sponsored by the Risk & Insurance Management Society Inc. and The Deragon Group; $99 for RIMS members and $125 for non-members. Also **June 19** in San Diego. RIMS Inc., Professional Development Department, 655 Third Ave., New York, N.Y., 10017-5367; 212-286-9292, ext. 257.

MAY 8-9. OSHA/Joint Commission Safety and Health Practicum: "Partnership in Practice," in Oakbrook Terrace, Ill., sponsored by the Joint Commission on Accreditation of Heathcare Organizations; $450. Joint Commission's Customer Service Center, 1 Renaissance Blvd., Oakbrook Terrace, Ill. 60181; 630-792-5800.

MAY 9-15. American Industrial Hygiene Conference and Exposition in Atlanta, sponsored by the American Industrial Hygiene Assn.; $290 before March 20, $340 before April 10, $420 after April 10. AIHCE '98, 1200 G Street, NW, Suite 800, Washington, D.C. 20005; Fax 202-347-6673.

MAY 10-14. American Assn. of Managing General Agents conference in Fajardo, Puerto Rico, sponsored by the American Assn. of Managing General Agents. $525 for members, $625 for associate members. Jeanne Corlew-Knox, AAMGA, 9140 Ward Parkway, Suite 200, Kansas City, Mo. 64114; 816-444-3500.

MAY 11-12. Marketing Research for Insurance Organizations in New York City, sponsored by The College of Insurance; $595. The College of Insurance Center for Professional Education, 101 Murray St., New York, N.Y. 10007; 212-815-9201.

MAY 11-13. Fraud Investigation seminar in Washington, D.C., sponsored by the National Assn. of Insurance Commissioners; $300 for government employees and $500 for all others. NAIC, Education and Training Department, 120 W. 12th St., Suite 1100, Kansas City, Mo., 64105-1925; 816-374-7192.

MAY 11-13. Risk Financing: Techniques and Applications course in Boston, sponsored by the Risk & Insurance Management Society; $675 for members, $775 for non-members. Also **Nov. 16-19** in Albuquerque, N.M. RIMS, 655 Third Ave., New York, N.Y. 10017-5637; 212-286-9292.

MAY 11-13. National Unemployment Compensation Issues conference in Tampa, Fla., sponsored by UWC—Strategic Services on Unemployment & Workers Compensation; $350 for members and $395 for non-members before March 31; $395 for members and $450 for non-members after March 31; $450 for members and $500 for non-members on-site; $50 for spouses. National Foundation for Unemployment Compensation and Workers Compensation, 1201 New York Ave., NW, Suite 750, Washington, D.C. 20005; 202-682-1517.

MAY 12-13. Buying and Selling Corporate Risk Management and Insurance Services in London, sponsored by Risk & Insurance Research Group Ltd.; £790 ($1,318). Risk & Insurance Research Group Ltd., 44 Maiden Lane, Covent Garden, London, U.K., WC2E 7LJ; 44-171-836-0614.

MAY 12-14. Comp Camp in Glastonbury, Conn., sponsored by Aon Management Institute; $1,900. Aon Management Institute, 628 Hebron Ave., Corporate Center II, Glastonbury, Conn. 06033; 860-659-6780.

MAY 13-14. 401(k)s From A to Z conference in Columbus, Ohio, sponsored by Corbel Client Services; $540. Corbel Client Services, 1660 Prudential Drive, Suite 400, Jacksonville, Fla. 32207; 800-326-7235, ext. 1139.

MAY 13-15. Designing and Implementing Employee Satisfaction Surveys seminar in Chicago, sponsored by International Quality and Productivity Center; $1,395. International Quality and Productivity Center, 150 Clove Road, P.O. Box 401, Little Falls, N.J. 07424-0401; 800-882-8684.

MAY 13. Employment Practices Liability: Risk Management and Coverage Aspects workshop in Colonie, N.Y., sponsored by the Northeastern New York chapter of the CPCU Society; $85 for CPCU Society members and $95 for non-members. Also **May 14** in Clarks Summit, Pa. and **May 15** in King of Prussia, Pa. Michele Leaper, CPCU Society, 720 Providence Road, P.O. Box 3009, Malvern, Pa. 19355-0709; 518-884-6591.

MAY 14. Communicating Employee Benefits seminar in New York City, sponsored by The Conference Board; $725 for associates, $825 for non-associates. Also **May 20** in Atlanta and **June 2** in Chicago. The Conference Board Inc., P.O. Box 4026, Church Street Station, New York, N.Y. 10261-4026; 212-339-0345.

MAY 31-JUNE 2. Inland Marine Underwriters Assn. annual meeting in Seattle, sponsored by IMUA; $495 for full meeting attendees and $150 for spouses. Melissa Kalt, IMUA, 111 Broadway, New York, N.Y., 10006; 212-233-7958.

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

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Disasters

Continued from page 3

insurers to the nature of the risks they face. Climate change, continued coastal development and a lack of mitigation have all exacerbated risk, he said. Insurance markets have tightened but still are not in "sustainable equilibrium," he added.

"Excessive risk not only threatens insurers, it threatens all of us," because catastrophe costs ultimately could be passed on to taxpayers, said Mr. Klein.

He suggested a number of policy initiatives that could help mitigate catastrophe exposure. These include:

- Eliminating direct government subsidies to rebuild uninsured structures.
- Eliminating tax subsidies for uninsured losses.
- Allowing tax-favored insurer catastrophe reserves.
- Restructuring state catastrophe financing mechanisms, which Mr. Klein said now are flawed because of inadequate rates and "cross subsidies" that encourage excessive risk-taking.
- Focusing on predisaster planning and mitigation.
- Facilitating more catastrophe reinsurance.
- Increasing research, information and public education on catastrophe risk management.
- Establishing an interim federal catastrophe reinsurance mechanism.
- Easing state insurance regulatory restrictions by allowing insurers to increase prices, to develop innovative policies, to underwrite policies that consider mitigation, and to reduce exposures when individual insurers are overexposed.

Another speaker repeated the warning that a truly major catastrophe would cause repercussions far beyond the insurance industry alone.

"We have not seen the likes of a $50 billion to $100 billion catastrophe yet," said Ross Davidson, vp-industry for San Antonio-based United Services Automobile Assn. Disasters of that magnitude could send some insurers spiraling into insolvency; lead consumers to stop loan payments and cash out life insurance policies, retirement accounts and other savings; and create tremendous pressures on the public sector, he said. The result could "shake our economic, social and political foundations."

'Excessive risk not only threatens insurers, it threatens all of us,' as catastrophe costs could be passed on to taxpayers, says Robert W. Klein of Georgia State University.

Mr. Davidson advocates the creation of a "policyholder safety reserve" to deal with catastrophe proposals. Under the USAA proposal, a voluntary catastrophe reserve would be set up, under which insurers would accumulate tax-deductible reserves. Insurers would accumulate reserves at their own pace, but the amount they could put up would be capped according to their individual exposures. Income on the reserves would be tax-sheltered until the reserve reached the cap. The reserve would be used to offset domestic losses from a list of named perils that "exceed a simple, high-level trigger," he said.

The purpose of the reserve would be to retain catastrophe premiums to cover long-term exposures, to assure consumers and regulators that the portion of rates targeted for catastrophe coverage would be available for its purpose, and to allow insurers to deal better with megacatastrophes, he said.

It would also serve to prevent the "premature" transfer of policyholder risk capital either through taxes or to cover other risks, Mr. Davidson said.

Jeff Yousey, a CEI research associate, moderated the discussion, which included a brief critique of the presentations by Dwight Jaffe, a professor of finance and real estate at the University of California at Berkeley, and Frank Nutter, president of the Reinsurance Assn. of America. BI

OSHA

Continued from page 2

Those employers OSHA deemed eligible for the program but that refused to cooperate would have been subject to "wall-to-wall" inspections and all the penalties those inspections could have entailed. About 87% of the employers OSHA contacted agreed to participate, though OSHA found that some of them had injury and illness records so bad the agency refused to allow them into the program.

But the Chamber and other employer groups sought to block the program on the grounds that it had not been properly promulgated and that it was not, as OSHA claimed, a voluntary program but rather a coercive one. The appeals court agreed to hear the case and blocked the program.

After the appeals court stayed implementation of the cooperative compliance program, OSHA devised an interim inspection plan that emphasized monitoring employers with higher-than-average injury and illness rates for their industries. A legal attempt by the plaintiffs in the cooperative compliance program suit failed to block the interim program. Mr. Jeffress said he hopes OSHA eventually will be able to proceed with the cooperative compliance program but added that he doesn't expect a decision before late fall.

Under the new inspection plan, OSHA inspectors will visit about 3,300 worksites in 99 industries this year. The plan covers most of the industries with the highest rates of lost workdays due to injury and illness, said Mr. Jeffress. The individual employers affected by the interim plan are those that have reported higher-than-average lost workday rates for their industries. The industries range from meatpacking, with the highest lost workday rate of the 99, to the automatic vending machine industry, with the lowest of the sample.

All workplaces with a higher-than-average lost workday rate for the specified industry will be inspected during the program except for nursing homes, said Mr. Jeffress. So many nursing homes have high lost workday rates that only a portion of those eligible will be inspected.

In addition, the interim program exempts companies with fewer than 60 employees. BI

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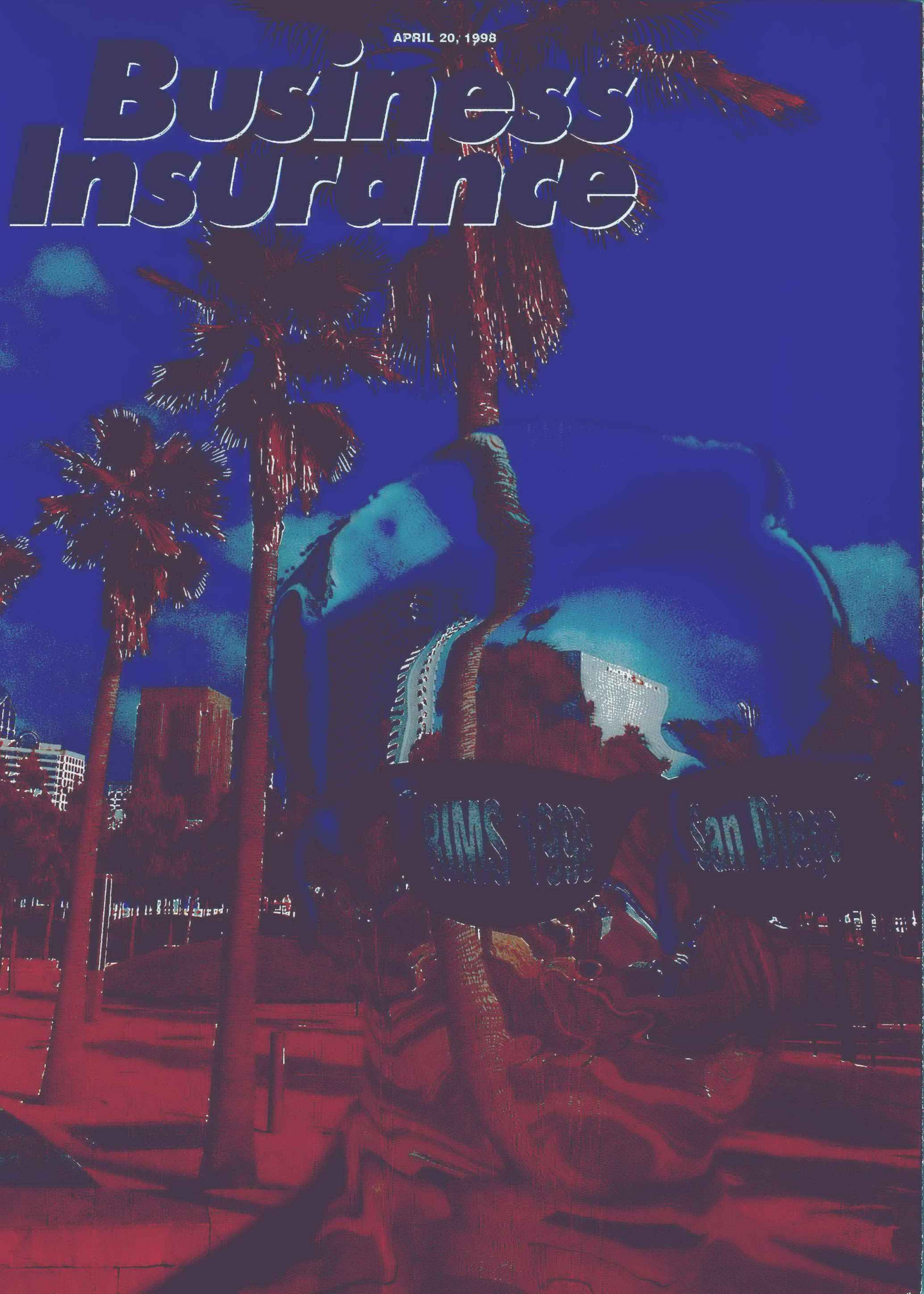
APRIL 20, 1998

Business Insurance



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THE LEADERS OF THE INSURANCE WORLD
ARE CONGREGATING...

City's allure helping San Diego grow

By REGIS COCCIA

Combine nearly ideal weather year-round with scenic beauty and diverse cultures, and it's no wonder San Diego is one of the most popular destinations in the United States.

It's a vibrant city that offers a cornucopia of things to see and do.

While its metro-area population is 2.6 million, San Diego itself is home to 1.2 million, a number that makes it the sixth-largest U.S. city and the second-biggest in California. And it's growing.

The city has evolved into a burgeoning metropolis from fewer than 18,000 residents at the turn of the century. What continues to draw people to San Diego? Undoubtedly the reasons include its mild climate and a wondrous variety of activities.

Sun reigns supreme in San Diego, where rainfall averages a scant 10 to 11 inches annually. Temperatures throughout the year range from mid-40s to high 70s Fahrenheit. In April and May, the temperature range is high 50s to about 70. Small wonder that San Diegans spend a good deal of their time outdoors.

The city gains about 10,000 new residents each year, both retirees and relocated workers. Less than a dozen miles from Mexico, the city is also a major point of entry for immigrants.

Getting around the city's sprawling network of freeways by car can be troublesome during rush hours, but San Diego does have an extensive public transportation system incorporating buses and trolley lines.

Manufacturing, military operations and tourism are San Diego's three largest industries, and the area is becoming known as a center of biotechnology.

A natural harbor, San Diego Bay has served as an important port ever since Portuguese explorer Juan Rodriguez Cabrillo first sailed into it in 1542. Today, San Diego is home to the U.S. Navy's Pacific Fleet, not to mention scores of retired naval officers. Large naval vessels are a common sight entering and leaving the bay.

Benefits of San Diego's location along the Pacific Ocean are reflected in the local attractions and restaurants, as reported on the pages to follow.

To many tourists, San Diego is synonymous with Sea World and its mascot, Shamu the orca whale. Others may know the city for Balboa Park, a 1,100-acre patch that is home to beautiful gardens, a dozen museums and one of the world's best zoos. Sports fans recognize the city as the home of the Padres and the Chargers.

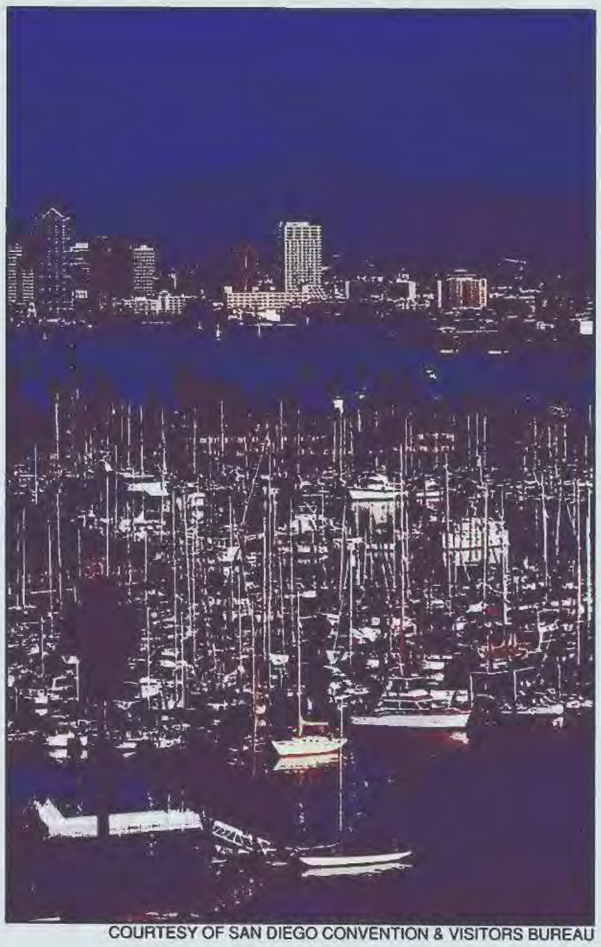
The national spotlight has shined on San Diego in recent years, with the city hosting the 1996 Republican National Convention and in January of this year, Super Bowl XXXII.

This year's Super Bowl, held in Qualcomm Stadium, formerly Jack Murphy Stadium, was one of the most memorable games in history. For San Diegans, the event held special appeal as Denver Broncos running back Terrell Davis, who grew up in San Diego, won the Most Valuable Player award.

Visitors to San Diego will find many other reasons to remember the city, however.

The San Diego area has an abundance of excellent restaurants with varied menus. Nearly every world cuisine is represented, from American to Vietnamese. Seafood lovers will revel in the availability of the freshest ingredients.

Situated as the city is on the Pacific coast, water sports are popular pastimes. On any given day, local waters are shared by swimmers, boaters and sport fishers. Snorkeling and scuba diving also are very popular, particularly in the underwater preserve at La Jolla Cove, about 20 miles north of downtown.



COURTESY OF SAN DIEGO CONVENTION & VISITORS BUREAU

San Diego, nestled between the Pacific Ocean and mountains to the east, is the sixth-largest city in the United States.

Local beaches draw crowds on weekends for sunbathing, volleyball and other activities.

But San Diego offers plenty for landlubbers to do, too.

The area is renowned for the quality of its golf, and dozens of golf courses dot San Diego County.

Several professional tournaments stop in the San Diego area each year, including the Mercedes Championships at La Costa Resort & Spa in nearby Carlsbad, Calif., and the Buick Invitational at Torrey Pines Golf Club north of the city.

Not surprisingly, the area has produced a string of fine golfers, including 1998 Masters winner Mark O'Meara, Billy Casper, Craig Stadler and Mickey Wright, a women's golf legend with 82 tournament victories.

Tennis, in-line skating, bicycling and hiking are among other activities available.

Visitors seeking other diversions will find plenty.

Shopping opportunities abound, both downtown and in the outlying areas. A large concentration of shops is within several blocks of the San Diego Convention Center, in the Gaslamp Quarter, Horton Plaza and along the waterfront at Seaport Village.

After sundown, the city's nightlife offers amply varied sights and sounds, particularly in the Gaslamp Quarter. From trendy dance clubs to laid-back jazz bars, the quarter attracts a mix of young and not-so-young.

With so many alluring facets, visitors will find San Diego well worth the trip. BI

RIMS keeping up with industry changes

By RICHARD TROUT

Like this year's Academy Award-winning epic, "Titanic," the annual Risk & Insurance Management Society Inc. conference has shown it can draw audiences back for repeated visits.

Much of the strength of this year's production can be attributed to the ability of RIMS to enhance the conference each year and respond to its members' needs, conference organizers say.

Hosting a luncheon debate on the impact of consolidation, improving educational sessions with an advanced evaluation process and offering an added Brown Bag Lunch are some of the ways RIMS has enhanced the 36th annual conference, to be held in San Diego from April 26 through May 1. After a year in which broker and insurer consolidations have swept the industry, risk managers can use the conference to help deal with such dramatic changes.

"The world of risk management is changing very quickly, and it is incumbent upon us as risk managers to gain new skills, whether those are needing to be more financially oriented, needing to understand technology better, maybe being able to think more globally," said Stephen Wilder, RIMS president and vp-risk management for The Walt Disney Co. in Burbank, Calif.

"Whatever is changing for each risk manager, and certainly things are, I don't think there is any better place to address that challenge than at the annual RIMS conference," Mr. Wilder said.

"There's no other event anywhere in the world with the diversity of educational programs—as well as the number of educational programs—that are being taught by experts in various fields. There's also no other event in the world where the ability to network with other risk managers and other people doing functions similar to yours is as great," Mr. Wilder added.

Mr. Wilder also pointed to the exhibit hall as an important venue, where risk managers can see new, cutting-edge products and services. More than 350 companies and organizations in various fields will exhibit, reducing the time and phone calls that attendees would normally have to spend researching resources.

Richard Sadler, vp-conference for RIMS and risk manager-worldwide sales support for Microsoft Corp. in Redmond, Wash., describes the annual event as the premier risk management conference.

"It's the one conference during the year where underwriters, claims managers and insurance company executives have the opportunity to meet with any number of carrier representatives and broker representatives," Mr. Sadler noted.

With all those people at the same place at the same time, it is the perfect chance for participants to make key contacts, he added.

The conference will provide numerous opportunities for risk managers and other insurance professionals to gain insights that help meet the challenges posed by a rapidly changing industry.

Rather than having the traditional speaker during Tuesday's luncheon, here will be a debate over the impact of consolidation on risk management. Broker and insurer executives and a risk manager will participate in a panel

See Preview on page T34

Inside:

Cover photo by Michael Marcotte
Cover illustration by Mike Garvey

San Diego attraction/hotel maps

Attractions:

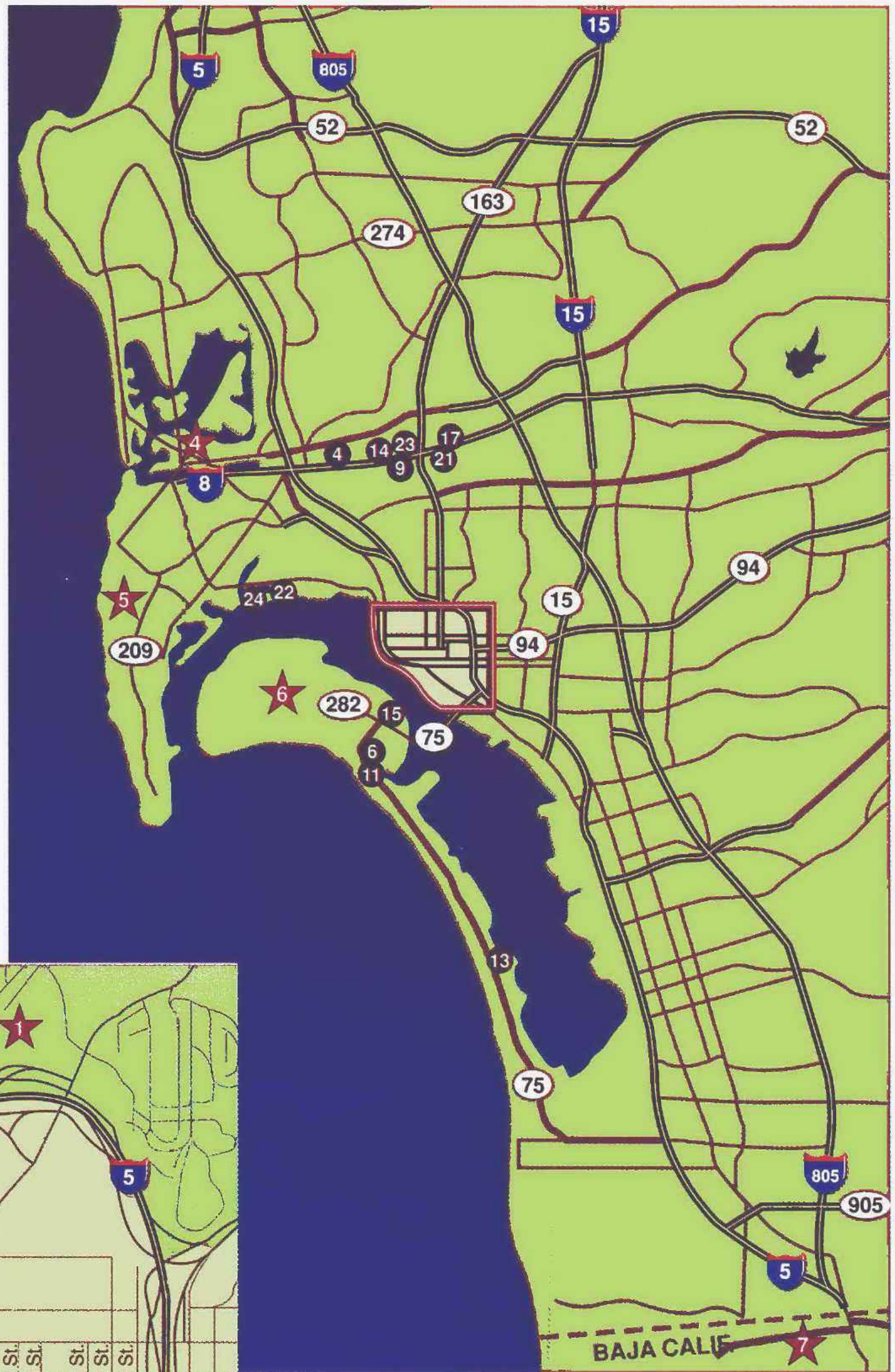
1. Balboa Park and surrounding area
   - Museum of Photographic Arts
   - San Diego Aerospace Museum
   - The San Diego Automotive Museum
   - San Diego Hall of Champions
   - San Diego Model Railroad Museum
   - San Diego Museum of Art
   - San Diego Zoo
2. Maritime Museum
3. Seaport Village
4. Sea World
5. Foint Loma
6. Coronado
7. Tijuana

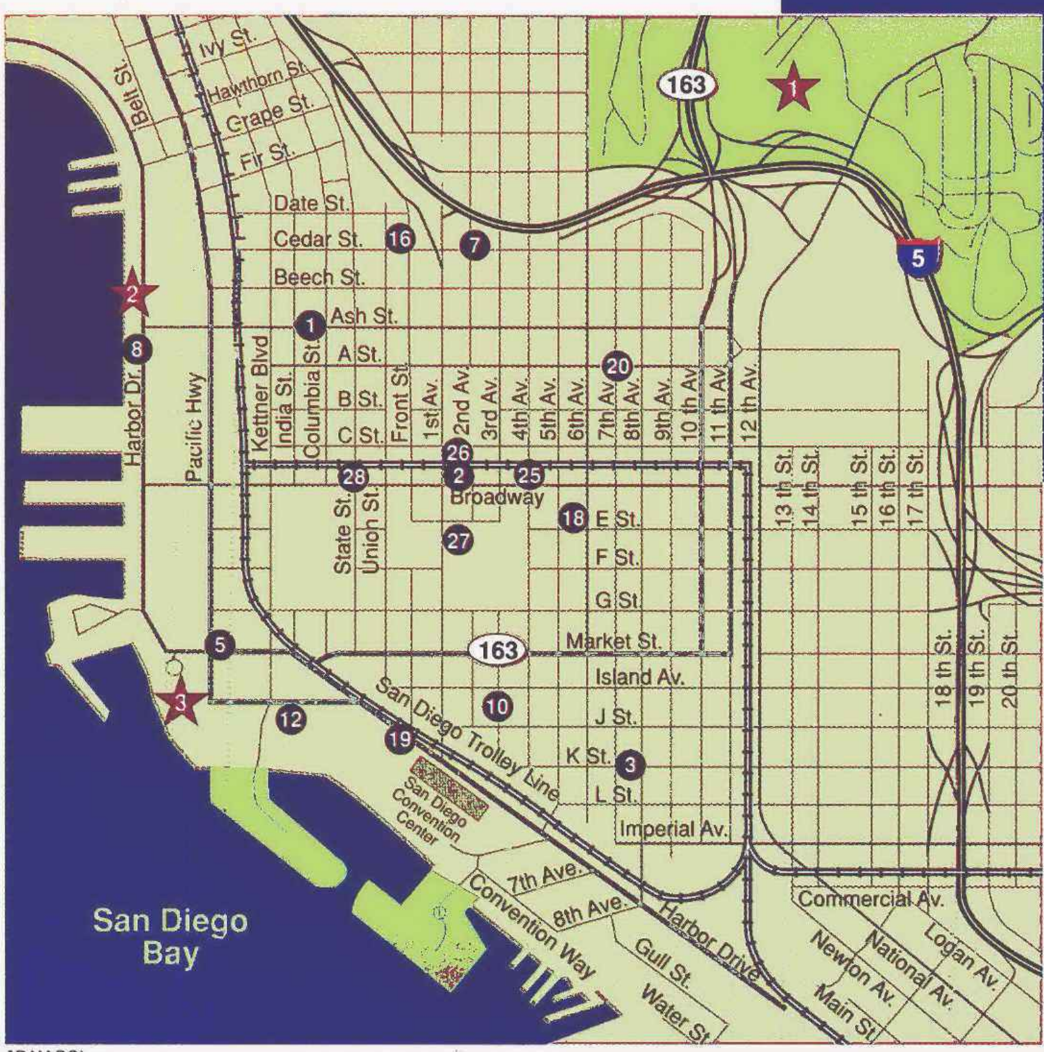
Key:

● = Hotels

★ = Attractions

▥ = Trolley lines





ADAM DOI

Hotels:

1. Best Western Bayside Inn
2. Bristol Court Hotel
3. Clarion Hotel Bay View
4. Comfort Inn & Suites
5. Embassy Suites
6. Glorietta Bay Inn
7. Holiday Inn Harbor View
8. Holiday Inn on the Bay
9. Holiday Inn Select San Diego
10. Horton Grand Hotel
11. Hotel del Coronado
12. Hyatt Regency San Diego
13. Loews Coronado Bay Resort
14. Quality Resort San Diego
15. Marriott Coronado Resort
16. Radisson Hotel Harbor View
17. Radisson Hotel San Diego
18. Ramada Inn & Suites
19. San Diego Marriott Hotel & Marina
20. San Diego Marriott Suites
21. San Diego Mission Valley Hilton
22. San Diego Sheraton Hotel & Marina
23. Town & Country Resort & Convention Center
24. Travelodge Hotel
25. U.S. Grant Hotel
26. Westgate Hotel
27. Westin Horton Plaza Hotel
28. Wyndham Emerald Plaza

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Booth 547

RIMS
1998

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Coronado, creatures and cool cars await

Visitors to San Diego have plenty of options on places to see and things to do, and many are within a few miles of downtown.

Here are some of the area's major attractions:

Balboa Park

The cultural epicenter of San Diego, this 1,100-acre park northeast of downtown encompasses the San Diego Zoo, several theaters, shops and a dozen museums.

With fountains, botanical gardens and ornate Spanish colonial and mission revival architecture, Balboa Park is a pleasant place to relax. On Sunday afternoons from 2 to 3 p.m., the Spreckels Organ Pavilion offers free concerts.

Balboa Park is large but easy to tour on foot. Nevertheless, weary

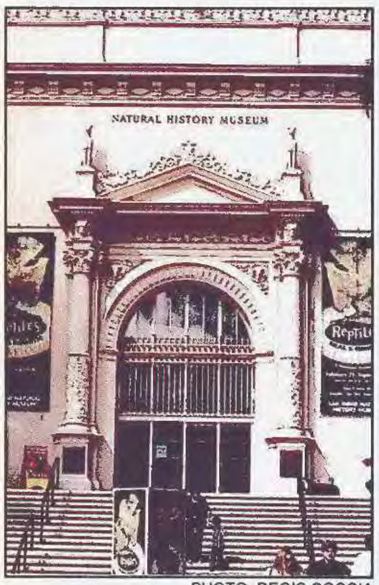


PHOTO: REGIS COCCIA

The Natural History Museum showcases flora and fauna.

travelers or those pressed for time can hop on a free tram that runs continuously from 9:30 a.m. to 5 p.m. throughout the park.

Visitors planning to see several museums in the park can save a bundle by purchasing a Passport to Balboa Park, which provides admission to all 12 museums for $21 and is good for a week. If purchased individually, adult admission to all 12 would cost almost three times as much. Among the museums worth checking out are:

- **San Diego Aerospace Museum.** Touring San Diego's Aero-space Museum is like traveling back in time to an era in which man's dream of flying first became a reality.

The museum is a highlight of Balboa Park, bringing to life the history of aviation through dazzling displays of aircraft and spacecraft, many seemingly in flight.

Lifelike mannequins complement the aircraft to depict such historic events as the dawn of powered flight at Kitty Hawk, the days of aerial combat during World War I or the Golden Age of Barnstorming.

The walls are lined with vintage war and airline posters, both from the U.S. and overseas, giving visitors something to look at no matter which way they turn.

The collection comprises 65 U.S. and foreign aircraft, including a replica of Charles Lindbergh's The Spirit of St. Louis. There is also a display of model airplanes dating back to the turn of the century.

The museum is home to the International Aerospace Hall of Fame, featuring portraits of famous pilots, engineers and aviation industrialists whose vision created the aircraft and spacecraft that shaped our nation's aviation history.

The museum is open daily, 10 a.m. to 4:30 p.m. Admission is $6 for adults.

- **San Diego Museum of Art.** This is the largest museum in the city, with collections of Old Masters, European, Asian, American, Indian and contemporary art.

Special exhibitions are held throughout the year, the most recent of which is "The Flowering of Art Nouveau," featuring Alphonse Mucha.

Mucha was one of the first artists to mass-produce his work via lithograph. His most recognizable poster/portraits are the sinuous, flowing forms of idealized women, such as the famed French actress Sarah Bernhardt.

The Mucha exhibit ends Sunday, April 26.

"Young Art '98: Worlds of Wonder," a biennial exhibition of art by San Diego area students in kindergarten through grade 12, runs through May 10.

The museum is open Tuesday through Sunday, 10 a.m. to 4:30 p.m. It is closed on Monday. Admission is $7 for adults Tuesday through Thursday, $8 Friday through Sunday.

- **Museum of San Diego History.** This museum traces San Diego from its humble beginnings as a protected seaport for Spanish explorers through its development

Continued on next page

Continued from previous page
into a bustling metropolis.

Artifacts include heirlooms from the 1800s through the present day, donated by local families, and a vast collection of photographs chronicling the city's life and times.

An impressive array of photos shows the city's dramatic development leading up to the 1915 Panama California Exposition to celebrate the opening of the Panama Canal. The pictures were taken from 1910 to 1915 by a local professional photographer, Ralph P. Stineman, who toured San Diego and its environs in a two-seat British roadster with an 8-horsepower engine. The roadster often appears in Mr. Stineman's photographs.

PHOTOS: REGIS COCCIA

A free tram (above) serves various points in Balboa Park, including Casa de Balboa (left).

Another exhibit is a clothing collection by designer Zandra Rhodes, who splits her time between residences in San Diego and London. Ms. Rhodes created a name for herself in the late 1950s and early 1960s by putting seams on the outside of clothing. In the 1970s, she pioneered the punk look, cutting holes in shirts, pants and skirts and fastening them with safety pins, beaded chains and the like. London is expected to open the Zandra Rhodes Museum of Fashion and Textiles in 1999.

Anyone wondering how a city with an average annual rainfall of less than 11 inches gets ample drinking water can find the answer at the museum. An interesting display shows how water from Northern California and Arizona is pumped over mountains and into the city. In 1916, however, San Diego had an overabundance when a dam broke, causing the worst flood in its history.

A severe drought in 1915 led San Diego leaders in January 1916 to hire "rainmaker" Charles Hatfield, who promised to bring rain and who set up mysterious operations in the city's environs. Whether by cause or coincidence—no one knows exactly how Mr. Hatfield produced his results—his recipe worked. Rain soaked San Diego for 10 straight days before a record rainstorm hit Jan. 26, 1916. The next day, the Otay Dam broke, deluging the downtown area. Historians say the dam was so full of water that it took 2 hours to empty. Pictures captured the event and the ensuing damage.

The Museum of San Diego History is open Tuesday through Sunday, 10 a.m. to 4:30 p.m.

• **Museum of Photographic Arts.** Photography buffs will enjoy this museum, which features changing displays by various professional photographers.

One such display is "Feeling the Spirit: Searching the World for the People of Africa." More than 100 black-and-white photographs by native Alabama photographer Chester Higgins Jr. depict Africans worldwide. The display spans several decades and includes images ranging from the stark stone house on Senegal's Goree Island, through which tens of millions of Africans were passed into the hands of slave traders, to religious ceremonies incorporating African-American culture in New York City.

The Museum of Photographic

See **Sights** *on next page*

Sights

Continued from previous page

Arts is open daily, 10 a.m. to 5 p.m. For information on the current display, call 619-238-7559.

• **San Diego Hall of Champions Sports Museum.** Sports fans will enjoy this museum, which pays homage to San Diego's finest athletes and the games they played.

More than 40 sports are recognized here, with exhibits on baseball, football, golf, swimming, sailing, thoroughbred racing and other events. The museum also has a display explaining "Over the Line," a popular game developed on San Diego's beaches in the 1930s. Over the Line combines elements of baseball and softball, and the field is long and narrow, as most beaches are. A tank accompanying the museum's Bass Fishing Hall of Fame contains two enormous, live largemouth bass.

Other displays trace the history and highlights of San Diego's local professional and college sports teams, from the Padres to the Chargers to the San Diego State University Aztecs.

No Hall of Champions would be complete without a list of those venerated for their on-field accomplishments. Enshrined in the Breitbard Hall of Fame are San Diego athletes who have won national or worldwide recognition, including: Don Larsen, a New York Yankees pitcher who is the only man to pitch a perfect game in a World Series; Ted Williams, one of baseball's greatest hitters; golf legends Paul Runyan, Billy Casper, and Mickey Wright, who won 82 tournaments and the women's U.S. open four times; long-distance swimmer Florence Chadwick, who in 1951 became the first woman to swim the English Channel from England to France; tennis great Maureen Connolly, who won the Grand Slam; thoroughbred trainer Charlie Whittingham, who twice was the oldest trainer of a Kentucky Derby winner; and sailor Dennis Conner, who lost and later won back the America's Cup.

The San Diego Hall of Champions Sports Museum is open daily from 10 a.m. to 4:30 p.m.

• **San Diego Model Railroad Museum.** Model trains have come a long way since Joshua Lionel Cowen built the first miniature rail track for a holiday window display in 1906. Public interest then was immediate, and it hasn't stopped.

This museum illustrates model trains' popularity on a grand scale. The largest indoor museum of its kind, the model railroad museum has five giant displays re-creating historic railroad sites near San Diego, including mountain passes with tunnels and trestles. Model train hobbyists will be impressed by the attention to detail.

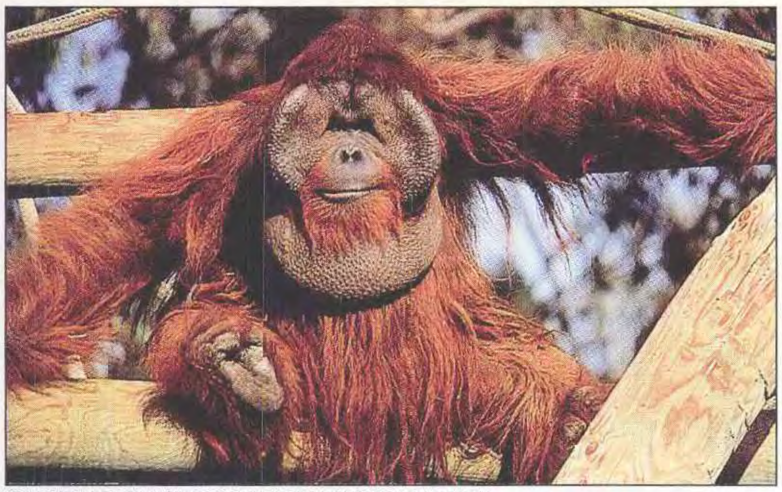
Educational displays explain the rise of Lionel trains and the various scales in use today, from HO—1/87th actual size and the most popular—to the very narrow Z, or 1/220th actual size. One display compares a life-size rail spike with those that different scales would use. It's a striking perspective.

The San Diego Model Railroad Museum is open Tuesday through Friday, 11 a.m. to 4 p.m., and Saturday and Sunday from 11 a.m. to 5 p.m.

Getting there: Balboa Park's main entrance is on Laurel Street and Sixth Avenue. The most convenient access is by car, and plenty of free parking is available. Several city bus routes serve the park from downtown, however, including Nos. 7, 7A, 7B and 20. All of those can be boarded on Broadway.

San Diego Zoo

No visit to San Diego would be complete without a trip to the world-famous San Diego Zoo.



COURTESY OF SAN DIEGO CONVENTION & VISITORS BUREAU

Orangutans and other primates are among the hundreds of animal species on display at the San Diego Zoo in Balboa Park.

The zoo was one of the first in the United States to house animals outside of cages in settings closely resembling their natural habitats.

It's also a rare chance to see the only pair of giant pandas in the United States: Shi Shi and Bai Yun are on loan from the Chinese government as part of a landmark international agreement to study the pandas and to help raise funds for wild panda protection and habitat. Fewer than 1,000 giant pandas remain in China's dwindling bamboo forest, and only 100 live in zoos and breeding centers, primarily in China.

Besides the pandas, the San

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Diego Zoo also features the only pair of Steller sea eagles in the United States. A relative to the American bald eagle, the sea eagle is native to the rocky cliffs of northern Asia.

Altogether, more than 4,000 rare and endangered birds, mammals and reptiles inhabit the 100 acres of award-winning gardens in the heart of picturesque Balboa Park. The zoo is landscaped with more than 6,500 plant species, including tropical and subtropical vegetation.

Highlights include walk-through aviaries and moving sidewalks that stretch through a variety of animal habitats. An aerial tramway runs from the main entrance to the Horn and Hoof Mesa. 0.3 miles away.

Hippo Beach, a hippopotamus habitat resembling an African marsh, lets visitors view these huge creatures through an underwater observation window. Polar Bear Plunge, a re-creation of a summer tundra habitat, also features a pool with an underwater viewing area.

The zoo opens at 9 a.m., and closing times vary throughout the year. Admission is $16 for adults, $7 for children between the ages of 3 and 11. For more information, call 619-234-3153 or visit the zoo's Web site: http://www.sandiegozoo.org.

In addition to the famous San Diego Zoo, animal lovers may want to check out the Wild Animal Park in Escondido, about 30 miles north of downtown off I-15.

Begun as a breeding facility for the San Diego Zoo's large animals, the San Diego Wild Animal Park today is home to more than 3,000 animals, including elephants, tigers, rhinoceroses, zebras and giraffes. These creatures roam over expanses of land that simulate Africa, Asia and Australia. The park also contains more than 3,000 species of exotic plants.

Visitors view the preserve during a 50-minute monorail ride or from lookout points along a 1.75-mile walking trail. Animal and bird shows are presented daily in the African atmosphere of Nairobi Village, which also houses small mammal exhibits and aviaries.

PHOTO: REGIS COCCIA

The orca whale Baby Shamu, Sea World's mascot, entertains crowds daily.

The park also features a lifelike safari ride where visitors can see herds of rare antelope, flocks of magnificent birds, foxes, cheetahs and warthogs. The 30-acre Heart of Africa exhibit, opened last May, brings visitors closer to the wild than ever thought possible.

The park opens daily at 9 a.m. with closing times varying by season. Admission is $19.95 for adults, and parking is $3 per vehicle. For more information, call 619-234-6541.

Sea World

As the aquatic theme park for which San Diego is famous, Sea World offers a mix of educational exhibits and entertainment for people of all ages.

Those familiar with either the original park north of San Diego or the newer ones in Florida, Ohio and Texas will recognize Sea World's mascot, the orca whale Shamu. A succession of whales has shared the name.

Every day, Sea World conducts shows featuring Shamu, dolphins, sea lions and birds. Shamu makes a big splash at the daily shows—literally. Those sitting in the first 14 rows of the stadium should expect to get drenched. Seeing a 9,000-pound orca whale leap out of the water and perform a variety of tricks on command, from grinning to waving its tail at the crowd, is impressive.

Other toothy swimmers are on display in the "Shark Encounter." The path through this indoor exhibit leads past pools containing several species up to about 15 feet long and then winds underneath, permitting a close-up view. A walk-though acrylic tunnel affords a peek at sand tiger sharks meandering overhead with mouths agape.

One of the coolest places at Sea World is "Wild Arctic," an imaginative trek to a mock-up polar base camp. Fasten seat belts for a 7-minute virtual reality helicopter ride over the Arctic tundra. The dips, turns and simulated free fall can cause motion sickness, but participants may elect a separate, stationary version and still get the same view. After the ride, viewers walk through a re-created Arctic

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habitat containing walruses, beluga whales, polar bears and the hull of a ship stuck in polar "ice."

But Sea World isn't only about water. Other displays include flamingos, penguins and free-flying birds. As an Anheuser-Busch Cos. Inc. theme park, Sea World also is home to the famous Budweiser Clydesdale horses. The stables are open, and visitors can watch trainers hitch the team Tuesday through Sunday, weather permitting.

Conservation and research are serious business at the park, and Sea World recently made headlines for its rehabilitation of a beached gray whale. On March 31, Sea World scientists returned a healthy "J.J." to the Pacific to join a pod of other whales.

Sea World is open daily 10 a.m. to dusk. Adult admission is a steep $34.95, and car parking costs $5. Check with local hotels, as many offer discount coupons. The park is about a 15-minute drive north of downtown San Diego. Take I-5 north and exit at Sea World Drive. For more information, call Sea World, 619-226-3901 or visit the World Wide Web site at http://www.seaworld.com.

Vintage cars

Due to its limited space, the San Diego Automotive Museum in Balboa Park features just a few of the 800 vehicles from the Imperial Palace Auto Collection in Las Vegas, considered to be one of the world's 10 best auto collections. The San Diego museum has 60 automobiles and motorcycles in its permanent exhibit.

Just 45 miles north of San Diego on I-15, however, is the Deer Park Auto Museum. This collection features more than 112 cars, housed in three separate buildings in the midst of a vineyard and beautiful park setting. Virtually every automobile in the exhibit—from the turn of the century, one-cylinder horseless carriage to the massive-finned models from the '50s—is a convertible.

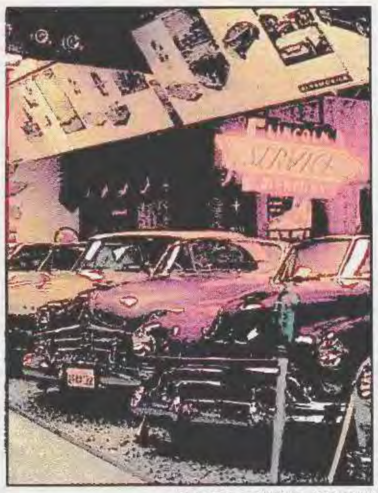
PHOTO: JOANNE WOJCIK

The Deer Park Auto Museum contains many classic cars.

There are all-time favorites such as the 1957 Chevy Bel Air, the Chrysler Town & Country "Woodie" and the Model A Ford.

Accompanying the cars are displays of vintage bicycles, gas station collectibles, neon signs, radios and TVs, camera and household appliances—all familiar icons of Americana. There's even a room filled with Barbie dolls.

After strolling through the museum collection, visitors may taste wine produced from grapes grown at the park, pick up a sandwich from the deli or browse in the memorabilia gift shop.

The San Diego Automotive Museum is open from 10 a.m. until 4:30 p.m. daily. Admission is $6.

Open daily between 10 a.m. and 5 p.m., the Deer Park Auto Museum also costs $6.

Coronado

Home to an active naval base, many retired Navy officers and a hotel built to be "the talk of the Western World," the town of Coronado lies on an isthmus in the middle of San Diego Bay.

About 27,000 people live in Coronado, and the town has the feel of a small village, with shops and restaurants a short walk from beaches. With numerous resort hotels, including the historic Hotel del Coronado, the area has attracted travelers from near and far.

Coronado got its start in the early 1880s, when two industrialists, Elisha Babcock and H.L. Story, went rabbit hunting together in the area. Intrigued by the thought of building a community there, they purchased the land for $110,000, subdivided the property and auctioned it. With the handsome profits, Messrs. Babcock and Story set out to build a resort hotel that would impress the world.

Their vision, which took 11 months and $1 million to realize, even today is the crown jewel of Coronado: the Hotel del Coronado, or "the Del" as it's known locally. The Del's guests have included dignitaries from around the world, and the night it opened as the first electrified hotel, Feb. 19, 1888, Thomas Edison himself turned on the lights. In 1977, the 400-plus room hotel became a National Historic Site.

The hotel's most recognizable feature is a massive, red-shingled spire atop the grand ballroom. Hotel Del was said to have inspired Coronado resident L. Frank Baum in writing "The Wizard of Oz." He wrote six of the Oz books in a cottage on Coronado.

Perhaps the hotel's most famous legend is as the place where England's then-Prince of Wales Edward VIII in 1920 met Wallis Warfield, with whom he later fell in love and for whom he abdicated the throne in 1936. A hotel grill was named to commemorate his visit.

—By Regis Coccia and Joanne Wojcik

Winery tastings worth a trip to sip

Few visitors to San Diego realize they're just a short distance from Southern California's version of Napa Valley.

But the Temecula, Calif., appellation produces one of the nation's 10 best-selling premium Chardonnays. In fact, with sales of Calla-Lees Chardonnay rising more than 75% in the past two years, Callaway Vineyard & Winery was able to finance a $1.5 million expansion before its 1997 harvest.

Callaway also produces other good wines: a dry Fume Blanc and a slightly sweeter Sauvignon Blanc, an off-dry Chenin Blanc and the late harvest Chenin Blanc called "Sweet Nancy." Callaway also was one of the first Temecula Valley wineries to produce Mediterranean varietals, such as Viognier, Mourvedre, Pinot Gris, Nebbiolo and Dolcetto.

The winery's Viognier won a double Gold Medal and Best of Class in the annual blind tasting at the 1997 California State Fair.

The expansion let Callaway open an outdoor restaurant on the estate. The Vineyard Terrace, open for lunch and dinner, features gourmet fare paired with Callaway wines, available by the bottle or the glass.

Temecula Valley's winemaking dates back to 1769, when it was believed that Father Junipero Serra brought the first Vinifera grapevine cuttings from Baja California and planted them at Mission San Diego. Indeed, the Franciscan friars were the state's first winemakers, producing vintages for sacramental, medicinal and table purposes. Almost all of California's missions once had vineyards and adjacent wineries.

While initial commercial winemaking efforts in Southern California were concentrated in and around Los Angeles until the mid-1900s, Philo Biane, the grandson of a French winemaker who emigrated from Gascony in 1892, discovered the Temecula region in 1959.

Mr. Biane found that the Temecula Valley was free from smog, had the soil to support varietal grape production and was relatively free from urbanization. He also saw the obvious advantages of the valley's unique microclimate, which keeps it warm during the day and cool at night due to easterly ocean breezes through the Rainbow Gap of the Santa Margarita Pass. The area is about 20 miles from the Pacific Coast and about 40 miles north of San Diego on Interstate 15.

In 1984, the U.S. Bureau of Alcohol, Tobacco and Firearms officially recognized the Temecula Appellation as a premium varietal grape-growing region.

Today, despite encroaching urban development, the Temecula Valley is home to nearly 20 wineries besides the high-profile Callaway.

Among some other notables:

- **Thornton Winery** at 32575 Rancho California Road, where fine wine and haute cuisine mesh in a manner befitting a regal Napa Valley estate. The gift shop and winery are open daily from 10 a.m. until 5 p.m., and the champagne lounge, featuring Culbertson sparkling wines, opens daily at 11 a.m.

The stone winery also has a popular restaurant, Cafe Champagne, which overlooks nearby vineyards. The winery also plays host to a spring and summer jazz series. Call for the schedule: 909-699-5536.

- **Maurice Carrie Winery**, just down the road at 34225 Rancho California Road, produces 17 different varietals and has a picnic area and gift shop. It features tasting daily from 10 a.m. until 5 p.m.
- **Mount Palomar Winery**, at 33820 Rancho California Road, features a gourmet deli, picnic areas, a

Continued on next page

PHOTOS: JOANNE WOJCIK

Attractions in Temecula, north of San Diego, include wineries and a car museum containing a large collection of automobiles.

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gift shop and group catering by reservation. Tasting and tours run daily from 10 a.m. until 5 p.m.

• **Hart Winery** at 41300 Avenida Biona specializes in handcrafted, barrel-aged reds and dry, full-bodied white wines. The $2 tasting fee includes winery logo glass. It is open daily, 9 a.m. to 4:30 p.m.

• **Baily Vineyard & Winery**, whose award-winning wines are available only at its tasting room and vineyard at 33833 Rancho California Road. Open daily, 10 a.m. to 5 p.m.

• **Filsinger Vineyards & Winery** is open only on weekends from 10 a.m. to 5 p.m. at 39050 De Portola Road. There is a $1 tasting charge.

• **Temecula Crest Winery** has a shaded picnic area with spectacular views at 40620 Calle Contento, just one-quarter mile north of Rancho California Road. Tasting is offered daily, 10 a.m. to 5 p.m.

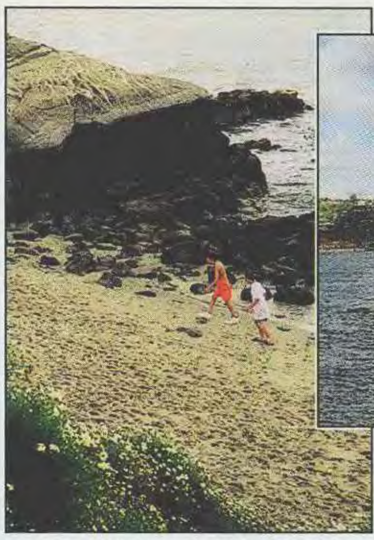
• **Cilurzo Vineyard & Winery** at 41220 Calle Contento features distinctive wines, rich in Temecula's regional character, the most notable of which is its Petite Sirah. It is open daily, 9:30 a.m. to 5 p.m. A $1 charge is refunded with a purchase.

• **Keyways Vineyard & Winery** features a large display of antiques in addition to its wines at 37338 De Portola Road. There is a $1 charge for tasting. It is open 10 a.m. to 5 p.m. daily.

• **Santa Margarita Winery** specializes in aged Cabernet Sauvignon wines, offering complimentary tasting on weekends only from 11 a.m. to 4:30 p.m. It is located at 33490 Madera de Playa.

• **Van Roekel Vineyards & Winery** is Temecula's newest, located at 34567 Rancho California Road. Tasting runs daily, 10 a.m. to 5 p.m.

—By Joanne Wojcik




PHOTOS:JOANNE WOJCIK & REGIS COCCIA

La Jolla a jewel of local beauty

Visitors to San Diego who'd like to see more of the nearby country may want to consider a short venture northward to La Jolla.

About 15 miles from downtown, La Jolla is in a scenic, hilly area overlooking the Pacific Ocean.

An affluent community whose name means "the jewel" in Spanish, La Jolla is blessed with natural beauty that is remarkably diverse.

At the northern tip of town is La Jolla Cove, a breathtakingly beautiful wooded area that overlooks an inlet from the Pacific. An underwater preserve draws swimmers, snorkelers and scuba divers in droves.

Only a few miles from the rocky beaches where the Pacific crashes against the shore is La Jolla's highest point, Mount Soledad. Topped by a 43-foot white cross, the mount affords an excellent view of the whole area, including San Diego's skyline.

La Jolla's town center contains a variety of upscale shops and sidewalk cafes. It's common to see Mercedeses, BMWs, Jaguars and Rolls-Royces parked along the streets.

Among local attractions are the Museum of Contemporary Art, San Diego, which has not one but two locations: downtown San Diego and La Jolla. The museum in La Jolla focuses on paintings, drawings and sculptures produced since 1950, but the collection represents every major movement of contemporary art of the past half-century.

The Museum of Contemporary Art is at 700 Prospect St., 619-454-3541. Admission is $4 for adults and the museum is open Tuesday through Saturday, 10 a.m. to 5 p.m., and Sunday from noon to 5 p.m. On Wednesdays, the museum remains open until 8 p.m.

A close-up view of the area's native marine life is available at the Birch Aquarium at Scripps, located at Scripps Institution of Oceanography at the University of California at San Diego.

Birch Aquarium at Scripps is at 2300 Expedition Way in La Jolla, 619-534-FISH (534-3414). It's open daily from 9 a.m. to 5 p.m.

—By Regis Coccia

Beggars, bargains await in Baja town

Rosarito Beach has inexpensive shopping, food and drink, as well as stark poverty

While the movie "Titanic" may have been filmed in Rosarito Beach, Mexico, tourists shouldn't expect to run into any Hollywood luminaries there.

They more than likely will be approached by numerous small children with sad expressions reminiscent of Hummel figurines; these aren't actors, they're beggars. And giving to one will draw others, all clamoring for loose change.

Visitors may find it hard to believe such poverty exists just a few miles south of the U.S. border. But the hills on the toll road to Rosarito Beach from Tijuana are lined with tar-paper shacks, many of which have been damaged by winter storms and mudslides.

There are few, if any, traffic lights, and road markings have all but worn away. Teams of unemployed Mexican men use dilapidated station-wagon taxis as transportation.

Perhaps the only reason to go to this run-down town on the Baja peninsula is to gain appreciation for the richness of U.S. life. California's resistance to immigration by illegal aliens attests to the fact that there is no place in the United States as poor as this region of Mexico.

Juxtaposed against such poverty in the residential sections of town, there is a thriving commercial area in Rosarito Beach.

U.S. tourists—especially teenagers and college students—flock to this beach town to find bargains on Mexican art, handicrafts and leather, cheap liquor and inexpensive Pacific lobster dinners.

And since the filming of "Titanic," a museum dedicated to the famous sunken ship has opened south of town.

As a result, Rosarito Beach, just 18 miles south of Tijuana on Mexico Highway 1, is considered one of the Baja's fastest-growing communities.

The opening of the Rosarito Beach Hotel in 1927 launched the town's vacation reputation, and it soon won favor as a secluded fly-in spot for movie stars. Today, Mexico Highway 1, called Avenida Benito Juarez through town, is teeming with restaurants, bars and retail shops.

Quinta Plaza, at the avenue's northern end, has a discount department store, Commercial Mexicana, and also contains restaurants and a convention center. The larger hotels also have shopping arcades where visitors can poke around for Mexican handicrafts.

Festival Plaza Hotel sits in the heart of downtown Rosarito Beach, beckoning tourists with its colorful entertainment center and nightclubs, mostly frequented by underage drinkers who aren't "carded" in Mexico.

Visitors to Rosarito Beach, Mexico, can be entertained at the colorful Festival Plaza Hotel (left, above), or find plenty of nearby shopping (right).

PHOTOS: JOANNE WOJCIK

Margaritas are cheap, as is the food, including the Puerto Nuevo-style lobster named after the fishing village about 13 miles to the south.

Puerto Nuevo is home to some 30 restaurants, all specializing in lobster. Some have an ocean view and an air of elegance, but most are down-home places operated by local families.

Regardless of the establishment, the menu is similar: grilled lobster, ordered by size, rice, beans and freshly made tortillas with butter, lime and hot sauce on the side. Pacific lobster tastes similar to Maine lobster, but it usually is smaller and has no pincer claws.

While it may be tempting to go shopping in Rosarito Beach or Puerto Nuevo, the selection is just as good in Tijuana, where tourists can walk across the border rather than wait in long lines of traffic.

The U.S. Border Patrol stops cars both entering and leaving Mexico, checking for contraband. Because of the large number of tourists crossing over, the lines can be long; it usually takes an hour to return to the United States by car from downtown Tijuana.

Those who choose to drive into Mexico should purchase Mexican auto insurance before doing so (see related story).

If you're only making a brief trek over to "TJ," short for Tijuana, consider taking the San Diego trolley to the border and walking across. Or park in one of the attended parking lots on the U.S. side and make the walk. Taxis are usually waiting to take tourists around town and to sporting events (see story, page T32).

U.S. residents are allowed to bring home up to $400 in goods duty-free, as long as the purchases are for personal use, not resale. People over 21 are allowed to bring back one liter of alcohol, 200 cigarettes and 100 non-Cuban cigars. (Be careful of vendors' claims that they are selling authentic Cuban cigars; they're probably from Honduras.) Perfume, agricultural products and medications also are limited. Ask U.S. Customs Service personnel before taking these items into the United States.

U.S. dollars are accepted in border towns such as Tijuana and Rosarito Beach. In fact, because of the peso's fluctuating value, vendors often prefer being paid in U.S. currency.

However, it's not advisable to use credit cards, as this can delay the transaction. For example, it took more than an hour to process an American Express card used to pay for dinner at a Rosarito Beach restaurant.

U.S. citizens entering Mexico via road need proof of citizenship in the form of an original birth certificate, driver's license or passport. Those traveling south of Ensenada or planning to stay longer than 72 hours need a tourist card, which is free and can be issued at any Mexican consulate office or government tourism office. The card needs to be certified by a Mexican immigration or customs officer, usually stationed at the border crossing or at the Ensenada Immigration Office.

—By Joanne Wojcik

If you're driving to Mexico, make sure you're covered

Before getting behind the wheel to drive south of the border, take note: U.S. automobile insurance is not valid in Mexico.

While some U.S. insurers may extend their coverage a certain number of miles from the border or for a few days, only a Mexican automobile liability policy is acceptable as evidence of financial responsibility if a U.S. citizen has an accident south of the border.

Unlike U.S. law, where one is presumed innocent until proven guilty, Mexican law is based on the Napoleonic Code, which presumes guilt until innocence is proved.

Under Mexican law, an automobile accident is a criminal offense. As a result, all parties involved in an automobile accident in Mexico may be detained until authorities assess responsibility. If no personal injuries occur, the drivers may be asked to go to the police station to complete the necessary accident report, and the vehicles will likely be impounded for investigation. Once blame is established, the negligent driver's vehicle will remain impounded until he or she pays damages.

Fortunately, a Mexican insurance policy is recognized by authorities as a guarantee of proper payment for damages. It also can significantly reduce red tape and bring about an early release.

A Mexican insurance policy may not prevent a tourist from being detained if the accident involves personal injury or death.

In that case, the drivers may be jailed until the authorities determine who is at fault. Then only the responsible driver will remain incarcerated until he or she guarantees restitution to the victims and payment of the fine for causing the accident.

Fortunately, obtaining Mexican insurance is as easy as dialing a toll-free number and charging a policy on a credit card. For example, Instant Mexico Auto Insurance Services, which is listed in the San Diego telephone directory, can be reached toll-free at 800-345-4701. An agent there will fax a copy of the policy to the driver's hotel before he or she leaves for Mexico. To obtain insurance, drivers need a copy of their driver's license and automobile registration.

Coverage, which usually costs less than $20 per day, also can be obtained from one of the numerous insurance agencies located on the U.S. side of the border. You can't miss them; signs are everywhere.

Because the Mexican government does not set minimum coverage requirements, the agent will help drivers determine appropriate limits based on their likely exposure.

Drivers who rent cars should ask the rental agency whether they will be covered if they take the cars into Mexico. Some car-rental agencies don't permit cross-border usage.

—By Joanne Wojcik

Yes, you can even order ostrich here

Blessed with mild weather, easy access to fresh ingredients and cultural diversity, San Diego is a diner's delight.

The area's thousands of restaurants offer something for every taste and budget. Cuisines to be found here range from Afghan to Vietnamese and virtually everything in between: American, Chinese, French, German, Indian, Italian, Japanese, Mediterranean, Spanish, Thai, etc.

Also popular is California cuisine, a style that fuses traditional dishes and local produce in sometimes startling ways. Imagine maple-roasted ostrich or pistachio-crusted calamari steak. How about crayfish chile relleno with cilantro cream?

As one might expect in a city near the ocean, seafood is a staple. Sea bass, catfish, trout, tuna and salmon are available on most menus. Even fast-food restaurants acknowledge the area's resources: One local chain is famous for its fish taco.

Only a dozen miles from the Mexican border, San Diego also has Mexican restaurants scattered throughout the city. A concentration of the most popular ones can be found in Old Town, about 5 miles north of downtown.

Although more-exclusive eateries may require men to wear jackets, the dress code in most San Diego restaurants is "dressy casual," a concept that leaves plenty of room for discretion.

Here are some San Diego-area restaurants worth visiting:

• **Le Fontainebleau.** This traditional French restaurant is housed on the second floor of one of the most elegant hotels in downtown San Diego.

The Westgate Hotel was designed to resemble a classical European hotel *palais de grand luxe.* Its lobby is a re-creation of one of the anterooms at Versailles where French nobility waited before being presented to His Majesty Louis XV.

After passing through the lobby and climbing the grand staircase, diners are seated in a dining room decorated with glistening crystal chandeliers, fabric-covered walls and beautiful artwork. Live classical piano music softly fills the air.

While the service is impeccable—the waiters, clad in white tuxedo jackets, seem to respond intuitively to diners' every need—the food is even better. And the prices are surprisingly reasonable.

For example, a generous appetizer portion of Oysters Rockefeller, prepared on the half shell with herbed spinach and hollandaise sauce, is only $7. And Chateaubriand for two—cut tableside—is just $40.

Other house specialties include Steak Diane flambe with brandy sauce; escargot with garlic, butter and burgundy wine; and double lamb chops with minted chutney.

The wine list is equally outstanding, covering both California's and France's premier grape-growing regions.

Dress is smart-casual to elegant, befitting the aura of the establishment. Dinner is served from 6 until 10 p.m. Monday through Saturday.

Le Fontainebleau also serves up an exquisite spread at its Sunday brunch, from 10 a.m. until 2 p.m. Reservations are advised. Le Fontainebleau is at 1055 Second Ave., 619-238-1818.

• **Rhinoceros Cafe & Grill.** A waitress at this trendy spot a short walk from the Hotel del Coronado recently boasted that when people from "the Del" discover it, they return for dinner every night of their stay. And visitors who discover it on their last night in San Diego wish they had found it sooner.

The food at this San Francisco-inspired bistro is good, but it's not *that* good. There are plenty of other fine restaurants on Coronado that deserve to be tried as well.

Nevertheless, the Rhino does seem to have built up a local following with its relatively straightforward fare of New York steak, pasta primavera, poached salmon and marinated chicken. Service, however, is a bit too casual.

The Rhinoceros Cafe & Grill is at 1166 Orange Ave. on Coronado, a short 15-minute drive across the bridge from downtown San Diego. Reservations are recommended, 619-435-2121.

• **Miguel's Cucina.** This creative Mexican restaurant on Coronado is worth going out of one's way to visit.

Its menu, which features several daily specials, blends seasonal seafood with traditional Mexican cooking. Some of the more delightful combinations are a Pacific lobster burrito and chile relleno wrapped in calamari steak.

Prices are reasonable, with dinner for two, including appetizers and margaritas, running about $50.

Reservations are accepted for parties of six or more. Dinner is served until 10 p.m. Miguel's Cucina is at 135 Orange Ave. on Coronado, 619-437-4237.

• **Cafe Japengo.** Aficionados of Japanese cuisine will find one of Southern California's best sushi bars

See **Food** *on page T20*

Food

Continued from page T17

at Cafe Japengo in La Jolla, about 15 miles from downtown San Diego. It's almost as much fun to watch the chefs prepare the sushi pieces as it is to eat them.

The California maki, or California roll—cucumber, avocado and a mousse of cooked crabmeat wrapped inside a toasted seaweed sheet and the whole thing is rolled in rice—is outstanding. It makes an excellent introduction to sushi and, because it's cooked, can appeal to those uncomfortable with the idea of eating raw fish.

Other excellent sushi items are: maguro, or tuna; hamachi, or yellowtail; sake, or salmon; and unagi, or barbecued eel.

Depending on one's appetite, three or four kinds of sushi will make a respectable lunch or dinner. Ordering a la carte, expect to pay $15 to $30 for lunch. Cooked Japanese and Asian entrees also are available.

PHOTO: REGIS COCCIA

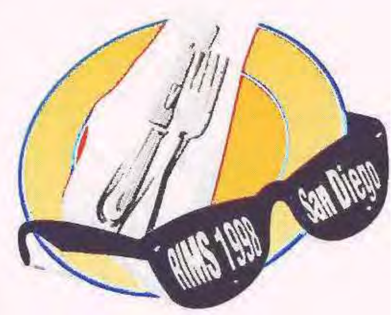
Cafe Japengo in La Jolla has excellent sushi.

The atmosphere in the austerely decorated dining room seems as fresh as the food itself. As the restaurant is near an office park, Cafe Japengo gets a large crowd at lunchtime.

Cafe Japengo is at 8960 University Center Lane in La Jolla, next to the Hyatt Regency La Jolla and about a 20-minute drive from downtown. Follow I-5 north and exit on the right onto Nobel Drive. Follow the off ramp straight through the traffic light onto University Center Lane. Reservations are recommended, 619-450-3355.

- **Croce's.** A popular restaurant in the heart of the Gaslamp Quarter downtown, Croce's attracts large crowds on weekends—perhaps as much for the innovative cooking as for live jazz.

Owner and Executive Chef Ingrid Croce, widow of 1970s singer/songwriter Jim Croce, keeps the memory of her late husband an integral part of the restaurant's atmosphere.



Posters, album covers and other memorabilia of such hits as "Time in a Bottle," "Operator" and "Bad, Bad Leroy Brown" adorn the brick walls inside. And recipes for many of the items on the menu are in Ms. Croce's cookbook, "Thyme in a Bottle."

The food is flavorful, with inventive touches. For example, grilled pork loin with a pecan crust is accompanied by a Jack Daniels cream sauce. Similarly, fresh fish, beef and poultry are subtly seasoned.

Live jazz can be heard nightly at the bar adjoining the dining room, and admission is free with dinner. Jim and Ingrid Croce's son, jazz pianist A.J. Croce, is a regular performer.

Dinner is served nightly from 5 p.m. to midnight.

Croce's is at 802 Fifth Ave. (Fifth Avenue and F Street), 619-233-4355. Reservations are strongly recommended as the wait for a table can be lengthy.

- **Dobson's Bar & Restaurant.** San Diegans are big on this tiny spot, and with good reason: Dobson's food is top-notch and reasonably priced.

The menu features a wide variety of offerings reflecting French bistro fare and innovative California cuisine.

Dobson's is justly famous for its outstanding "mussel bisque en croute." It's a rich, silky-smooth bisque topped with a puff pastry. The flavor is subtle but delectable. The bisque is listed as an appetizer but could serve as a meal for lighter appetites. A salad of mixed crisp baby lettuces with a citrus vinaigrette dressing makes a nice accompaniment.

In addition to the bisque, menu offerings include grilled sea bass, trout, salmon, ribeye steaks and herbed chicken.

Dessert lovers are advised to try the chocolate Kahlua mousse.

Dobson's has a small bar area with a few tables in front, over which hangs a large brass colonial chandelier. The main dining area is upstairs and, as the restaurant is rather narrow, the tables are close together. Owner Paul Dobson is often on hand to greet patrons. Crowds are common in this popular place, so reservations are a good idea.

Although lunch is served until 3 p.m. and dinner courses aren't available until 4:30, Dobson's kitchen stays open throughout the day. A light menu with samplings from lunch and dinner entrees is available for those seeking a late lunch or an early dinner. Entrees prices range from about $7 to $13 for lunch and slightly higher for dinner.

Dobson's is at 956 Broadway Circle, just north of Horton Plaza and near Second Avenue, 619-231-6771.

Continued on next page

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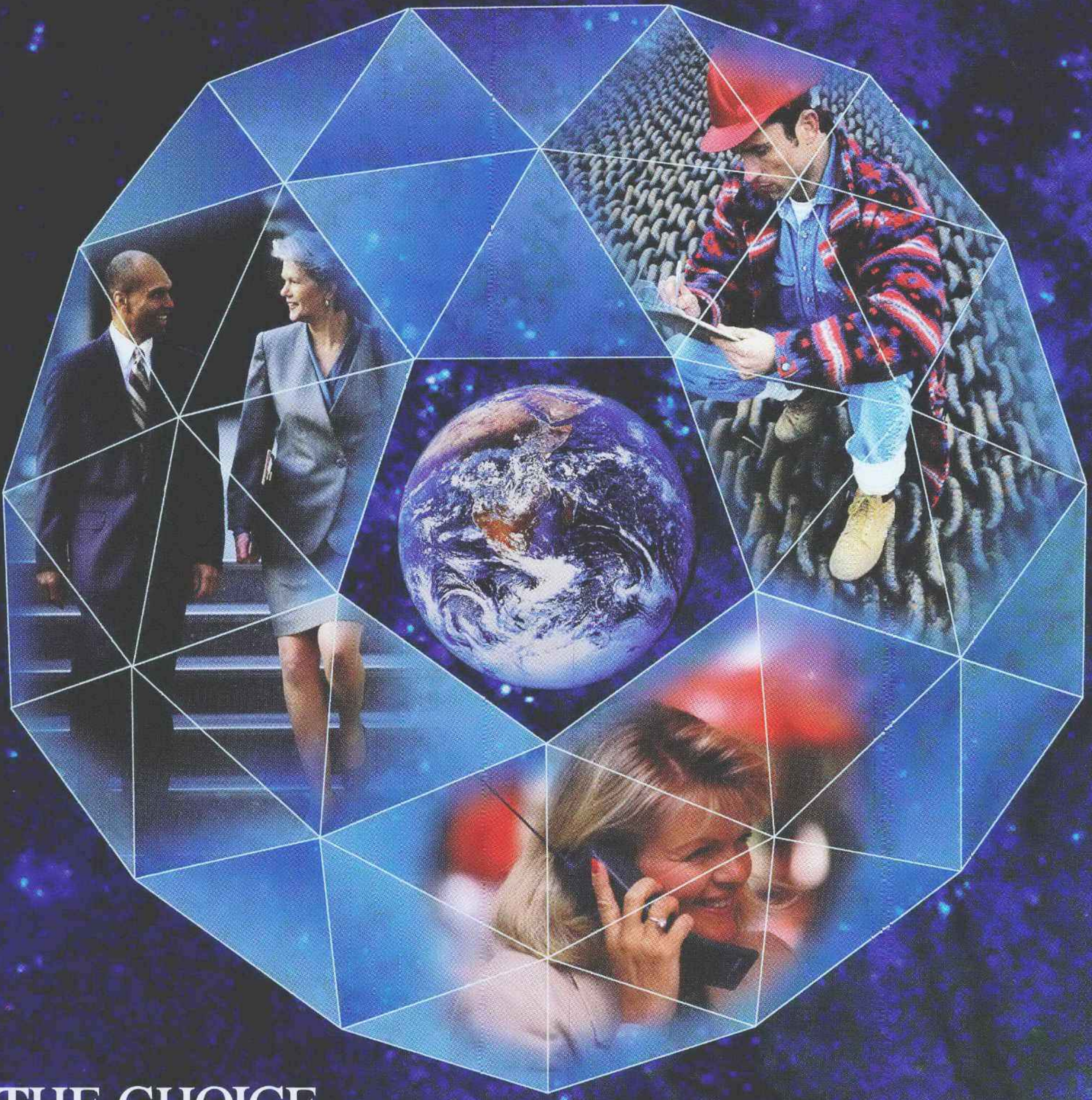

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More than 350 organizations will exhibit their products and services at the 36th annual Risk & Insurance Management Society Inc. conference April 26-May 1 at the San Diego Convention Center.

Exhibit hall hours are: Monday, April 27, 10 a.m.-5 p.m.; Tuesday and Wednesday, April 28-29, 9 a.m.-5 p.m.; and Thursday, April 30, 9 a.m.-noon.

The exhibit hall will not be open on Sunday, April 26 or Friday, May 1.

The Monday lunch for conference attendees will be held in the exhibit hall from noon-1:15 p.m. Registrants can pick up a boxed lunch and visit the exhibits. On Tuesday, a dessert reception will be held in the exhibit hall from 1:45-3 p.m.

Guest program registrants will be admitted to the exhibit hall only on Thursday.

Daily exhibit hall passes can be purchased on site for $200.

RIMS does not allow solicitation of business in public areas the conference occupies. Solicitation is limited to those in registered booths.

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

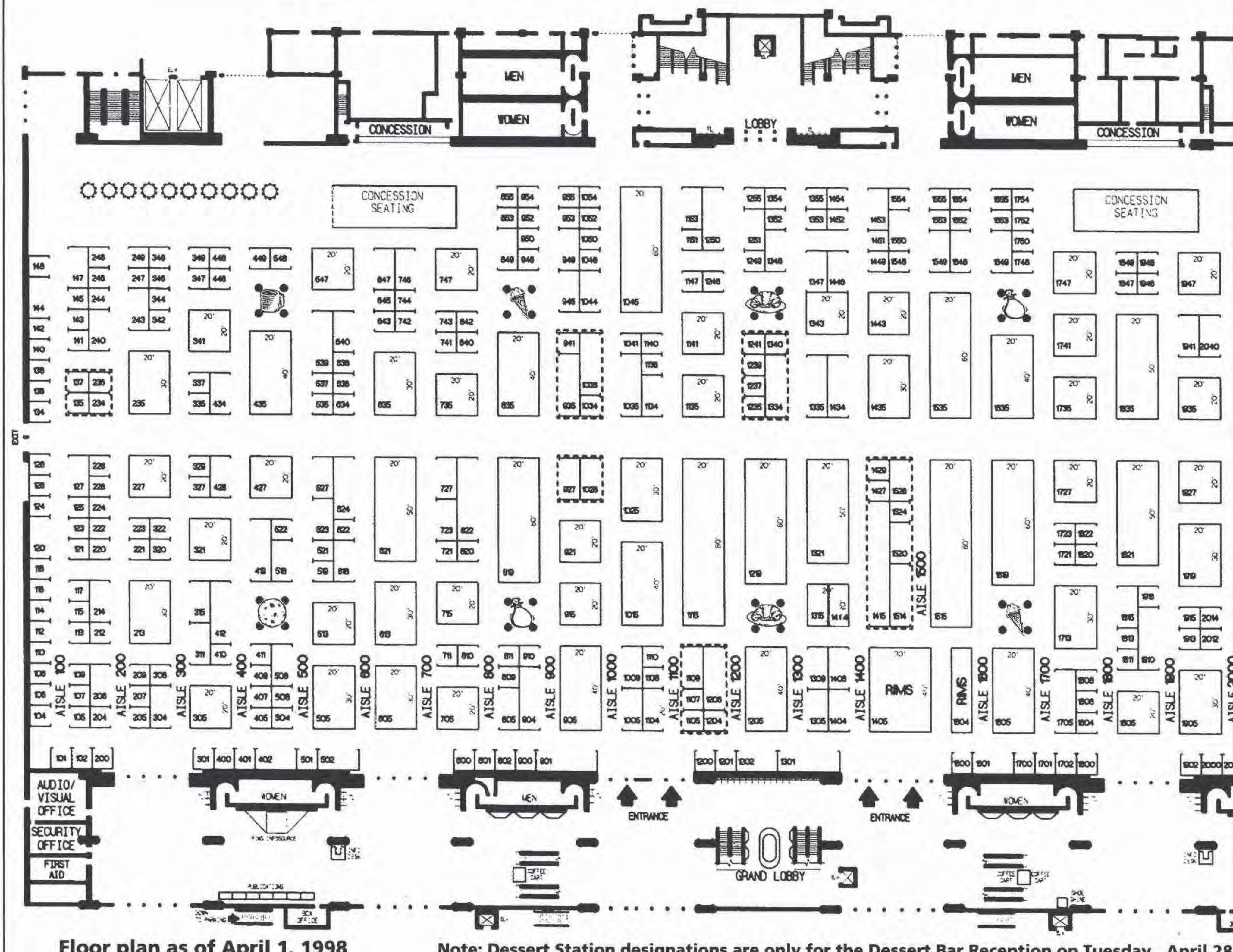
A&S Financial Services Inc. **2128**
Accelerated Receivables Management **1702**
ACE USA **127**
Acordia Inc. **1905**
Actec Systems Inc. and Driver Check **1806**
Adjusters Canada **741**
Adjusters International **1044**
ADP Integrated Medical Solutions **1747**
AFCO Credit Corp. **329**
AGF (Assurances Generales de France) **419**
AliMed **448**
Allendale Insurance **1947**
Allmerica Financial **144**
A.M. Best Co. **1815**
American Appraisal Associates Inc. **820**
American Health Imaging **910**
American Institute for CPCU/Insurance Institute of America **1200**
American International Group **1515**
American Technical Services Inc. **2025**
American Tescor Inc. **711**
AmeriNet Litigation Services Inc. **1649**
Amerisure Cos. **945**
AmeriSys Inc. **2136**
Am-Re Managers Inc. **1045**
AMS Services Inc. **2107**
AnciCare PPO **1446**
Andrews Publications **249**
Aon Group **1535**
APARYS-PANAMA **1241**
Arbitration Forums Inc. **1202**
Argonaut Insurance Co. **502**
Arkwright Mutual Insurance Co. **505**
Arthur Andersen **1741**
Arthur J. Gallagher & Co./ Gallagher Bassett Services Inc. **1434**
ASI Services Inc. **344**
Associated Aviation Underwriters **2113**
Assn. of Specialists in Cleaning & Restoration Inc. (ASCR Int'.) **1808**
Atlantic Mutual Insurance Co. **1251**

Bank of Butterfield **535**
Bankers Hazard Determination Services Inc. **1246**
Barbados **921**
Becher + Carlson Cos. **1141**
Beech Street Corp. **1109**
Bellcore, Disaster Management Services **311**
Benefit One of America Inc. **2137**
Bermuda **427**
Bermuda Commercial Bank Ltd. **522**
Bermuda Stock Exchange **743**
Betterley Donoghue **2129**
BMS Catastrophe Inc. **1601**
British Virgin Islands **715**
Business Insurance **1435**

Callan Salvage & Appraisal Company Inc. **449**
Canadian Litigation Counsel **128**
Cananwill Inc. **2135**
Canedy & Canedy **1548**
CARE Systems Corp. **800**
Cayman Islands Government **513**
CCH Inc. **537**
CCI CONTROLS **114**
CCN **822**
CEI/Claimsnet **527**
CertainCert L.L.C. **200**
Certificate Management Service Bureau **1255**
CFO Publishing **744**
Chandler Group of Cos. (The) **101**
Chicopee **506**
Chubb Group of Insurance Cos. **621**
CIC Applicant Background Checks **205**
CIGNA **1321, 1414, 1429**
Claimant Employment Services Inc. **2126**
Claims Magazine **348**
Claims Verification Inc./CVI **234**
CNA **2005**
College of Insurance (The) **301**
Colorado Assn. of Captive Entities **1140**
Comerica Bank **412**
Commonwealth Risk Services Inc. **1404**
CompCure **308**
Compliance & Filing Solutions **347**
CompReview, a subsidiary of HNC Software Inc. **1348**
Computer Risk Management Inc. **501**
Concentra Managed Care Inc. **1835**
Conning & Co. **1048**
Consolidated Service Corp. (CSC) **1107**
Control Risks Group **221**
Coopers & Lybrand L.L.P. **1514**
Corporate Claims Management **941**
Corporate Systems Inc. **835**
CorVel Corp. **547**
Countrywide Services Corp. **723**
Crawford & Co. **1619**
Creative Options Inc. **120**
CSCI **2141**
CyberStretch by Jazzercise **138**

Datamax Technologies Inc. **2053**
DAVID Corp. **1735**
David Morse & Associates **405**
Degenkolb Engineers **855**
Deloitte & Touche L.L.P. **1035**
Delphi Technology Inc. **2040**
Dempsey, Myers & Co. **1935**
Detail Masters Inc. **1804**
Devil's Advocate (The) **1748**
Disaster Kleenup International Inc. **401**
Disaster Resource Guide **2111**
Document Reprocessors **349**
DORN Technology Group Inc. **518**

Eastgate Group Ltd. **136**
EBI Cos. **2139**
Ellis & Buckle **1135**



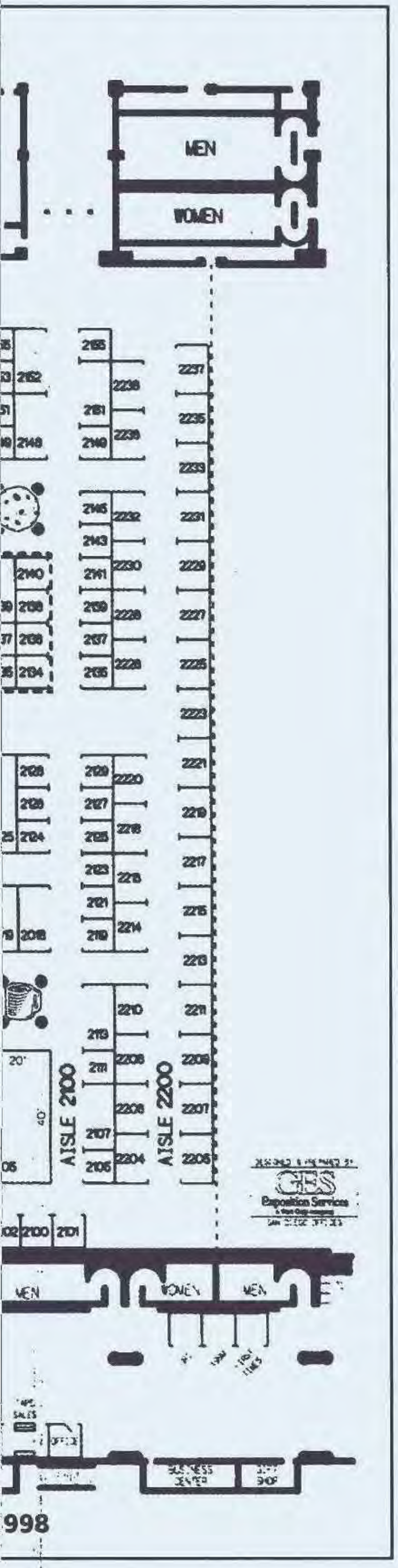
Floor plan as of April 1, 1998

Note: Dessert Station designations are only for the Dessert Bar Reception on Tuesday, April 28

Employee Benefit News 105
Employers Reinsurance Corp. 539
Engineering & Safety Service (E&S) 2125
EQE International Inc. 727
Ernst & Young L.L.P. 145
Ernst & Young L.L.P. 1526
Examen 1910
Executive Risk 2140
Exogen Inc. 1800

Facticon Inc. 634
Factory Mutual 1415
Financial Executives Institute 107
FIRM Solutions 2118
First Health 1721
FleetSafe Corp. 226
FlightSafety International 1204
FLI Learning Systems Inc. 1941
FORCON International 2145
Frank Gates Cos.(The) 1036
Future Industrial Technologies 640

GAB Robins North America Inc. 1015
Garan, Lucow, Miller, Seward & Becker P.C. 204
GatesMcDonald 1104
General Accident Insurance 213
Genesis Underwriting Management Co. 805
GENEX Services Inc. 1343
GenSource Corp. 1408
GeoAccess Inc. 2042



Geographic Data Technology Inc. 446
Global Emergency Medical Services 1655
Global Reinsurance 1653
Grupo Nacional Provincial 618
Guernsey Financial Services Commission 243

Harris Disaster Recovery Associates 2143
Hartford Financial Services Co. (The) 1206
Hartford Steam Boiler Inspection and Insurance Co. (The) 1727
Hawkins & Parnell 2001
Health Cost Consultants 112
Health Management Technologies Inc. 1249
Health Risk Management 143
HEALTHSOUTH 227
HealthStar Inc. 643
Hertz Claim Management Corp. 1309
Homelink Provider Network 953
Horsemen Inc. 2037
HSB Industrial Risk Insurers 1335
HSBC Insurance Management 801
Humana Workers' Compensation Services 1052

IBM Corp. 2148
IMC Health Care 638
Impact Forecasting 1648
Index System (The) 2123
Infrared Testing Inc. 337
In House Support Services Inc. 955
InPhoto Surveillance 1600
INRECON 802
INSpire Insurance Solutions 102
Insurance Achievement Inc. 141
Insurance Data Services 1108
Insurance Overload Systems 1916
Insurance Services Office Inc. 2000
Integrated Vehicle Systems, a division of Rental Concepts 1750
International Insurance Consultants Inc. 1555
International Risk Management Institute Inc. 2035
International Risk Management Magazine 315
International SOS Assistance Inc. 1847
Internet Security Systems 207
Intertel Inc. 322
Intracorp 915
IRMG 523

Jack C. Keir Inc. 1813
J·A·M·S/ENDISPUTE (Corporate Offices) 121
Jim Schratz & Associates 1553
Jonathon Richards Co. 342
Journal of Commerce (The) 1138
JW Software Inc. 411

Kaiser Permanente 206
Kemper Insurance Cos. 1025, 1026
K&K Insurance Group Inc. 1919
KPMG Peat Marwick L.L.P. 1046
Lafayette Instrument Co. 223
Lamba Systems, Division of American Allsafe Co. 304
Law Engineering & Environmental Services Inc. 228
LAWPHONE 2100
Learning Insights 1652
Legalgard Inc. 742
Legal Review International L.L.C. 224
Liaison Inc. 811
Liberty Mutual Group 1219
Lindquist Avey Macdonald Baskerville Inc. 1554
Lindsey Morden Claims Services Inc. 1713
Llorente Investigations Inc. 1427
Lloyd's 235
Logic Associates Inc. 809
MACESS Corp. 949
MACRO-PRO INC. 2002
Magic-4 Inc. 124
ManagedComp Inc. 647
MAPA Inc. 212
MARCOR Remediation Inc. 2155

PHOTO: MICHAEL MARCOTTE

Marshall & Swift 1654
Matrix Risk Consultants Inc. 1301
McGladrey & Pullen L.L.P. 220
McLarens Toplis North America Inc. 935
Meadowbrook Insurance Group 2124
Medcor Inc. 950
MEDecision Inc. 1452
MEDEX Assistance Corp. 320
Media/Professional Insurance 426
Medical Consultants Network Inc. 1201
Medicode Inc. 2152
MEDINSIGHTS Inc. 1453
Medivest Benefit Advisors Inc. 1752
MedLink 126
Merritt Publishing 1913
MetraComp's Activ! 1305
M.F. Bank & Co. Inc. 209
Midwest Employers Casualty Co. 327
Milliman & Robertson Inc. 519
MiniMed Inc. 2127
Mitre House Publishing 952
Morrison Knudsen Corp. 853
Morrison, Mahoney & Miller 2001
MountainView Software Corp. 1915

National Council on Compensation Insurance Inc. 305
National Fleet Service Inc. 1524
National Resource Safety Center 115
National Underwriter 1334
Near North National Group 1250
Network Inc. (The) 2151
Neurotron Inc. 148
Nichols Select 240
NJ & Associates Inc. 1451
Norman Peterson & Associates 1041
NovaCare 746
Novaeon 1754
NSF International 135

OccuLink (SOMA) 954
OCI 246
One Call Medical Inc. 810
OneSource Information Services Inc. 508
Options 116

Pacific Handy Cutter Inc. 2105
Palisade Corp.- 346
PeerPoint Technologies Inc. 117
PHICO 705
Philadelphia Insurance Cos. 2138
PHM Diagnostics 1340
Pilot & Associates Inc. 1705
Pinkerton 849
Plasteco Inc. 222
Practical Risk Management 1105
Preferred Plan 900
Presidium 1009
Price Waterhouse 747
Professional Claims Services Inc. 2134
Proformix Inc. 113

Progressive Medical Inc. 1454
PropertyAndCasualty.com/InforMatrix 842
Public Risk Management Assn. 104
Pyramid Services Inc. 1549

Qualtec Security Solutions 134

Reactions Publishing Group 2149
REHAB 90 PROfessional REHAB 2055
Relectronic-Remech 2014
Reliance National 1115
Resources Unlimited 142
REVIEWCO 2049
Richard Meyers & Associates Inc. 1822
Ringler Associates 1352
RISIKO Cos. 147
Risk & Insurance Magazine 904
Risk and Insurance Management Society Inc. (RIMS) 1405, 1604
Risk Data Corp. 1550
Risk Engineering Inc. 108
Risk Engineering Inc. 521
RISK ENTERPRISE MANAGEMENT LTD. 1605
Risk Laboratories L.L.C. 1050
RiskEnvision/CompVision 1153
Risk Management Internet Services 1054
Rocky Mountain Catastrophe 402
Rolf Jensen & Associates Inc. 948
Royal & SunAlliance 819
Royal Bank of Canada 636

SAC3 (Star Advanced Communications Concepts Corporation) 2101
SAFECO Insurance Co. 2019
Safety National Casualty Corp. 840
Safety Pays Inc. 1151
Salex Corp. 335
SAVE A BACK Inc. 1239
SB&T Captive Management Co. Smith Bell & Thompson Inc. 622
SCA Promotions/SCA Insurance Specialists 247
Scheer's Inc. 118
Schirmer Engineering Corp. 1034
Scott Wetzel Services Inc. 1134
S.E.A. Inc. 1110
Sedgwick Inc. 1927
Seguros Comercial America S.A. 927
Self-Insurance Marketing Service (Division of SIEX Inc.) 1811
ServiceMaster Recovery Management 2121
SHF Litigation Management Organization L.L.P. 1701
Shoes for Crews/Mighty Mat Inc. 407
Skandia International Risk Management Ltd. 434
Smith System Inc. 123
SoftView Ergonomic Products 2012
Spinex Medical Technologies Inc. 109
Standard Publishing Corp. 1820

Staodyn Inc. 1354
Star Tech Software 106
State Compensation Insurance Fund/Claims Management Service 548
State of Hawaii 624
State of Vermont 613
States of Jersey Financial Services Department 236
Statutory Benefits Management Corp. (StatCall (r) & StatCareSM) 504
Staywell Health Management Systems Inc. 1235
Sterling Administrative Services Inc. 1805
Stirling Cooke 1347
St. Paul Fire & Marine Insurance Co. 1635
Strategia Corp. 1315
Strategic Claims Solutions Inc. 2150
Strohl Systems 2039
Stuart, Maue, Mitchell & James Ltd. 901
Sucaba Software 1948
SunAmerica Financial Resources 410
SwissRe 1520

TIG Insurance 1821
Tillinghast-Towers Perrin 735
Tokio Marine Group 1443
Travelers Property Casualty 605
TRISTAR Risk Management 400
Turks & Caicos Financial Services Commission 321
TVA 1449

USA Risk Group 721
USA Risk Services Inc. 244
US Investigations Services L.P. 2051

Valuation Resource Management Inc. 409
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Wausau Insurance Cos. 435
Willis Corroon 1205
W. Kent Jessee & Associates 1237
WMS Prescription Drug Plans 248
Woodward, Alpert & Associates Inc. 1700
Workers Warmups 125
WorkHealth Rehabilitation Network 1849
Worldwide Assistance Services Inc. 1147
Worley Cos. (The) 214
Wyvern Ltd. 1902

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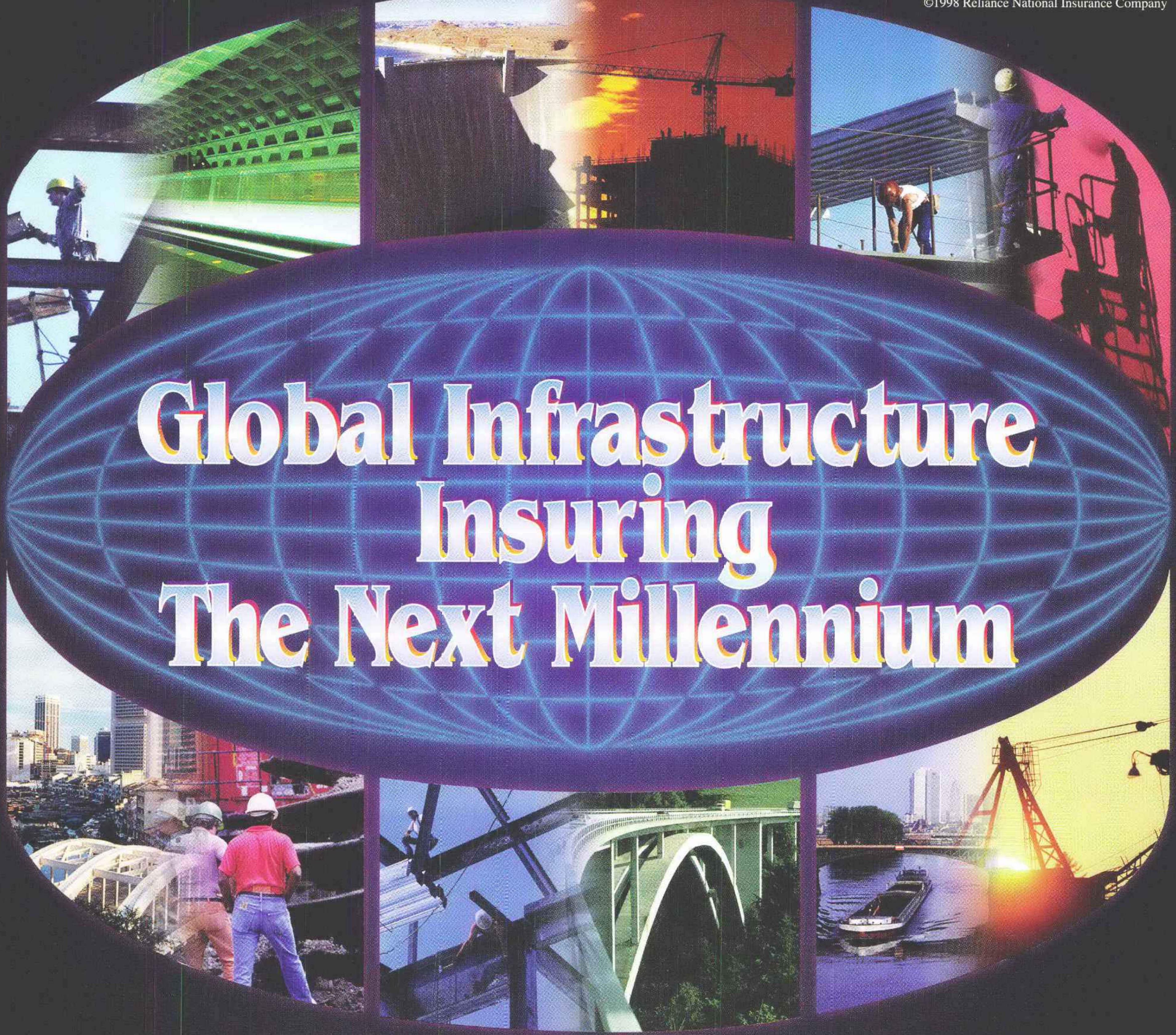

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Nightlife

Continued from page T24

and her late husband, singer/ songwriter Jim Croce, regularly plays at the Jazz Bar.

Next door to Croce's Jazz Bar is **Croce's Top Hat**, another popular spot for live rhythm and blues. Admission to Croce's Jazz Bar or Croce's Top Hat is free with the price of a dinner entree.

Croce's Jazz Bar is at 805 Fifth Ave. at F Street, 619-233-4355.

• **Top of the Hyatt.** A tavern atop the tallest hotel on the West Coast, the Hyatt Regency San Diego's elegant 40th-floor lounge is a quiet room with a view of the entire city and beyond.

The Top of the Hyatt's plush leather chairs and wood-paneled walls give it a clubby atmosphere, but it's a relaxed place to have a conversation and watch the sun go down.

Top of the Hyatt is in the Hyatt Regency on 1 Market Place, 619-232-1234. The lounge is open daily from noon to 2 a.m., with last call for drinks at 1:30 a.m.

• **Hotel del Coronado.** "I could get used to this," many say while sitting back and sipping a cocktail in the elegant Palm Court at the Hotel del Coronado.

While the bar actually is in the lobby of this historic hotel, it feels a world away when the pianist sits down and begins tapping out the first few notes of a Gershwin tribute.

In the evening, when the dark mahogany paneling makes the room seem even darker, it's easy to sink comfortably into the upholstered sofas and chairs. Visiting the Hotel del Coronado is like retreating to a bygone era—one with sweeping entryways, grand public rooms and all the trappings of a Victorian castle.

While few, if any, RIMS-goers are likely to be staying at the "Hotel del," as the locals call it, it's worth the short drive over the San Diego-Coronado Bridge to have drinks or dinner. And while you're there, make sure you check out its shingled red roofs, tall turrets and intricate woodcarving.

Photo displays in the lower level walkways attest to the hotel's celebrity following. The movie "Some Like It Hot," starring Marilyn Monroe and Jack Lemmon, was filmed here. The set designer for "The Wizard of Oz" created the crown-shaped chandeliers in the elegant Crown Room, where ballroom dancing is featured on weekend nights.

Don't forget to take a walk on the beach afterward—especially if it's dark. When the moonlight hits the sand just right, you'll see hundreds of tiny silver fish burying themselves to lay their eggs as part of an annual reproductive ritual. The Silver Strand State Beach that wraps around the Hotel del Coronado is one of the best places for viewing the seasonal grunion runs (see story, page T32).

It's also a likely spot to find Navy Seals in training, as the base is just a few miles away.

• **Grant Grill.** If you'd like to step out for a drink or perhaps a game of "gentleman's billiards," the Grant Grill on Broadway is the place.

This dignified lounge, located in the lobby level of the historic U.S. Grant Hotel in downtown San Diego, offers fine ambience to professional locals and hotel guests. Excellent bar food and better-than-average well drinks are served in an air of subtle refinement marked by high ceilings, rich hardwood flooring, dramatically lighted bookcases and cushioned wall panels. In some ways it feels like an old-fashioned library-turned-bar.

Plush couches and brown leather bar stools provide comfortable happy hour seating and good views of the no-cover jazz and blues acts that appear weekends from 9 p.m. until 1 a.m. Sometimes the band inspires dancing.

326 Broadway. 619-232-3121.

• **Dick's Last Resort.** This is the place for those who want to "dress down" in a pair of jeans and have a couple of beers while chowing down on buckets of seafood you eat with your hands.

Dick's, part of a national saloon chain, is the opposite of chic and trendy. It appeals to young, often-irreverent crowds.

(It also serves as a great "pit stop" when you need to take a break while browsing through the antique stores and thrift shops in the Gaslamp Quarter.)

345 Fourth Ave. in the Gaslamp Quarter. 619-231-9100.

A note to those seeking nightcaps: California law prohibits the sale of alcohol after 2 a.m., and most bars issue last call before 1:45.

—By Regis Coccia and Joanne Wojcik

PHOTO: REGIS COCCIA

The historic Hotel del Coronado has hosted royalty, heads of state and movie stars. Built at a cost of $1 million in 1888, "the Del" was the first electrified hotel in the world.

Open season for bargain hunting

San Diego and surrounding areas are a shopper's paradise, with a wide variety of stores. Visitors will find myriad places to hunt for bargains or hard-to-find items, from street boutiques to large malls.

Downtown

Central San Diego is loaded with stores selling all manner of goods: antique furniture, contemporary and vintage clothing, jewelry, books, music, video and art, to name a few.

The largest shopping center in the downtown area, only a few blocks north of the San Diego Convention Center, is undoubtedly **Horton Plaza**, a five-level outdoor mall with 140 shops and restaurants, and ample parking.

Horton Plaza features many recognizable retailers, including toy store FAO Schwarz, Macy's, Nordstrom, The Gap, Ann Taylor, Eddie Bauer, Banana Republic and luggage maker extraordinaire Louis Vuitton.

PHOTO: REGIS COCCIA

The largest shopping area downtown is Horton Plaza, with more than 140 stores.

A food court on the fourth level offers typical fast-food mall fare: pizza, pretzels and sandwiches. San Diego's chapter of Planet Hollywood is at Horton Plaza. And there's no shortage of outlets for dessert, from Mrs. Fields cookies to Ben & Jerry's ice cream.

On the fifth level is a 14-cinema theater complex showing Hollywood's latest movies.

Horton Plaza is between G Street and Broadway, bounded by First Avenue on the west and Fourth Avenue on the east. It's open Monday through Friday, 10 a.m. to 9 p.m.; Saturday, 10 to 7; and Sunday from 11 a.m. to 6 p.m.

East of Horton Plaza is the **Gaslamp Quarter**, where shoppers can find one-of-a-kind boutiques hawking just about everything from vintage clothing to antiques. Cigar smokers will enjoy strolling along Fifth Avenue in the Gaslamp Quarter, where several cigar shops invite patrons to watch expatriate Cuban craftsmen hand-roll smokes. Most of these shops, such as Gran Havana and the Cuban Cigar Factory, sell cigars made from Cuban seed tobacco grown in Central America. Customers are welcome to smoke in the stores.

As the Gaslamp Quarter is San Diego's liveliest nightspot, most of the stores stay open well into the evening.

Also a short walk from the Convention Center and a tad quieter is **Seaport Village**, a quaint group of shops near the marina and built to resemble a coastal New England town. The dozens of shops and restaurants include gift boutiques, jewelers and apparel stores selling items from hats to T-shirts to casual footwear.

Among the shops here is the Seasick Giraffe, which stocks clothing for yachting, travel and safari. The shop name reflects an experience its owner, a tall woman who loves traveling, had while aboard a boat.

Seaport Village is next to the Hyatt Regency San Diego on Market Place and is open daily from 10 a.m. to 9 p.m. Ample parking is available.

Almost all of **San Diego's museums** also have gift shops, so shoppers are bound to find interesting items there. Balboa Park northeast of downtown is home to a dozen museums, including the San Diego Museum of Art, the San Diego Natural History Museum, Aerospace Museum and Model Railroad Museum. The stores tend to follow the museums' hours, which generally are daily from 10 a.m. to 4:30 p.m.

Old Town

Mixing almost equal parts history and commercialism, shoppers will enjoy venturing into the "birthplace of California" in Old Town, where the city of San Diego was founded.

Continued on next page

Continued from previous page

Now a State Historic Park, the neighborhood north of downtown features well-preserved adobe buildings dating from the early 1800s. A variety of shops, art galleries and Mexican restaurants occupies Old Town.

Among the liveliest areas in Old Town is the **Bazaar del Mundo**. Decorated in a sunny Mexican theme of bright orange, red and yellow, it's hard to miss. Shoppers can find unusual items at the bazaar's 16 shops, from hand-woven textiles to animal collectibles to pottery designs. Bazaar del Mundo is at 2754 Calhoun St., across from the Old Town Plaza. The bazaar is open daily, 10 a.m. to 9 p.m.

Other shops selling Western wear, jewelry, silver, Native American artifacts and collectible items can be found along San Diego Avenue in Old Town.

Coronado

Visitors seeking a shopping experience off the beaten path should set sail for Coronado, a town of 27,000 on an isthmus in San Diego Bay.

Shoppers may elect to take the 15-minute ferry ride from the Broadway Pier in San Diego to Coronado's **Ferry Landing Marketplace**, where a variety of specialty stores and restaurants is steps away from the dock. Among the wares available are jewelry, wind chimes, sportswear and women's apparel. Ferry Landing Marketplace is at 1201 First St. in Coronado and is open daily, 10 a.m. to 9 p.m.

The historic, grand **Hotel del Coronado** has a galleria of 28 specialty shops, ranging from nautical items and model ships at The Ancient Mariner to opal jewelry at Opals & Gems of Australia.

Upscale boutiques and other stores, as well as sidewalk cafes, can be found along Orange Avenue.

Mexico

Shopping is the No. 1 tourist activity in Tijuana.

Although cheap souvenirs abound, there is much more to tempt the wallets of visitors to this Mexican bargain mecca.

Tijuana is considered the leather capital of the Baja, and boots, shoes, sandals, luggage, purses, wallets, briefcases, belts and coats can all be bargained for.

Good buys also can be found on handmade articles, such as blankets, blown glass, ceramics, guitars, jewelry, leather goods, wrought-iron furniture, pottery and tin objects, straw baskets, stoneware and, of course, Mexican pinatas.

Because of its status as a duty-free port of entry, Tijuana also offers head-turning displays of Rolex watches, Russian caviar, Italian shoes, French cosmetics, European designer fashions, Scottish cashmere sweaters, Oriental rugs, fine crystal, gold jewelry and other international goods. But tourists should beware, because some of these items can be counterfeit.

Tijuana also has great bargains on such Mexican liquors as Kahlua, tequila, rum, brandy and local Baja wines.

Many Californians have found Tijuana prices for prescription drugs to be about half those in the United States, and they often travel south of the border to pick up as much as a year's supply. Often no prescription is needed for such pharmaceuticals as antibiotics, birth control pills and Retin-A, the anti-wrinkle cream.

About 10 blocks of Avenida Revolucion downtown form the traditional tourist row, where curio shops line the sidewalks and spill out of numerous arcades.

While street vendors expect haggling, ask if bargaining is accepted in the more-established shops.

In addition to merchandise, city businesses offer a wide variety of services at reduced prices. For example, visitors can get a good deal on automobile painting, upholstering and body work.

English is spoken in the main shopping centers, and the Mexican peso and the U.S. dollar are virtually interchangeable.

U.S. residents are allowed to bring home up to $400 in goods duty free, as long as the purchases are for personal use, not resale.

People over 21 are allowed to bring back one liter of alcohol, 200 cigarettes and 100 non-Cuban cigars. (Be careful of vendors' claims that they are selling authentic Cuban cigars; they're probably from Honduras.) Perfume, agricultural products and medications are also limited. Inquire at Customs at the border before taking these items into the United States.

Temecula

Antique lovers will enjoy strolling through old town Temecula.

Having served as an important stop for the Butterfield Stagecoach route and later as a station on the railroad between San Bernardino and San Diego, Temecula was founded in 1882. Forty miles north of San Diego, it now serves as a fast-growing bedroom community and viticultural area.

Old Town Temecula on Front Street between Moreno Road and Third Street, with its preserved historic buildings, is an antique shopper's dream.

While most shops have Victorian and Western antiques and collectibles, other shops feature American Indian art, jewelry and gifts, folk art, candles and handmade craft items.

Restaurant fare runs the gamut from fast food to homemade ice cream and beef jerky.

—By Joanne Wojcik and Regis Coccia

Recreation options abound in San Diego

Plenty of water, ground activities ready for RIMS' attendees

With an average annual high temperature of 70 degrees Fahrenheit, it's no wonder San Diegans spend a lot of their leisure time outdoors.

Golf, tennis, fishing, swimming, surfing, water-skiing, jet-skiing, snow-skiing, ballooning, gliding, volleyball—it's all here.

For those who prefer to watch, there's a Major League Baseball team, a National Football League team, horse racing, dog racing and even bullfighting.

San Diego County is a greens paradise, with some 83 golf courses, most of them public. Some of the nation's top professional tournaments are held here, including the Mercedes Championships at La Costa and the Buick Invitational at Torrey Pines.

But there is also plenty of room for those not yet at the PGA level. Golf course maps are available among the tourism brochures in area hotels. Or golfers can contact the American Golf Corp. at 619-793-5416; Preferred Golf Tours at 619-792-6556; or San Diego Golf Events at 619-232-4707.

After just one hour-long lesson, even amateur captains can set sail on the relatively placid waters of Mission Bay and San Diego Bay. Hourly, half-day and full-day boat rentals are available at most area marinas. In addition, U.S. Coast Guard-licensed captains are available to drive or teach. Also available are people-powered paddle boats, canoes and kayaks.

Fishermen (and women) who hanker for deep-sea adventure should sign up for a fishing expedition. Or go it alone by renting poles and a motorized skiff at the marina. April though October are the best months for catching marlin, yellowtail, barracuda, sea bass, bluefin tuna, bonito, halibut, swordfish and albacore.

For information on boating and fishing, talk to the hotel's concierge or contact one of the companies. Some of them are Seaforth Boat Rentals, 619-239-BOAT; Fisherman's Landing, 619-221-8500; H&M Sportfishing, 619-222-1144; and Helgren's Sportfishing, 619-722-2133.

While horse racing won't start at the Del Mar racetrack until late July, greyhounds may be running at Agua Caliente Racetrack in Tijuana, Mexico, in time for the Risk & Insurance Management Society Inc. conference. For information, call 619-231-1910.

Some of the world's top matadors perform at two bullrings in Tijuana on selected Sunday afternoons from May through September. Tickets, which start at about $7, can be obtained from Five Star Tours/Mexicoach at 619-232-5049.

For those who like to gamble, the fast and furious action of jai alai (pronounced HI-lie) takes place at Fronton Palacio in Tijuana. The game is a cross between tennis and handball. Players attempt to prevent a ball about the size of a golf ball from bouncing more than once as it is hurled against 30-foot-tall front and rear walls. The first team to score six points wins.

Matches begin Monday and Tuesday afternoons at noon and Thursday through Sunday evenings at 8 p.m. Doors open about an hour prior to game time. General admission tickets are $2, and reserved seats are $5. Staff are available to explain the rules and procedures for betting, the reason most people attend. For more information, call 619-231-1910.

During the convention week, the San Diego Padres will host the Pittsburgh Pirates and the Chicago Cubs at QualComm Stadium, formerly known as Jack Murphy Field. The name was changed when the city's largest wireless communications company wrote an $18 million check to cover stadium expansion costs.

The expanded and improved stadium features club lounges and restaurants, a jumbo video screen, 37 new luxury suites and 11,500 additional seats, boosting capacity to 71,600 seats.

Single-game ticket prices for the Padres range from $5 for the bleachers to $16 for field-level and infield seats.

Home games during the RIMS conference are:

- Padres vs. Pirates, Sunday, April 26, 1:05 p.m.
- Padres vs. Cubs, Monday, April 27, 7:05 p.m.
- Padres vs. Cubs, Tuesday, April 28, 7:05 p.m.

Every Saturday afternoon and evening from March to early October, Cajon Speedway's three-eighths-mile track is home to the NASCAR Winston Cup Racing Series.

For an up-close look at the sport, spectators can buy a pit pass for $20 and wander through the area to the south of the track where the pit crews prepare for races.

Practice begins and racing fans can enter the east stands at 4 p.m., with qualifying matches beginning at 5:15 p.m. The first race starts at 7:05 p.m.

For information, call the speedway at 619-448-8900.

PHOTO: MICHAEL MARCOTTE

Fishing enthusiasts can sign up for expeditions or go out themselves in search of marlin, swordfish and other species.

The grunions will usher in spring during RIMS week with thousands of these silver fish burying themselves in the sand, spawning like scaly six-inch rabbits in the moonlight hours. The fish were dubbed "los grunion" by the early Spanish settlers who first witnessed the spring ritual on San Diego-area beaches.

From March until late summer for a few nights after the highest tide associated with a full or new moon, the fish wash onto the beaches to lay their eggs in periods lasting one to three hours. The eggs mature and the offspring are washed back to sea by the next series of high tides.

People flock to the beaches between 10 p.m. and midnight to catch the slippery fish with their bare hands. However, the fishing season is closed in April and May.

Running along with the grunion may be a school of Navy Seals doing cold-water training. Dressed in military fatigues, the Seals walk into the icy cold Pacific arm in arm and sit down in the water to see how long they can stand the cold.

The best beaches for grunion and Navy Seal appearances are Del Mar City Beach, La Jolla Shores, Mission Beach and Silver Strand State Beach on Coronado.

The next predicted grunion runs are:

- April 28, 11:20 p.m. to 1:20 a.m.
- April 29, 12:05 to 2:05 a.m.
- April 30, 1 to 3 a.m.
- May 1, 2:10 to 4:10 a.m.

—By Joanne Wojcik

Clean trolleys make tracks around town

Two if by land, one if by sea. Thanks to a sprawling network of freeways, a good public transit system and proximity to the water, visitors to San Diego have several transportation options.

Getting around San Diego is not difficult, but it is easiest by car, particularly for travelers wanting to see outlying areas, such as La Jolla, Mission Bay or Tijuana, which is only 11 miles from downtown.

All of the major car rental companies have offices at the San Diego International Airport. Travelers wishing to drive into Mexico, however, are advised to consult their travel agent or car rental company beforehand, as insurance coverage may stop at the border (*see story, page T16*).

Street parking is metered throughout downtown, and parking garages aren't hard to locate in the busier shopping districts.

Visitors staying downtown without a car, however, are well served by other forms of transportation, including walking. Taxicabs are available downtown, and ferries and water taxis to neighboring Coronado make frequent trips daily. The Metropolitan Transit System has two trolley lines and an extensive bus service throughout the area.

The Blue trolley line skirts the downtown area and runs northeast to Mission San Diego and south all the way to San Ysidro/Tijuana. The Orange Line runs from Santee, a town east of San Diego, and makes a triangle-shaped loop downtown. Both lines run parallel downtown, with several transfer points.

While the lines are color-coded, all the trolley cars themselves are red, with the line and direction illuminated in yellow on the lead car. The trolley is a convenient way to get around the city and, unlike its counterparts in New York and Chicago, remarkably clean. Conductors do roam through the cars, so riders should be prepared to show their tickets or passes.

Bus fares for adults start at $1.75 on most downtown routes but vary on some routes. Trolley fares are based on the length of the ride, as determined by number of station stops, and start at $1 and go up in 25-cent increments.

A thrifty way to use San Diego's bus and trolley system is a Day Tripper pass, which permits unlimited rides. A one-day Day Tripper costs $5, while two-, three- and four-day passes cost $8, $10 and $12, respectively.

Machines at trolley stations will dispense tickets, but passes must be purchased at The Transit Store, 102 Broadway at First Avenue. The Transit Store is open Monday through Friday, 8:30 a.m. to 5:30 p.m. and Saturday and Sunday from noon to 4 p.m.

Frequency of service on the bus routes varies, but generally the MTS buses run every half-hour, seven days a week. Trolleys run every 15 minutes, seven days a week, from 4:48 a.m. until about 2 a.m. For more information on public transportation, call 619-234-1060.

Trolley stops generally are several city blocks apart, and the Orange Line has a stop in front of the San Diego Convention Center.

If a visitor to the Risk & Insurance Management Society Inc. annual conference and exhibition wanted to travel from the Convention Center to the north end of the Gaslamp Quarter, for example, he or she could take the Orange Line four stops to the Fifth Avenue station. Such a trip on the trolley would cost $1.75.

RIMS-goers who want to take in a San Diego Padres game could take the Blue Line to QualComm Stadium. From the Convention Center, a rider would get on the Orange Line toward Santee and transfer at America Plaza, two stops down the line, to the Blue Line. From there, the stadium is 11 stops, about 25 minutes away. The entire trip would cost $2 one way and take about a half-hour.

Walking is pleasant in San Diego, too, and many shops, bars and restaurants are within a few minutes of the Convention Center.

The Gaslamp Quarter, fun to wander around, especially at night, when San Diegans come out to relax, stretches north from L Street, which is only four blocks from the Convention Center. Horton Plaza, a large outdoor shopping center, is only a 15-minute hike from the Convention Center.

Several companies provide taxi service, including Orange Cab (619-291-3333), Silver Cab (619-280-5555) and Yellow Cab (619-234-6161). As in other large cities, hailing a cab on the street is a simple matter. Although cabs are readily available in the popular Gaslamp Quarter, locating one elsewhere—particularly later at night—is not so easy. To be certain of a ride, it may be best to call one of the taxi companies.

—By Regis Coccia

Look for 61 and sunny—maybe

While San Diego typically boasts of one of the best climates in the country, El Nino this year has made a liar out of a lot of this city's residents.

When the South Pacific wasn't pounding Southern California's coast, numerous arctic blasts throughout the winter made the region seem much less like the desert climate that it normally is.

The 1997-98 winter has been the coldest on record in San Diego, with March temperatures averaging 59 degrees Fahrenheit. April temperatures usually average 61 degrees, with highs reaching to about 68 degrees.

Even if vestiges of El Nino don't pay a visit during the annual conference and exhibition of the Risk & Insurance Management Society Inc., don't expect to see the sun much before noon: San Diego's coastal regions are often cloaked by a thick fog layer until the sun burns through at midday.

Because the atypical inclement weather is predicted to last as long as June, RIMS-goers should come prepared for at least one April shower by bringing along an umbrella and a lightweight raincoat.

And don't even think about swimming in the ocean after a storm: Sewage can spill into the Pacific from overflowing storm drains.

—By Joanne Wojcik

Fish for more on Net

If there's not enough room in your carry-on for your wet suit, beach blanket and tourist books, try surfing some of these sites on the World Wide Web before arriving in San Diego.

For general information about the San Diego area, catch a wave to the official tourism site of San Diego: http://www.sandiego.cc; the San Diego Chamber of Commerce: http://www.sandiego.org; or the Weather Channel site for an up-to-date five-day forecast: http://www. weather.com.

For complete information about the Risk & Insurance Management Society Inc.'s annual conference and exhibition, hang-ten over to http://www.rims.org.

Steele Canyon Golf & Country Club, the site of the golf tournament to benefit the Spencer Educational Foundation Inc., has a site at http://www.steelecanyon.com.

And for more information about some of the many attractions detailed in the story beginning on page T8. Shoot the curl to: San Diego Zoo: http://www.sandiegozoo.org; Sea World: http://www. seaworld.com; Balboa Park: http://www.balboapark.com; or the San Diego Padres: http://www.padres.org.

To learn about food, shopping and entertainment downtown, see the Gaslamp Quarter site at http://www.gaslamp.com.

—By Amy Kepka

Preview

Continued from page T5

discussion of questions RIMS members submit. If time permits, the panel will then take questions from the floor (see story, page T39).

One improvement made during the 1997 conference in Atlanta is paying dividends this year. RIMS made several adjustments to the session evaluation process, which proved very effective in fine-tuning the 1998 sessions, according to Barbara Parker, RIMS' director of conferences (see story, page T40). Building on enhancements made last year, RIMS again will offer about 20 400-level educational sessions for advanced risk managers who desire a more theoretical perspective. A total of 140 educational sessions will be offered to risk managers with varying experience levels. The 100 series is targeted at those with limited experience, the 200 series is designed for all audiences, and the 300 series is aimed at risk managers with significant experience in the session topic.

This year, 30 industry sessions are targeted to specific fields, such as construction, entertainment, retail and telecommunications. These customized educational opportunities are planned and coordinated by risk managers recognized as leaders by their peers.

"The industry sessions are probably the best opportunity for risk managers to network with other risk managers in their same industry that would have problems very similar to their own," Mr. Wilder said.

Networking opportunities will be increased by the addition of a second Brown Bag Lunch this year, Ms. Parker said. Attendees can take advantage of the opportunity to make contacts on Wednesday, April 29, and Thursday, April 30, from noon to 1:15 p.m. The lunches, to be held in the convention center ballroom, will provide an interactive roundtable setting where attendees can share ideas on specific topics. A list of 140 Brown Bag topics is available on the RIMS World Wide Web site, http://www.rims.org.

Another new feature of the 1998 conference is a dessert reception, to be held from 1:45 p.m. to 3 p.m. in the exhibit hall after Tuesday's luncheon. Registrants will have ample time to visit with exhibitors, as no other conference activities are scheduled during this period (see story, next page).

This year's Associate in Risk Management review sessions include the Essentials of Risk Management, at 1:45 p.m. to 5 p.m. Monday, April 27; the Essentials of Risk Control, at 9 a.m. to 11 a.m. Tuesday, April 28; and the Essentials of Risk Financing, at 3 p.m. to 5 p.m. Tuesday, April 28. All sessions will be in Room 12 of the convention center.

Risk managers will find several ways of keeping up with all aspects of the conference. Kathryn West, editor and publisher of Risk Management magazine, said one tool for conference attendees will be a newsletter called RM San Diego Daily, available from Monday through Thursday at the conference. This is the first year that Risk Management magazine, published by a RIMS affiliate, will produce the daily. The former Minet Group had been responsible for producing the official conference publication during the past several years.

Sponsored exclusively by J&H Marsh & McLennan Inc., RM San Diego Daily will capture key events of the previous day and preview upcoming events, reporting what attendees may have missed and helping them plan their schedules, Ms. West said. It will be available at the convention center hotels and the convention center.

Media coverage of the San Diego conference also will include RIMSTV, produced by *Business Insurance.* RIMSTV will be available Monday through Wednesday, covering conference events and selected sessions taking place Sunday through Tuesday. A new one-hour program debuts each day, starting at 6 a.m. Monday, and is played on a continuous loop for 24 hours.

RIMSTV will be telecast in 13 conference hotels and at various locations in the convention center and exhibit hall. Television journalists will communicate conference news and provide feature reports on such topics as sick building syndrome, telecommuting, integrated disability and hospitality risks.

Two more InfoSource kiosks will be offered in the convention center this year, bringing the total to 10. Touch screens will allow users to leave messages for other attendees, pick up messages, and determine the time and location of hospitality events and educational and industry sessions. An attendee even can plan his or her route through the exhibit hall by using the kiosks to search for specific companies and products. The Info-Source kiosks combine the former message center, attendee locator and hospitality listing booth into a single resource. "It's a one-stop shopping place for information during the conference," Ms. Parker said.

Registration is set for noon to 6 p.m., Sunday, April 26. Later that day, the conference's opening reception will be held from 5 p.m. to 7 p.m.

Continued on next page

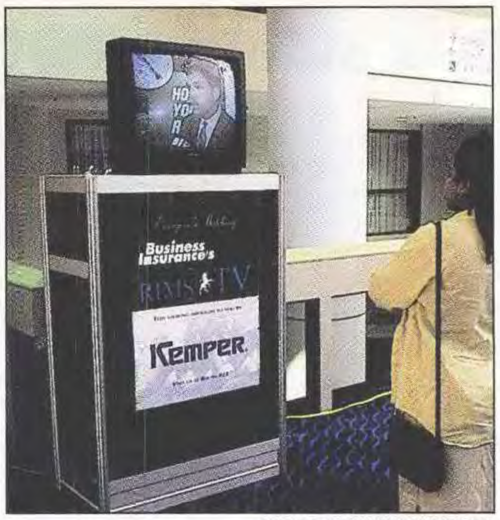


PHOTO: MICHAEL MARCOTTE

RIMSTV will be telecast in San Diego.

Continued from previous page

at the San Diego Marriott Hotel & Marina.

As of March 31, 3,563 people had paid advance registration fees; total advance registration was 4,168, including 865 first-time registrants.

Counting onsite registrants, exhibitors and other professionals associated with the conference, Ms. Parker expects about 9,000 to 10,000 people will be in San Diego for the RIMS event.

According to Mr. Wilder, the "sheer size" of this year's conference—and its gorgeous setting—also will set it apart from its predecessors.

First-time conference attendees are invited to visit the First Timers table in the San Diego Convention Center. Orientation for new attendees will be held in room 14B of the convention center, from 4 p.m. to 5 p.m. Sunday, April 26, and from 10:30 a.m. to 11:30 a.m. Monday, April 27.

The cost to register onsite is $895 for the full week for RIMS members and $1,095 for non-members.

Partial-week registration costs for RIMS members are $725 or $750, depending on which of the three partial plans is chosen. For non-members, partial-week registration onsite is $925 or $950.

One-day registration costs $295 for RIMS members and $345 for non-members.

RIMS will accept VISA, MasterCard and American Express for onsite registration, or cash, checks drawn on a U.S. bank or money orders. All payments must be in U.S. funds.

Anyone not now registered for the 1998 conference must register onsite. Attendees will need tickets for all events. BI

Dessert reception to be held Tuesday

Attention, all risk managers with a sweet tooth: This is the conference for you.

After the luncheon debate Tuesday, April 28, RIMS for the first time will sponsor a dessert reception from 1:45 p.m. to 3 p.m. in the exhibit hall of the San Diego Convention Center. No other conference activities are scheduled during this time.

Photodisc

Desserts will make touring the exhibit hall sweeter.

Barbara Parker, director of conferences for the Risk & Insurance Management Society Inc., said the dessert bar will have 10 stations offering five dessert selections: cookies and brownies; a candy store; Viennese cakes and tarts; ice cream and three types of Haagen-Dazs bars; and a specialty coffee station with espresso, caffe latte and cappuccino. There is no added charge for the desserts.

The dessert reception is designed to encourage conference attendees to explore the exhibit hall and examine the hundreds of products and services, Ms. Parker said. Some of the more than 350 exhibitors will include actuarial service firms, benefit consultants, captive managers, claims administrators, environmental service providers and preferred provider organizations. *(A complete list of exhibitors is on page T26.)*

A boxed lunch will be offered in the exhibit hall from noon to 1:15 p.m. Monday, April 27. Registrants may pick up the boxed lunches and, as with the dessert reception, spend time testing new products and meeting service providers.

—*By Richard Trout*

Commute made easy with buses

The Risk & Insurance Management Society Inc. will provide shuttle bus service during the 36th annual conference and exhibition. Buses will run to and from most designated conference hotels and the San Diego Convention Center. Shuttle bus service will run from noon-8 p.m. Sunday, April 26. Service Monday-Friday, April 27-May 1, will start one hour before conference sessions begin and run continuously until one hour after conference sessions end. Schedules will be available at the San Diego Convention Center and conference hotels.

RIMS inaugurating several changes

By MICHAEL BRADFORD

Mark A. DeLillo assumes the presidency of the Risk & Insurance Management Society Inc. as the organization embarks on some long-awaited programs.

Mr. DeLillo, vp-risk management at Celotex Corp. in Tampa, Fla., will make his inaugural address as incoming president of RIMS at this year's annual conference in San Diego, taking the office Stephen M. Wilder has held for the past 12 months.

He steps into the role as RIMS sets in motion new initiatives that include the Fellow in Risk Management Program, a quality-measuring scorecard developed in conjunction with the Quality Insurance Congress, and the introduction of new regional seminars on a number of risk management topics.

It is also a year when RIMS is settling into a number of personnel changes. Linda H. Lamel, who has completed her first year as executive director of the society, has brought on board a new director of professional development and is hiring other staffers this year.

Mr. Wilder, vp-risk management at The Walt Disney Co. in Burbank, Calif., called the quality scorecard RIMS' "most significant achievement" in the past year.

"I say that because of the impact it will have on the industry," and because the society was able to develop the scorecard so quickly, within a year, he said.

The scorecard was developed from a survey completed by 6,000 to 7,000 insurance buyers at RIMS member companies and non-member companies. They were asked to rank the quality of the products and services provided by their insurers, brokers, third-party administrators and reinsurers.

The Katie School of Insurance at Illinois State University developed the scoring and ranking process. The school tabulated the results, which will be released at next week's annual conference.

RIMS will develop a "tool kit," Mr. Wilder explained, that shows risk managers how to use the information gathered in the survey to foster "continuous improvement in their relationships with their providers."

"And that's the key," Mr. DeLillo said of the "path to continuous improvement. This is not a 'damn the industry,' if you will. What we're trying to do is identify exactly what it is that is quality to the purchaser."

While risk managers can use the information to identify industry partners that provide quality service and products, those partners can use it to determine "where to focus their internal development," Mr. DeLillo said.

He said it is hoped that insurers, brokers, TPAs and reinsurers will rank higher each year as the quality of their products and services improves. "Again, we're not trying to point the finger at anybody and say, 'You do a lousy job.' We're trying to create a momentum toward quality within the industry."

Mr. Wilder pointed out that the QIC is putting together a similar tool kit for insurers, brokers, TPAs and reinsurers to show them how to use the information to improve their offerings.

Improving quality was a theme that ran through Mr. Wilder's administration. He said during his inaugural speech in 1997 that the word "quality" was not part of the group's lexicon and did not appear in the organization's strategic plan, an oversight that has been corrected with a rewriting of the plan last year.

"I'm sure that wasn't the most well-received message I could have given to the industry," Mr. Wilder acknowledged, because some think their individual efforts indicate that quality is a hallmark of their profession.

Since then, progress has been made to ensure quality is more closely associated with RIMS, Mr. Wilder said.

For example, RIMSCOPE, RIMS' member publication, now spotlights in each issue a member who has made an effort to improve quality within his organization. RIMS' monthly magazine, Risk Management, devoted an issue to member success stories.

A new award established in memory of Arthur F. Quern, late chairman and chief executive officer of Aon Risk Services, will be presented at this year's conference to a risk management or insurance professional who has distinguished himself or herself in the profession. RIMS developed the award with the QIC.

PHOTO: DAVID LUBARSKY

Stephen M. Wilder, left, next week hands over RIMS' presidency to Mark A. DeLillo.

Mr. Wilder pointed out that RIMS' long-awaited Fellow in Risk Management designation program "will finally come to fruition later this year."

To earn the designation, risk managers will have to complete 10 courses that cover areas including business law, finance, accounting, information systems and others.

The first two courses will be offered online in September.

RIMS is developing and offering the FRM program courses in cooperation with several educational institutions, including The College of Insurance, Georgia State University and Temple University.

Mr. Wilder said he hopes the new designation will "give us more credibility internally with our senior management" by giving risk managers a designation that should be as respected as those offered by other professional organizations.

RIMS will tie the previously planned Distance Learning-Masters Degree Program to the FRM, allowing participants to earn credits toward a masters degree in business administration.

Once the FRM designation program is in place, RIMS hopes to launch the Executive Management Program, an educational offering that likely would cover various areas, including risk management, public policy and decision theory.

"We would really like to get the FRM right and in place. . .before we go the next step," said Mr. Wilder.

Earlier this year, RIMS and several partners began offering members a number of regional programs Mr. DeLillo described as "topical, timely seminars that are affordable." The seminars are aimed at members who decide not to pursue the FRM or take RIMS' professional development courses.

They are convenient for members who can't travel long distances to attend professional development programs, providing an affordable way to improve their risk management knowledge.

"The diversity of our membership really demanded that we provide this additional regional resource," Mr. DeLillo said. "And frankly, we have never been able until recently to muster our efforts quickly" to address the need for such programs.

The seminars, generally lasting a half-day, focus on topics such as the Year 2000 computer problem, directors and officers liability, managing data and business interruption risks.

RIMS' partners who helped develop the seminars include The College of Insurance, insurance brokers, consulting firms and others.

RIMS plans to rotate the seminars to different U.S. cities throughout the year, adding new topics as they become important to members. Plans are for a series this fall to focus on career management.

The courses drew 400 attendees last year, the same number as in 1996.

The most popular offerings focused on the fundamentals of insurance, which drew 142 participants, and techniques of risk management, which registered another 89. Those figures represent more than half the number of individuals who signed up for all professional development courses.

Courses on environmental risks and crisis management drew the smallest crowds. No new professional development courses were developed over the last year.

"There's a big demand for entry level, fundamental courses for people to learn more about insurance and/or risk management," Mr. Wilder noted.

The numbers indicate "the challenge an organization like RIMS has in meeting the educational needs of a very, very diverse membership," said Mr. DeLillo. The fact that more than half of the attendance was in introductory courses "tells us that we can't afford to go to sleep on any aspect of our educational programs. We cannot assume that our people are now educated and seasoned and we need to move on to the higher-level education. We need to continue to focus across the spectrum."

RIMS' membership grew in 1997 after showing declines in previous years. The society listed 4,313 members at the end of last year, an increase from 4,287 at year-end 1996. The number of deputy members fell, though, to 7,848 from 7,869.

There are 91 active chapters, unchanged from a year ago.

An increase in members is significant, Mr. DeLillo pointed out, because attrition in not-for-profit organizations like RIMS typically is high. And the increase comes at a time when continued consolidation among businesses trims risk management staffs. Mr. DeLillo said the re-engineering of risk management departments also has left some businesses with fewer staffers and likely accounts for the dip in deputy membership.

RIMS is hoping a program to attract new members from companies that aren't large enough to have full-time risk managers will eventually bear fruit. That program, called Managing Business Risks, has been offered in about 10 chapters but hasn't had a big impact on the RIMS membership ranks. It is aimed at treasurers, controllers, chief financial officers and others whose responsibilities include risk management.

Those potential members "could benefit tremendously from membership or involvement in RIMS and could provide existing members with general business perspectives that could be helpful to us," said Mr. DeLillo.

Mr. Wilder pointed out that while the program has not led to a large increase in membership, "it takes time to cultivate relationships" and may eventually bring in new members.

Mr. DeLillo acknowledged that RIMS hasn't marketed itself as aggressively as it should have. "We're reaching out to potential members through our chapters," he pointed out, and RIMS recently hired a marketing person who is expected to help with the effort to increase membership.

That hiring is one of several staff changes RIMS has seen over the past year. Departures have included Patricia C. Vaughan, RIMS' former general counsel, and Paul Brown, director of government and legal affairs.

Several jobs were cut last year as RIMS reviewed its operations and decided to eliminate some redundancies (*BI*, Sept. 29, 1997).

Mr. DeLillo said RIMS took a close look at its strategic objectives and discovered there was "somewhat of a disconnect. The resources needed to be put into where we were going."

While the cuts were painful to make, there was very little disruption as a result of the changes, Mr. Wilder noted. "Some functions had to be absorbed" by those who remained, "but everyone worked well together as a team and everything got done."

Ms. Lamel said earlier this month that a chapter liaison position had been filled, and RIMS expects to have a new communications person on board by the end of April.

Continued on next page

Continued from previous page

Anne Allen has been promoted to director of government relations, and RIMS also is close to hiring a general counsel to replace Ms. Vaughan.

The shuffling hasn't dampened the mood at RIMS, according to Mr. Wilder. "There's a lot of excitement."

He praised Ms. Lamel as a "welcome addition and tremendous leader of the staff" who has been a "real catalyst in helping us get a lot of things done that we set out to do at the beginning of the year."

The society showed some moxie last year when it questioned a move by J&H Marsh & McLennan Inc. to funnel some business into regional centers and away from local offices. RIMS feared the move was a signal that the broker would begin to dictate how all its accounts were handled (*BI*, Oct. 13, 1997).

A couple of things came out of that challenge, Mr. Wilder pointed out. "We weren't afraid" to challenge the initiative, "talk about whether it was good or bad for our membership and come to a conclusion."

It became clear that the J&H Marsh & McLennan move, while good for some members and bad for others, was not the real issue, he added. "The real issue is consolidation and whether that is good or bad for our members,"

Consolidation of insurers and brokers "is probably the most important thing that's going on in the industry today," Mr. Wilder said. "It's going to affect us one way or another, and as leaders in RIMS and RIMS as an organization, we'd like to have some input into what our partners are doing to make sure that it is good for us."

Mr. DeLillo said RIMS offered to be a resource to brokers and insurers who are consolidating, an offer that would allow them to survey the needs of their customers. At the time of the offer, several brokers expressed interest (*BI*, Nov. 3, 1997).

"We have had one discussion, with J&H Marsh & McLennan," he said. "No one else has taken advantage of that resource."

In the legislative arena, Mr. Wilder pointed out that risk managers had a hand in removing a controversial tax provision in the 1998 federal budget that "would have drastically changed the tax treatment of captives" and could have had the effect of "changing the landscape of the way risk is financed. That is probably the single biggest accomplishment in the legislative area."

He said RIMS now is perceived as a resource for legislators who want to gather information on issues that affect businesses "from the viewpoint of a professional who deals with it every day. . . .If we accomplish no more legislatively than that, we've probably done a lot."

Mr. DeLillo mentioned that RIMS will continue lobbying efforts, particularly on issues of general interest to the group's diverse membership. The diversity of members means that when RIMS takes a position on narrower issues, some portion of the membership inevitably opposes the stance.

As RIMS has improved its Internet site, it has dropped RIMSNET, its online information service. Much of the information previously available in RIMSNET now can be found at the society's World Wide Web site, http://www.rims.org.

The site has been "totally redesigned," Mr. Wilder said. It has become much more popular, drawing 213,000 hits in February. That compares with 25,000 hits the page was averaging monthly at this time last year.

In line to succeed Mr. DeLillo is Susan R. Meltzer, assistant vp-insurance and risk management at Sun Life Assurance Company of Canada in Toronto. She will serve as first vp of RIMS.

As Mr. Wilder steps down, he calls his term "one of the best years of my life."

"Have fun," he advised Mr. DeLillo. "It goes really quickly." BI

Incoming RIMS president DeLillo 'can't sit on the sidelines'

By MICHAEL BRADFORD

Mark A. DeLillo knows a one-year term is not enough time to get everything done as president of the Risk & Insurance Management Society Inc.

As RIMS' incoming president, the 42-year-old Mr. DeLillo will be sworn in at the society's 36th annual conference and exhibition next week in San Diego. He sees much of his role as building on what former presidents have put in place.

"There's truly a continuum of leadership within the organization, and that's our strength," he said during a recent interview in New York.

"We've had many, very fine leaders," Mr. DeLillo added. But the initiatives and challenges established by the last three presidents—William J. Kelly, Louis J. Drapeau and Stephen M. Wilder—"are so significant that one year's efforts do not do them justice."

Those three former RIMS presidents set the stage for "RIMS as an organization and RIMS as a profession well into the next century," Mr. DeLillo said. During their administrations, those presidents emphasized education, technology and quality.

"And what I see is the need to take those initiatives forward, not on a year-by-year basis but as a continuum, and to enhance and develop services and products for the membership."

Mr. DeLillo, vp-risk management at Celotex Corp. in Tampa, Fla., said his foremost mission is to meet the needs of member companies.

"I am very much a member person," Mr. DeLillo said. "I think that the strength of the organization is the individual members," he added, and RIMS should focus on providing members with value in exchange for their dues.

Mr. DeLillo's career began at Travelers Insurance Co. in Louisville, Ky., where he spent seven years in the claims department.

In 1983, he joined Clearwater, Fla.-based Jack Eckerd Corp., a retail drug-store chain now known as Eckerd Corp., as a senior risk management analyst.

Two years later, he was promoted to manager of the risk management department and stayed there until 1989.

That year, he joined Tampa-based building materials manufacturer Jim Walter Corp., then the parent of Celotex.

Last May, Celotex emerged from a bankruptcy reorganization and purchased the assets of the parent company, consolidating all activities under the Celotex name.

Mr. DeLillo's affiliation with RIMS began while he was at Jack Eckerd Corp.

Larry Babbitt, who hired Mr. DeLillo at Eckerd and became a friend and mentor, "introduced me to RIMS very early on and extolled the virtues of membership" and participation in the society, Mr. DeLillo recalled.

> *'What I see is the need to take those initiatives forward, not on a year-by-year basis but as a continuum, and to enhance and develop products for the membership.'*
>
> *—Mark A. DeLillo*

Participation came easy, he said. "I have a problem saying no. When I get involved in an organization, I can't sit on the sidelines. I want to participate, I want to contribute."

That helped him move rapidly within RIMS. Still, Mr. DeLillo said, "I never imagined that someday I would have the opportunity to serve as president of the organization. When I joined the (RIMS) Executive Council three years ago, that never entered my mind."

Over the years, Mr. DeLillo has held various positions with the Florida Central chapter of RIMS. His first was as secretary, and he spent a year as president of the chapter in 1989. In 1992 he served on the conference programming committee for the national conference, held in Orlando that year.

Mr. DeLillo has held Executive Council positions of vp-health and safety, vp-membership and chapter services, and vp-international.

His inability to say no means Mr. DeLillo also stays busy in community activities. He volunteers in a number of endeavors.

He is president of the Westshore Alliance, a Tampa group similar to a chamber of commerce. The group's focus is on issues that promote the viability of Westshore Business District, the largest business district in Florida.

For example, the Westshore Alliance helped businesses in the district band together and in conjunction with the Hillsborough County School District set up a day care center. Employees at businesses in the district are able to drop their children off on the way to work.

The companies would have been unable to afford such a service on their own, Mr. DeLillo explained. And they promote the service as an employee benefit.

He also serves as vp of risk management for the Gulf Ridge Council of the Boy Scouts of America, providing the Tampa-area group with safety and risk management on matters such as aquatics, motor vehicles and child safety.

He is a member of the school board of Tampa Catholic High School and belongs to a group called the Alliance of Modern Transit and Liveable Communities, a Tampa group that works to enhance mass transit in the area.

Mr. DeLillo graduated from Geneva College in Beaver Falls, Pa., in 1977, earning a bachelor of science degree in business administration, majoring in accounting. He earned the Associate in Risk Management designation from the Insurance Institute of America in 1985.

Mr. DeLillo and his wife, Deeda, have two children, a son, age 18, and a daughter, 13. BI

San Diego chapter works, plays hard

By JOANNE WOJCIK

While the San Diego Chapter of the Risk & Insurance Management Society Inc. has a reputation for excellence, its board members are just as proud of the group's party prowess.

"The thing that sets this particular group of individuals apart is the camaraderie," observed Ed Miller, immediate past president of the chapter and vp-risk management at Con Am Management. "We are a very socially active chapter."

Treasurer Ellen Vinck, director of risk management at Southwest Marine Inc., agreed. "We party a lot," she joked.

Seriously, though, this group of risk managers uses that social platform to create an environment conducive to networking and education, Ms. Vinck explained.

In fact, the San Diego Chapter has won the national RIMS "Chapter of the Year" competition four years in a row, beginning in 1993.

The chapter, which is hosting this year's annual RIMS annual conference and exhibition, will share its winning formula in a brochure titled "Roadmap to Chapter Success." The brochure will be published by RIMS and distributed at this year's conference.

The chapter also began its own risk manager recognition competition three years ago to recognize its members' individual excellence.

So far, the winning risk managers have been Ms. Vinck in 1996; Steve Grebenstein, risk manager for the San Diego Transit system in 1997; and Dave Dolnick, risk manager for the Brady Cos., a commercial construction subcontractor located in the San Diego suburb of La Mesa, in 1998.

Adopting a certain level of intimacy has made it easier for members of the San Diego RIMS Chapter to feel comfortable participating in monthly meetings, Ms. Vinck believes.

"Sometimes when I go to chapter leadership meetings, I hear a lot of whining about problems with getting members to participate," she said. "But we have a very outgoing and expressive chapter" whose members realize "they're only going to get as much out of RIMS as they put into it."

Mr. Miller agreed. "It's catching, and everybody gets involved," he said.

To further encourage professional and social interaction, the chapter publishes a membership binder that contains profiles of each member. The membership includes about 60 company risk managers and several of their staff.

The purpose of the binder is to create a kind of "brain trust" of risk management professionals whom members can tap when they need certain expertise.

"Sometimes you just don't know who to call," Ms. Vinck said. "The profiles give information on risk managers' different areas of insurance and responsibilities."

Furthermore, some of the social outings take the form of "field trips" to members' companies so other members can see individual workplaces' management structures, Ms. Vinck said.

Some of the San Diego chapter's board members are so dedicated to the organization that they've returned to the board even after serving as president.

Treasurer Ms. Vinck and directors Mr. Dolnick and Mr. Grebenstein all have held every position on the board at least once and now are "recycling" themselves through the hierarchy. Mr. Miller, as immediate past president, begins his recycling process this year.

"Any organization is only as good as its members," observed Mr. Miller. "This group brings a lot to the table."

Other members of the San Diego RIMS Chapter board are:

- President Sarah Mason, assistant attorney, San Diego Unified Port District.
- Vp Sue Watson, director of finance at Western States Investment Group.
- Secretary Jeff McEntee, director of audit and risk management for the San Diego Unified Port District.
- Director Bonnie Likens, benefit manager for the Zoological Society of San Diego.
- Director Edi Mitchell-Oats, risk manager for Price Enterprise.
- Director Barbara Taylor, risk management coordinator for Sharp Healthcare.
- Director Charles Trawick, associate director of safety at Gen-Probe.

Board members of the San Diego Chapter of the Risk & Insurance Management Society Inc. Back row, l to r: Ed Miller, Bonnie Likens, Dave Dolnick, Ellen Vinck and Steve Grebenstein. Front row: Edi Mitchell-Oates, Sarah Mason, Sue Watson and Barbara Taylor.

Industry mergers prompted switch to luncheon debate

By RICHARD TROUT

Will risk managers benefit from the major consolidations that have rocked the insurance and brokerage industries?

That is the question to be posed at the luncheon debate, a new feature this year at the annual conference and exhibition of the Risk & Insurance Management Society Inc.

From noon to 1:45 p.m. Tuesday, April 28, a five-member panel will discuss the impact of broker and insurer consolidations on risk management, particularly the potential for financially motivated decisions on the part of the resulting megabrokers.

"A smaller industry with larger players could be the best thing that ever happened to risk managers, or it could be the worst thing that ever happened to risk managers," said Stephen Wilder, RIMS' president and vp-risk management for The Walt Disney Co. in Burbank, Calif.

"We thought it was important that our members listen to both sides of the argument as to whether consolidation is going to be good for the industry," he said. "To the extent that consolidations create efficiencies and improve the level of quality, obviously our members are going to benefit. To the extent that larger players have more clout that they use not specifically for the betterment of risk managers, we haven't gained much."

Traditionally, the Tuesday luncheon featured a keynote speaker rather than a panel debate. However, according to Mr. Wilder, what distinguishes this year's luncheon is its keen focus.

"In the past, luncheon speakers have never addressed specific risk management concerns of the time. I think the luncheon topic makes the presentation different, as well as the number of speakers," he said.

The panel is made up of two broker executives, two insurance executives and a risk manager. The broker participants are Jack Sinnott, vice chairman of J&H Marsh & McLennan Inc. in New York; and J. Patrick Gallagher Jr., president and chief executive officer of Itasca, Ill.-based Arthur J. Gallagher & Co. The insurer executives are Edward G. Troy, executive vp, Boston-based Liberty Mutual Group; and Jay Fishman, vice chairman of Travelers Property/Casualty Corp. in Hartford, Conn., and president and CEO of the commercial lines unit. The risk manager is Susan R. Meltzer, assistant vp-insurance and risk management, Sun Life Assurance Company of Toronto.

Mr. Wilder will moderate the panel. After a brief presentation, Mr. Wilder will direct questions to the panel participants that have been submitted by RIMS members prior to the conference. The questions will not be given to the panel prior to the debate.

Those wishing to submit a question should stop by the RIMS booth in the exhibit hall prior to Tuesday's lunch. Staff will forward questions to the moderator. Questions are also

See **Debate** on next page

Debate

Continued from page T39

being solicited prior to the conference via a fax-back form that can be obtained on the RIMS World Wide Web site at http://www.rims.org, or by calling RIMS at 212-286-9292, ext. 258.

If time permits, conference registrants will also be able to ask questions from the floor.

'In order to provide a service to our members, we need to be proactive and we need to quickly identify what are major issues of concern for the membership, and then address those issues. . .'
—Richard Sadler

"It's a wonderful opportunity to listen to leaders from companies that have consolidated and from leaders from companies that haven't and discover what the future is going to bear for us," Mr. Wilder said.

"What we hope to get from (the panel participants) are candid responses to how we, the purchaser, will be affected by what has taken place and what continues to take place," said Richard Sadler, vp-conference for RIMS and risk manager-worldwide sales support for Microsoft Corp. in Redmond, Wash. "I think it's going to be a very worthwhile session for people to attend."

Mr. Sadler said the Tuesday luncheon panel reflects a general change in leadership at the RIMS executive council. More emphasis is being placed upon the need to change more quickly, and the executive council's decision in December to coordinate a luncheon panel is a reflection of this more-aggressive approach, said Mr. Sadler.

"In order to provide a service to our members, we need to be proactive and we need to quickly identify what are major issues of concern for the membership, and then address those issues in a format that the majority of our members can take advantage of," he observed.

"At the executive council level, there is significant progress being made, and I certainly hope that will continue," Mr. Sadler added.

Mark A. DeLillo, first vp of the RIMS executive council and vp-risk management for Celotex Corp. in Tampa, Fla., said it was remarkable the luncheon debate was organized so quickly, and he emphasized how the significance of the consolidation issue motivated the decision to shift from a scheduled speaker to a debate.

"RIMS doesn't have a position yet, but it is incumbent upon RIMS to provide as much information and education as possible on the issue, so the individual members can make an informed judgment on the impact of consolidation on their companies," Mr. DeLillo said.

Mr. Wilder agreed. "Each year our business gets more sophisticated, and risk managers need new tools and new skills. I think the educational content of every conference improves upon the year before. We have to do that to survive in the world," he said. BI

Session evaluation improves

New forms, more supervision promote feedback

A session evaluation method implemented last year helped organizers plan RIMS' 1998 annual conference and exhibition.

The technology-enhanced evaluation process really helped the committee decide how to improve the sessions that were being offered this year, said Barbara Parker, director of conferences for the Risk & Insurance Management Society Inc.

Before last year, only about 500 to 600 evaluation forms were returned, whereas during the 1997 conference, more than 8,000 evaluation forms were returned, according to Ms. Parker. Because of the improved response, the conference programming committee was better able to fine-tune the 1998 sessions, she said.

At the conferences prior to last year, RIMS produced the session evaluation forms on tablets that were included in the registration kit distributed at the beginning of the conference. As a result, many attendees didn't bring their evaluation forms to educational and industry sessions, Ms. Parker said.

Last year, however, the forms were passed out by door monitors at the beginning of each session, causing the response rate to improve dramatically.

In addition, RIMS outsourced the job of producing the forms to Princeton, N.J.-based ScanTron Survey Group. ScanTron improved the wording of the forms, asking more specific, direct questions that were easier for attendees to answer. Because the forms were later electronically scanned, as standardized tests are, it was also easier for RIMS to analyze the data.

For the first time, RIMS also hired temporary personnel as door monitors who supervised the distribution and collection of the evaluation forms. The door monitors performed several functions: ensuring that only the attendees registered for the sessions were admitted, passing out the evaluation forms to registrants, and collecting the completed forms.

As a result of this closely supervised process, the conference programming committee was able to get a more accurate picture of session attendance in addition to session quality.

"Because we asked specific questions, we got more specific data," said Ms. Parker. Consequently, session coordinators have received more feedback from the conference programming committee and have adjusted this year's sessions accordingly.

—By Richard Trout

'Early bird' golf tournament has individual openings

The bad news for golfers is that the seventh annual Spencer/Gallagher Golf Tournament is closed at its limit of 224 players.

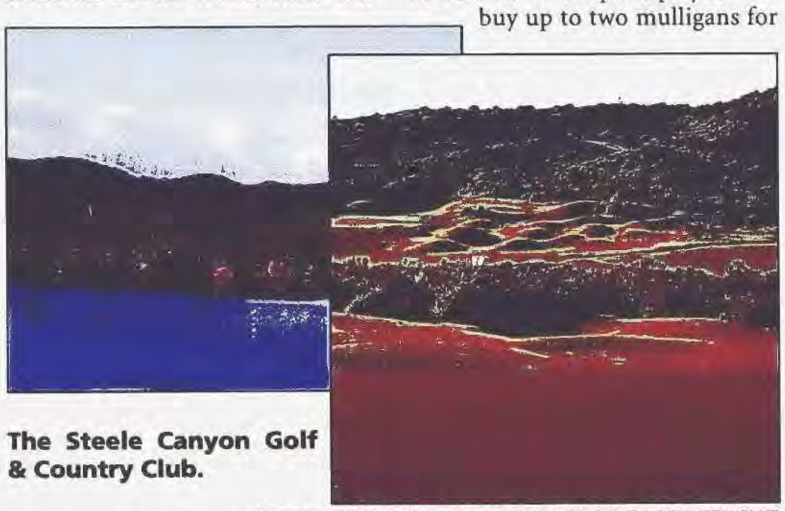
The good news is that additional spaces are available for an "Early Bird" tournament scheduled for Saturday, April 25.

Golfers playing to benefit the Spencer Educational Foundation Inc. will drive, chip and putt at the Steele Canyon Golf & Country Club in Jamul, Calif., about 25 miles east of downtown San Diego. The Gary Player signature facility is made up of three nine-hole courses.

The "Early Bird" tournament is for individuals rather than teams and will have tee times from 1 to 3 p.m. Spots remain available for this tournament, with an entry fee of $150 per player.

Awards in the "Early Bird" tournament will go to the first- and second-place finishers in low gross and low net, with first-place winners receiving leather totes and second-place finishers winning leather shoe bags, said organizer Dean Shrable of Arthur J. Gallagher & Co. in New Orleans.

The main tournament, a best-ball, four-person team scramble, is scheduled to begin at 8:30 a.m. Sunday. Buses will leave about 7:15 a.m. from the San Diego Marriott Hotel & Marina and the Westin Hotel San Diego-Horton Plaza. A continental breakfast will be available at the club before the tournament starts.



The Steele Canyon Golf & Country Club.

PHOTOS: COURTESY OF STEELE CANYON GOLF & COUNTRY CLUB

Each team in the Sunday tournament will play 18 holes on two of the three courses, Mr. Shrable said. About one-third will play the Canyon-Ranch combination, with a slope of 125; about another third will play the Ranch-Meadow combination, with a slope of 124, and the remainder will play the Meadow-Canyon combination, with a slope of 123. As in the past, players can buy up to two mulligans for $5 each.

A cookout is set to begin at 2 p.m., when the tournament should be finished, and buses returning to the Marriott and Westin hotels will leave the club at 3:30 p.m.

Prizes this year will go to the top three teams and will be golf-related, Mr. Shrable said. All four players on the winning team will get a Tight Lies trouble wood.

Other competitions will include a beat-the-pro challenge and a hole-in-one contest. Two holes in that contest will offer a $10,000 grand prize for holes in ones. Other hole-in-one prizes include airline tickets and golf clubs.

The fee per player in the Sunday tournament is $225. Mr. Shrable hopes the tournament raises $50,000 for the Spencer foundation, which provides scholarships to students in risk management and insurance. The 1997 tournament at the Stone Mountain Park near Atlanta raised about $45,000, he said.

Mr. Shrable said he already has set up a 36-hole facility for the 1999 conference in Dallas and praised the staff of the San Diego club for allowing RIMS to use the course for the entire day Sunday and for cooperating for the "Early Bird" tournament.

"We owe them a big 'Thank you,'" he said.

—By Todd J. Behme

Tennis takes to the air

Tournament to be played on roof of San Diego Marriott

Tennis players this year will move up and out.

The Fourth Annual Spencer/Logic Associates tennis tournament will be played on the roof of the San Diego Marriott Hotel & Marina in San Diego.

Play will begin at 8 a.m. Sunday, April 26. Men and women will play separately, and players will compete in two divisions: A for advanced players and B for beginners.

For men, the A level is for those with a rating of 4.0 or above, and B is for those from 2.5 to 3.5. For women, 3.5 or better marks the A level, with the B level for 2.5 to 3.0 players.

The round-robin tournament will have playoffs for finalists and will include fast-serve and target-serve contests.

A luncheon and awards ceremony will be held after the tournament at the Marriott's Coronado Terrace. Non-participants may watch the tournament free and attend the luncheon for $20.

The entry fee for players is $50. Racquet rental is available. A few slots were left as of April 15.

Barry Citron of New York-based Logic Associates Inc., an executive recruitment firm specializing in risk management, said the 1997 tournament raised $7,500 for the Spencer Educational Foundation Inc., which provides scholarships to students in risk management and insurance. "We expect to top it easily this year," Mr. Citron said.

For more information, contact Mr. Citron, Bill Perry or Abe Altschule at Logic Associates, 212-227-8000.

—By Todd J. Behme

Volleyball tourney at Mariners Point

Sets and spikes will replace sticks and slap shots.

In response to feedback from attendees who noted that hockey appeals primarily to men, the third annual ESIS Cup will be awarded on sand rather than ice.

A beach volleyball tournament will be held Sunday, April 26, with a team of insurers and third-party administrators battling a team of risk management and brokerage professionals.

The match is scheduled to begin at 11 a.m. at Mariners Point, 3224 Mariners Way in the Mission Bay area north of downtown San Diego. Players and spectators will need to get to the site on their own.

Teams will be made up of 12 to 15 people, with six at a time playing on a side. The first team to win two games will be the winner. Professional officials will referee the match.

ESIS, a unit of CIGNA Property & Casualty Insurance Co., also will provide a second net for pickup-type games for those who do not want to compete in the ESIS Cup event.

Anyone interested in playing—especially on the risk manager/broker team—should call Ginny Trainor of CIGNA Property & Casualty at 215-761-5273. ESIS Cup players must be full-time employees of the industry.

The move this year to a co-ed volleyball match marks a change in ESIS' fundraising strategy. ESIS now will sponsor the hockey game every other year, with a co-ed event, such as softball, held on the alternate years. Hockey will return next year.

Also, in contrast to last year, ESIS from now on will sponsor only one event each year in order to focus on that event. Cosmic Bowling, played last year as part of the Atlanta conference, will not take place this year.

No entrance fees are charged for ESIS Cup events, which raise money through corporate sponsorship. ESIS hopes the volleyball match will raise $6,000 for the Spencer Educational Foundation Inc., which provides scholarships to students in insurance and risk management.

—By Todd J. Behme

RIMS dates

The 37th annual conference and exhibition of the Risk & Insurance Management Society Inc. will take place April 11-16, 1999 in Dallas.

Other upcoming conferences:

· April 30-May 5, 2000 in San Francisco

· April 29-May 4, 2001 in Atlanta.

For more information, call RIMS customer service at 212-286-9292 or visit the RIMS web site at http://www.rims.org.

Conference schedule at a glance

Sunday, April 26

- Noon-6 p.m.: Annual conference and exhibition registration at the San Diego Convention Center.
- Golf and tennis tournaments and beach volleyball to benefit Spencer Educational Foundation Inc. (see separate stories for times and locations).
- 4 p.m.-5 p.m.: First Timers' Orientation in Room 14B at the San Diego Convention Center.
- 5 p.m.-7 p.m.: Opening reception in the Marriott Hall if the San Diego Marriott Hotel & Marina.
- 5:30 p.m.-11:30 p.m.: Hospitality suites open at the Hyatt Regency San Diego, the San Diego Marriott Hotel & Marina and the San Diego Sheraton Hotel & Marina.

Monday, April 27

- 7 a.m.-5 p.m.: Registration at the San Diego Convention Center.
- 7:30 a.m.-10 a.m.: Breakfast and annual membership meeting in the San Diego Convention Center ballroom.
- 10 a.m.-5 p.m.: Exhibit hall open in the San Diego Convention Center.
- 10:30 a.m.-11:30 a.m.: First Timers' Orientation in Room 14B of the San Diego Convention Center.
- Noon-1:15 p.m.: Boxed lunch in the exhibit hall.
- 1:45 p.m.-5 p.m.: Conference sessions.
- 5:30 p.m.-11 p.m.: Hospitality suites open at the Hyatt Regency San Diego, the San Diego Marriott Hotel & Marina and the San Diego Sheraton Hotel & Marina.

Tuesday, April 28

- 8 a.m.-5 p.m.: Registration at the San Diego Convention Center.
- 9 a.m.-11 a.m.: Conference sessions.
- 9 a.m.-5 p.m.: Exhibit hall open in the San Diego Convention Center.
- Noon-1:45 p.m.: Luncheon debate on consolidation in the San Diego Convention Center ballroom.
- 1:45 p.m.-3 p.m.: Dessert reception in the exhibit hall.
- 3 p.m.-5 p.m.: Conference sessions.
- 5:30 p.m.-11:30 p.m.: Hospitality suites open at the Hyatt Regency San Diego, the San Diego Marriott Hotel & Marina and the San Diego Sheraton Hotel & Marina.

Wednesday, April 29

- 8 a.m.- 5 p.m.: Registration at the San Diego Convention Center
- 8:30 a.m.-10 a.m.: Conference sessions.
- 9 a.m.- 5 p.m.: Exhibit hall open.
- 10:15 a.m.-11:45 a.m.: Conference sessions.
- Noon-1:15 p.m.: Brown Bag Lunch in the San Diego Convention Center ballroom.
- 1:45 p.m.-3 p.m.: Conference sessions.
- 3:30 p.m.-5 p.m.: Conference sessions.
- 5:30 p.m.-11:30 p.m.: Hospitality suites open at the Hyatt Regency San Diego, the San Diego Marriott Hotel & Marina and the San Diego Sheraton Hotel & Marina.

Thursday, April 30

- 8 a.m.-4 p.m.: Registration at the San Diego Convention Center.
- 9 a.m.-noon: Exhibit hall open.
- 9 a.m.-11 a.m.: Conference sessions.
- Noon-1:15 p.m.: Brown Bag Lunch in the San Diego Convention Center ballroom.
- 1:45 p.m.-3:15 p.m.: Conference sessions.
- 3:30 p.m.-5 p.m.: Conference sessions.
- 5:30 p.m.-11:30 p.m.: Hospitality suites open at the Hyatt Regency San Diego, the San Diego Marriott Hotel & Marina and the San Diego Sheraton Hotel & Marina.

Friday, May 1

- 8:30 a.m.-10:30 a.m.: Solution Sharing sessions in the San Diego Convention Center ballroom.
- 10:30 a.m.-noon: Information Exchange Brunch in the San Diego Convention Center ballroom.

Spencer looks to receive, give

Foundation hopes to raise $10,000 through raffle

Helping put students through school might put money in your pocket.

A raffle taking place this year will benefit the Spencer Educational Foundation Inc., which provides scholarships to students in risk management and insurance.

The foundation will award $115,000 in scholarships this year to full-time students of risk management and insurance. The scholarships will include the first award of the $10,000 Anita Benedetti Memorial Scholarship to an outstanding woman graduate student. Ms. Benedetti, who died in 1996, was the deputy executive director of the Risk & Insurance Management Society Inc. and president of the Spencer Foundation.

The scholarship recipients will be announced at the Spencer luncheon for RIMS chapter presidents and society directors on Monday at the conference.

Under another Spencer program, six universities will share $15,000 in grants for the Risk Manager in Residence program that the Spencer board authorized last year. The schools are: Creighton University in Omaha, Neb.; Middle Tennessee State University in Murfreesboro; Southwest Missouri State University in Springfield; the University of Mississippi in University; the University of Wisconsin in Madison; Xavier University in Cincinnati.

Among the risk managers selected to lecture and work with faculty at the universities are: Stephen Finley, director of risk management for the Denver Public Schools, who will lecture at Xavier; Thomas G. Epper, risk manager for Odebrecht Contractors of Florida Inc., who will lecture at Southwest Missouri State; and Mary Isbell, director of risk management for Houston-based Friedkin Cos. Inc., who will lecture at Creighton. The other two universities have not selected their risk managers in residence.

Meanwhile, membership in two exclusive clubs introduced last year has grown to four.

The Millennium Leadership Club is made up of organizations or Risk & Insurance Management Society Inc. chapters that pledge $50,000 or more to the foundation over the next three years. The Millennium Club is for those pledging $30,000 or more over the next three years.

The Dallas/Fort Worth, Texas, chapter of RIMS joins the Atlanta chapter as a Millennium Leadership member. Also, the Delaware Valley RIMS chapter and Boston-based Liberty Mutual Group have joined the Millennium Club.

The raffle has been promoted since January, and the drawing will be held at noon EST Tuesday, May 5, at RIMS' New York headquarters. Winners do not need to be present at the drawing.

Tickets are $25 each, or five for $100, and will be available until 5 p.m. EST Monday, May 4.

The grand prize is $5,000 cash. The second prize is $2,500, and five third prizes of $500 each will be awarded, said Angela Sabatino, secretary and administrator of the foundation.

The silent auction held in previous years at the annual conference and exhibition will not take place this year because money raised from that event was decreasing, Ms. Sabatino said. "So we figured people needed a change of pace," she said.

The foundation hopes to raise $10,000 through the raffle.

Anyone wishing to buy tickets should contact Ms. Sabatino at RIMS, 212-286-9292, ext. 221, or via e-mail at asabatino@rims.org.

The Spencer Foundation last year changed its fiscal year to a calendar year from one ending June 30. Following is a list of contributors and pledges to the foundation this year as of March 31:

- **Millennium Leadership** (pledge of $50,000 or more for three years): Atlanta Chapter of RIMS, Dallas/Fort Worth Chapter of RIMS.
- **Millennium Club** (pledge of $30,000-$49,999 for three years): Delaware Valley Chapter of RIMS, Liberty Mutual Group, Rocky Mountain Chapter of RIMS with J&H Marsh & McLennan.
- **Sponsors** ($5,000-$11,999): American International Group Inc., AM-RE Managers Inc., *Business Insurance*, Hartford Steam Boiler & Inspection Co., Houston Chapter of RIMS, Greater Kansas City Chapter of RIMS, Massachusetts Chapter of RIMS, Willis Corroon, Zurich-American Foundation.
- **Benefactors** ($2,500-$4,999): General Reinsurance Corp., J&H Marsh & McLennan, PHICO Insurance Co., Wausau Insurance Cos.
- **Patrons** ($1,000-$2,499): Individuals: Brian Duperreault, P. Richard and Linda S. Hackenburg, Christine LaSala.

  Organizations: Connecticut Valley Chapter of RIMS, The Dun & Bradstreet Corp., International Risk Management Institute Inc., Matheson Bank Ltd., New Jersey Chapter of RIMS, Oregon Chapter of RIMS, Physicians' Reciprocal Insurers, Santa Clara Chapter of RIMS.
- **Contributors** ($500-$999): Individuals: Dr. James V. Davis, Brooke N. Williams.

  Organizations: Marshall, Dennehey, Warner, Coleman & Goggin, Robert Hughes Associates Inc., San Diego Chapter of RIMS, Shand Morahan & Co. Inc., South Texas Chapter of RIMS, White & Williams L.L.P.
- **Donors** ($250-$499): Rodney D. Day III, John Deitchman, Richard C. Heydinger, William J. Kelly, John P. Keyser, James W. McElvany, Eileen and Peter Rhulen, Michael G. Whelan, James W. Smirles, John B. Sullivan, Gerald R. Swanson, Sue and Stephen Wilder, Anne M. Zug.
- **Friends** ($100-$249): Individuals: Maryann E. Amici, Peter Bostwick, Alexander C. Cameron, Andrew F. Catapano, Joyce and James DeDeo, Mary E. Isbell, Dan Knise, Phillip L. Luecht, James C. Newton Jr., Benita Page, Christopher L. Pethley, Peter A. Rancourt, John C. Smith.

  Organizations: ARS Inc. of Illinois-Chicago, Central Illinois Chapter of RIMS, Georgia Gulf Corp., Vermont Captive Insurance Assn.
- **Supporters** ($25-$99): Individuals: John C. Culkin, Robert K. Meyers, Thomas W. Norton, John C. Pinner, Truman G. Pope, Angela Sabatino, Jodeen Urban, Ron and Kelly Winans in memory of Raymond F. Fillmore, Ron and Kelly Winans in memory of Montie C. Ralstin Sr., Gianni Zunino.

  Organizations: Advanced Micro Devices Inc., Safety Services of America Inc. BI

New California smoking law strict

Smokers attending this year's Risk & Insurance Management Society annual conference and exhibition will find that lighting up in California is a real drag.

On Jan. 1, California became the first state to ban smoking in most enclosed public places, including bars, restaurants and casinos.

But the moratorium isn't meant to criminalize smoking, state officials say. Rather, its objective is to give employees a safer workplace, one free of secondhand smoke, which has been linked to lung cancer, respiratory problems and other illnesses. The American Lung Assn. estimates that a bar and/or casino worker's exposure to secondhand smoke in one eight-hour shift can be the equivalent of smoking a pack of 20 cigarettes.

More than 35,000 bars, gambling parlors and bar/restaurants in the state are affected by the change. Owners breaking the law can be fined up to $100 for a first offense and up to $7,000 per violation for a series of offenses. Smokers also could be fined.

While the state Assembly has bowed to bar owner pressure and voted last month to repeal the ban, the repeal measure faces tough opposition in the Senate, where legislation to stave off the ban died last year. Health groups are mobilizing their volunteers and members to lobby senators against the appeal.

However, not everyone was forced to stop puffing away when the clock rang in 1998: Smokers still can light up in owner-operated establishments such as small taverns where the proprietor is the sole employee.

—*By Joanne Wojcik*

A sampling of San Diego's culinary abundance

San Diego dangles a lively mix of cultures and cuisines before the tourist's senses. When it comes to taste and smell, "Pacific Rim" is the label many restaurateurs attach to their food. This blend of Asian, Californian and Mexican combined with French accents provides the diner with a tantalizing variety of novel dishes. Season the scene with a healthy dash of Italian. Tempting presentations emphasizing the area's abundant fresh seafood and vegetables abound.

Add the stunning sight of the too-blue-to-be-true water, the feel of warm sand yielding beneath one's feet, the peaceful somnolent sound of waves slapping a lullaby against the shore and the lively rhythms of salsa, jazz, cajun and other ethnic music. Sounds like a recipe for paradise, at least for a week. Here's a sample of San Diego's restaurant life. Bon appetit!

—Compiled by Sharon Crowley Whalen

AESOP'S TABLES
8650 Genesee Ave., Golden Triangle
619-455-1535
Greek and Moroccan cuisine. Lively atmosphere. Specialties include moussaka, kabobs (seafood or meat), vegetarian dishes, and lamb. Daily specials. Average dinner for two with wine and gratuity: $45. Dress code: casual. All major credit cards accepted. Reservations for five or more only. Sunday-Monday 11 a.m.-9 p.m. Tuesday-Saturday 11 a.m.-10 p.m. Free parking in shopping center lot.

ATHENS MARKET TAVERNA
109 West F St., Downtown
619-234-1955
Lively, upscale Greek restaurant. Specialties include halibut and combination plates. Vegetarian dishes include moussaka and spanakopita. Average dinner for two with wine and gratuity: $55. Dress code: casual. Reservations recommended. All major credit cards accepted. Two blocks from Convention Center. Sunday-Thursday 4 p.m.-9 p.m. Friday-Saturday 4 p.m.-10 p.m.

AZZURA POINT
4000 Coronado Bay Road, Coronado
619-424-4000
Renovated to resemble a Venetian palace. California/Mediterranean. Specialties: John Dory with fennel, fingerling potatoes and artichokes; Pacific halibut with tomato-orange relish; New Zealand rack of lamb with white corn and black truffle sauce. Vegetarian tasting menu available. Eclectic wine list. Reservations recommended. Dress code: dressy casual. Average dinner for two with wine and gratuity: $85. All major credit cards accepted. Validated valet parking available. Monday-Thursday 6 p.m.-10 p.m.Friday-Saturday 6 p.m.-11 p.m. Closed Sunday.

BAYOU BAR & GRILL
329 Market St., Downtown, near Gaslamp 619-696-8747
Creole-Cajun restaurant decorated with New Orleans memorabilia. Specialties include 17 Creole-Cajun entrees, and pizza, steak and duck. Sunday champagne brunch. Smoking available on heated patio. Average dinner for two with wine and gratuity: $55. Lunch: 11 a.m.-3 p.m. Dinner: Sunday-Thursday 5 p.m.-10 p.m. Friday-Saturday 5 p.m.-11 p.m. Parking available on street and reasonable lot.

BELLA LUNA
748 Fifth Ave., Downtown
619-239-3222
Southern Italian, tablecloth restaurant. Specialties include chicken, veal, fish, pasta, seafood. Several pasta and risotto dishes for vegetarians. Home-made desserts. Average dinner for two with wine and gratuity: $75. Dress code: dressy casual. Lunch: Monday-Friday: 11:30 a.m-3 p.m. Dinner daily:5 p.m.-11 p.m.

BERTA'S RESTAURANT
3928 Twiggs St., Downtown
619-295-2343
Small Latin American restaurant. Reservations essential. Central and South American specials include seafood combinations and lamb stew with ginger and wine cream sauce. Vegetarian dishes available. Extensive Latin American beer and wine list. Dress code: casual. Average dinner for two with wine and gratuity: $40. Credit cards accepted: AMEX, VISA and Mastercard. Tuesday-Sunday 11 a.m.- 10 p.m. Parking available in free lot and on street.

BLUE POINT
565 Fifth Ave., Gaslamp
619-233-6623
Coastal fresh seafood restaurant serving scallops, oysters, lobster, sea bass, salmon and more. Specialties include sesame-crusted

Continued on next page

PHOTO: COURTESY OF THE SAN DIEGO CONVENTION & VISTORS BUREAU

Continued from previous page

salmon with sake butter, seared miso-marinated bass with braised vegetables and wild mushrooms in a lemon grass broth and grilled fresh Maine lobster with a toasted macadamia nut butter. Beef and lamb dishes also available. Dessert offerings include: chocolate banana caramel crunch cake topped with vanilla bean ice cream, candied walnuts and chocolate and caramel sauces. Average dinner for two with wine and gratuity: $80. Dress code: casual. Reservations recommended. All major credit cards accepted. Patio for smokers. Serving daily beginning at 5 p.m. Valet parking: $5.

THE BOATHOUSE
2040 Harbor Island
619-291-8010
Seafood with a view. Specialties include fresh mahi, salmon and ahi prepared in a variety of ways, from poached to char-broiled. Beef and poultry dishes also available. Average dinner for two with wine and gratuity: $65. Dress code: dressy casual. Reservations recommended. All major credit cards accepted. Monday-Thursday 11:30 a.m.- 10 p.m. Friday-Saturday 11:30 a.m.-11 p.m. Ample parking on marina.

BOMBAY EXOTIC CUISINE OF INDIA
(FORMERLY MONSOON)
3975 Fifth Ave., Hillcrest
619-298-3155
Gourmet Indian. Romantic atmosphere with 40-foot waterfall, cast iron furniture, warm spice-colored interior. Specialties include tikka masala (curried chicken breast in cream tomato sauce), tandoori dishes, curries, fresh naan bread. The menu is 70% vegetarian. Average dinner for two with wine and gratuity: $60. Patio available. No reservations. All major credit cards accepted. Lunch: 11 a.m.-2:30 p.m. daily Dinner: 5 p.m.-10 p.m. daily. Validated parking available underneath building.

THE BRIGANTINE
1333 Orange Avenue, Coronado
619-435-4166
Coronado entry in southern California chain. Casual to fine dining. American menu featuring seafood, chicken and pasta. Specialties include swordfish, salmon and top sirloin. Average dinner for two with wine and gratuity: $60.00. Lunch: Monday-Friday: 11:30 a.m.-2:30 p.m. Dinner: Sunday-Thursday 5 p.m.- 10:30 p.m. Friday-Saturday 5 p.m.-11:30 p.m. Weekday happy hour 3 p.m.-6 p.m. Reservations recommended. All major credit cards accepted.

BUFFALO JOE'S
600 Fifth Ave., Downtown
619-236-1616
Country and western setting. American menu. Specialties include steak, baby back ribs, wood-fired pizza, Sunday night: Blues and Barbecue: all-you-can-eat ribs. Reservations recommended. Dress code: casual. Average dinner for two with wine and gratuity: $50. All major credit cards accepted. Lunch: 11 a.m.-3 p.m. Dinner: 3 p.m.-10 p.m. every day. Valet parking available.

BUSALACCHI'S RISTORANTE
3683 Fifth Ave., Hillcrest
619-298-0119
Sicilian. Romantic setting in old home. Specialties include seafood, pasta and veal. Average dinner for two with wine and gratuity: $70. Dress code: dressy casual. Reservations required. All major credit cards accepted. Lunch: Monday-Friday 11:30 a.m.-2:30 p.m. Dinner: Monday-Thursday 5 p.m.-9:45 p.m. Friday and Saturday 5 p.m.-10:45 p.m. Free parking lot across street.

CAFE ELEVEN
1440 University Ave., Hillcrest
619-260-8023
Country French White tablecloth restaurant with walls decorated with art work by locals. Specialties include roasted duck half with green peppercorn sauce, rack of lamb with rosemary sauce. Tuesday-Thursday and Sunday restaurant offers a special $9.95 prix fixe dinner. Restaurant has full bar and a patio available for smokers. Dress code: casual. Reservations recommended. All major credit cards accepted except Diners Club. Sunday 4 p.m.-9 p.m. Tuesday-Saturday 5 p.m.-9 30 p.m. Free parking in shopping center.

CAFE JAPENGO
The Aventine
8960 University Center Lane, La Jolla
619-450-3355
Pacific Rim and sushi. Specialties include roast duck in a bed of woked vegetables with tortillas and plum sauce; shrimp and scallops with assorted vegetables served over rice noodles and a spicy peanut sauce. Average dinner for two with wine and gratuity: $50. Dress code: casual. Reservations highly recommended two days in advance. All major credit cards accepted. Sushi bar Sunday-Thursday 5 p.m-11 p.m. Friday and Saturday 5 p.m.-midnight. Dining room: Sunday-Thursday 5:30 p.m.-10 p.m. Friday-Saturday 5:30-p.m.-10:30 p.m. Valet parking available.

CAFE PACIFICA
2414 San Diego Ave., Old Town
619-291-6666
Fresh fish. Specialties include ahi and herb-crusted fish. Also feature chicken, lamb and pasta. Average dinner for two with wine and gratuity: $60. Dress code: nice casual. Reservations recommended. All major credit cards accepted. Monday-Saturday 5:30 p.m.- 10 p.m. Sunday 5 p.m.-9:30 p.m. Valet or street parking available.

CALIFORNIA CAFE BAR & GRILL
502 Horton Plaza, Downtown
619-238-5440
Pacific Rim kitchen, with French, Chinese and Italian influences. Casual to fine dining. Harbor view. Specialties include oak-roasted rack of pork and Maryland-style crab cakes. Vegetarian dishes include philly cheese Portobello mushroom sandwich. Dress code: dressy casual. Average dinner for two with wine and gratuity: $65. All major credit cards accepted. Hours: Lunch: 11 a.m.-3 p.m. daily. Dinner: 3 p.m.-10 p.m. daily Three hours free, validated parking in mall.

CALIFORNIA CUISINE
1027 University Ave., Hillcrest
619-543-0790
Menu changes daily. Specialities include New York steak, lamb loin, filet of beef tenderloin and ostrich. Desserts, including ice-cream, made in-house. Extensive wine list. Fine dining, in modern, art-filled room and outdoor garden. Average dinner for two with wine and gratuity: $75. Dress code: nice casual. Reservations recommended. All major credit cards accepted. Lunch: Tuesday-Friday: 11 a.m.-5 p.m. Dinner: Tuesday-Sunday: 5 p.m.-10 p.m. Valet parking available on weekends.

CALLAHAN'S PUB & BREWERY
8280-A Mira Mesa Blvd. San Diego
619-578-7892
Irish, American. All home-made food and home-brew makes for a lively but cozy atmosphere. Specialties, besides beer, include corn beef and cabbage, Irish stew and home-made sausage. Saturday night entertainment features Irish music. Average dinner for two with a pint and gratuity: $20. Dress code: casual. All major credit cards accepted. Sunday-Thursday 11 a.m.-midnight. Friday-Saturday 11 a.m.-1 a.m. Sunday breakfast 9 a.m.-noon. Ample parking in mall lot.

CASA DE BANDINI
2660 Calhoun St., Old Town
619-297-8211
Mexican. Specialties include black bean soup for a starter, crab and shrimp fajitas, tequila lime shrimp, chimichangas, enchiladas and vegetarian fajitas. Early bird special with entree and large salad for $6.75 available Monday - Thursday. Average dinner for two with beer and gratuity: $28. Dress code: casual. No reservations. All major credit cards accepted. Monday-Thursday 11 a.m-9 p.m. Friday-Sunday 11 a.m.- 9:30 a.m. Parking on street.

CASA DE PICO
2754 Calhoun St., Old Town
619-296-3267
Mexican. Specialties include carne asada and cheese crisps. Average dinner for two with wine and gratuity: $25. Dress code: casual. No reservations. All major credit cards available. Smoking available on patio. Sunday-Thursday 10 a.m.-9 p.m. Friday-Saturday 10 a.m.-9:30 p.m. Free parking lot next door.

CELADON
3628 Fifth Ave., Hillcrest
619-295-8800
Thai. Authentic dining in tablecloth restaurant. Specialties include seafood, poultry and vegetarian entrees served family style. Average dinner for two with wine and gratuity: $30. Dress code: casual. Reservations recommended on weekends. Credit cards accepted: AMEX, VISA, Mastercard. Lunch: Monday-Friday 11:30 a.m.-2 p.m. Dinner Monday-Saturday 5 p.m.-10 p.m. Closed Sunday. On-street parking.

CERVENCERIA SANTA FE
600 West Broadway Downtown
619-696-0043
Mexican seafood. Specialties include shrimp burritos, seafood chili rellenos and chicken fajitas. Average dinner for two with wine and gratuity: $28. Reservations recommended for lunch. Dress code: casual. Credit cards accepted: AMEX, VISA, Mastercard and Diners Club. Sunday-Thursday 11:30 a.m.- 9 p.m. Friday and Saturday 11:30 a.m.-10 p.m. Valet parking available.

CHEZ LOMA
1132 Loma Ave. Coronado
619-435-0061
Regional French cuisine served in 100-year-old Victorian cottage. Specialties include duckling, salmon, home-smoked pork loin and a shellfish cassoulet. Average dinner for two including wine and gratuity: $90. Dress code: dressy casual. Reservations recommended. Credit cards accepted: AMEX, VISA and Mastercard. Hours: Sunday-Thursday 5 p.m.-9 p.m. Friday-Saturday 5 p.m.-10 p.m. Parking is available on the street.

CHILANGO'S
142 University Ave., Hillcrest
619-294-8646
Mexican. Specialties include enchiladas with mole poblano or mole verde. Average dinner for two with wine and gratuity: $16. Dress code: dressy casual. No credit cards accepted. Monday-Thursday 10:30 a.m.-9 p.m. Friday-Sunday 9 a.m.-10 p.m. Street parking.

CHINO
919 Fourth Ave. Gaslamp
619-231-9240
American contemporary/Pacific rim. Dramatic, modern supper club featuring open kitchen and eclectic menu. Specialties include tea-smoked sea bass, wok dishes, pastas, sashimi and sushi. Average dinner for two with wine and gratuity: $70. Dress code: dressy casual. Reservations recommended on Saturday. All major credit cards accepted. Dinner: Thursday 5:30 p.m.-10:30 p.m. Friday and Saturday 5:30 p.m.-11:30 p.m. Happy hour Thursday-Saturday from 4:30 p.m.-7 p.m.

CITY DELICATESSEN
535 University Ave., Hillcrest
619-295-2747
New York-style deli sandwiches. Full bakery, in-house pastry chef. Breakfast anytime. Early-bird dinner specials, $8.95. Specialties include: roasted brisket of beef, stuffed cabbage with sweet and sour sauce. Average dinner for two with wine and gratuity: $25. Dress code: informal. Reservations recommended for groups of six or more. All major credit cards accepted. Hours: Sunday-Thursday 7 a.m.-midnight. Friday and Saturday 7 a.m. - 2 a.m.

THE COCONUT CAFE
3944 W. Point Loma Blvd., Loma Portal
619-523-4632
Cal-ribbean cuisine. Jamaican accents. Open for breakfast and lunch only. No liquor. Specialties include jerk chicken salad with mango vinaigrette; the firehouse melt sandwich, (smoked ham with roasted peppers and jalapeno jack cheese.) Average lunch for two with beverage and tip: $16. No reservations. Most major credit cards accepted. Tuesday-Sunday 7 a.m.-2 p.m.

THE CORVETTE DINER
3946 Fifth Ave., Hillcrest
619-542-1001
Diner food. Lively '50s and '60s atmosphere with singing, dancing waiters. Specialties include meat loaf, chicken-fried steak and burgers. Soda fountain, desserts. Full bar. Average dinner for two with wine and gratuity: $25. Dress code: casual. No reservations. All major credit cards accepted. Sunday-Thursday 11 a.m.-10 p.m. Friday and Saturday 11 a.m. - midnight. Free valet parking through lunch.

CREST CAFE
425 Robinson Ave., Hillcrest
619-295-2510
American. Specialties include burgers and chopped salads. Average dinner for two with wine and gratuity: $30. Dress code: casual. No reservations except for groups of five or more. Daily: 7 a.m.-midnight. Breakfast served until noon. Parking: metered on street, free validated lot parking.

CROCE'S
802 Fifth Ave. Downtown
619-233-4355
Two dining rooms with live music: American contemporary food with jazz; Southwestern American food with rhythm and blues. Specialties include pasta, steak, chicken and seafood, including Hawaiian Ahi; linguine with prawns and chicken in a blackened tomato cream sauce. Average dinner for two with wine and gratuity: $80. Reservations taken on a daily basis. All major credit cards accepted. Smoking available on outdoor patio. Dress code: casual. Valet parking available.

Continued on next page

Continued from previous page

DAKOTA GRILL & SPIRITS
901 Fifth Ave., Downtown
619-234-5554
American and Southwestern. Modern bilevel restaurant with piano music on weekends. Specialties include Mesquite grilled chicken, steak, pizza. Vegetarian entrees. Average dinner for two with wine and gratuity: $70. Dress code: casual to dressy. Reservations recommended on weekends. All major credit cards accepted. Smoking available on patio. Lunch: Monday-Friday 11:30 a.m.-2:30 p.m. Dinner: Sunday 5 p.m.-9 p.m. Monday-Thursday 5 p.m.-10 p.m. Friday and Saturday 5 p.m.-11 p.m.

DE MEDICI'S
815 Fifth Ave., Gaslamp
619-702-7228
Regional Italian. Warm candlelit ambience with 16th century Renaissance art gracing the walls. Specialties include cioppino (fish stew), filet of sole stuffed with shrimp and napped with a delicate cream sauce, home-made gnocchi with gorgonzola pesto. Average dinner for two with wine and gratuity: $60. Dress code: casual. Reservations recommended. All major credit cards accepted. Sunday-Thursday 5 p.m.-11 p.m. Friday-Saturday 5 p.m.-midnight. Valet parking available, one mile from the convention center.

D'LISH GOURMET PASTA & PIZZA
386 E. H. Street, Coronado
619-585-1371
California Italian. Specialties include wood-fired pizzas and gourmet pasta. Average dinner for two with wine and gratuity: $25. Dress code: casual. Reservations recommended for Saturday night. All major credit cards accepted.Sunday-Thursday 11:30 a.m.-9 p.m. Friday and Saturday 11:30 a.m.-10 p.m. Free parking nearby.

DOBSON'S
956 Broadway Circle, Downtown
619-231-6771
California French. Cozy but upscale city chic. Specialties include seafood and meat. Signature dish is mussel-lobster bisque. Average dinner for two with wine and gratuity: $90. Dress code: casual at lunch, dressy casual at dinner. Reservations recommended. All major credit cards accepted except Discover. Lunch: Monday-Friday 11:30 a.m.-3 p.m. Dinner: Monday-Wednesday 5:30 p.m.-10 p.m. Thursday-Saturday 5:30 p.m-11 p.m. Parking on street. Validated lot parking for dinner only.

EL EMBARCADERO
KONA KAI CONTINENTAL PLAZA HOTEL
1551 Shelter Island
619-221-8000
Mediterranean cuisine in a modern atmosphere. Ocean view. Specialties include pasta with lobster, New York grilled rib-eye and grilled duck breast with tamarind sauce. Average dinner for two with wine and gratuity: $58. Dress code: casual. Reservations recommended on weekends. All major credit cards accepted. Breakfast: 6:30 a.m.-10:30 a.m. Lunch: 11 a.m.-5 p.m. Dinner: 5 p.m.-10 p.m. Free parking in hotel.

EL FANDANGO
2734 Calhoun St., Old Town
619-298-2860
Mexican and American. Casual, 1800s decor. Specialties include carne asada, pollo asado, shrimp burritos and vegetarian fajitas. Average dinner for two with wine and gratuity: $35. Dress code: casual. Reservations for groups of 10 or more. All major credit cards accepted. Daily: 8 a.m.-9:30 p.m. Parking: free lot nearby.

EL INDIO
409 F St., Downtown
619-299-0333
Mexican. 57-year old chain offers a variety of dishes. Hand-made tortilla chips and tamales. Specialties include chicken burritos and taquito combination plate. Vegetarian entrees. Casual: counter service. Average dinner for two with beer: $16. Reservations available for large, private parties. Credit cards accepted: VISA, Mastercard. Monday-Saturday 11 a.m. - 8:30 p.m. Parking on street.

EMBERS GRILLE
3924 W. Point Loma Blvd., Point Loma
619-222-6877
Eclectic menu with Italian, California and southwest influences. Specialty is wood-fired pizza. Average dinner for two with wine and gratuity: $30. Reservations recommended on weekends. Dress code: casual. All major credit cards accepted. Sunday 11:30 a.m.-9 p.m. Tuesday-Thursday 11 a.m.-9 p.m. Friday and Saturday 11 a.m-10 p.m. Free parking in nearby lot.

FIFTH & HAWTHORN
515 Hawthorn St., Hillcrest
619-544-0940
California/Pacific rim. Upscale, intimate contemporary atmosphere. Daily changes depending on availability of fresh fish, which comprises 50% of menu. Specialties also include duck breast, filet of beef. Vegetarian meals on request. Full bar and wine list. Average dinner for two with wine and gratuity: $50. Features $40 prix fixe dinner. Dress code: nice casual. Reservations recommended. All major credit cards accepted. Lunch: Monday - Friday 11:30 a.m-2 p.m. Dinner: Daily 5 p.m. - 10:30 p.m.

FIO'S CUCINA ITALIANA
801 Fifth Ave., Gaslamp
619-234-3467
Northern Italian. Room decor, paintings replicate Palacio d'Siena horse race. Specialties include: seafood pasta, veal picatta, shrimp scampi, rack of lamb. Extensive Italian and California wine list. Average dinner for two with wine and gratuity: $75. Dress code: dressy casual; no shorts or beach attire. Reservations recommended on weekends. All major credit cards accepted. Smoking on outdoor patio. Dinner daily beginning at 5 p.m. Valet parking. Within walking distance of convention center.

GRANT GRILL
U.S. Grant Hotel at Horton Plaza
326 Broadway St., Downtown
619-232-3121
American. Established 1910, it is the oldest restaurant and hotel in town. Original wood and paintings. Specialties include prime rib and fresh fish. Average dinner for two with wine and gratuity: $65. Dress code: dressy casual; dressier in evening. Reservations recommended. All major credit cards accepted. Sunday-Thursday 5:30 p.m.-10 p.m. Friday-Saturday 5:30 p.m.-10:30 p.m. Validated parking in hotel.

GREAT WALL CAFE
2543 Congress St., Old Town
619-291-9478
Mandarin, Szechaun Chinese. Bar. Specialties include aromatic chicken and orange-flavored beef. Extensive vegetarian menu. Average dinner for two with wine and gratuity: $30. Dress code: casual. Reservations recommended. All credit cards accepted. Smoking available on patio. Sunday-Thursday 11 a.m.-9:30 p.m. Friday-Saturday 11 a.m.-10:30 p.m. Private parking behind restaurant.

GREEK TOWN RESTAURANT
431 E St., Downtown
619-232-0461
Greek. Lively atmosphere with belly dancers on Friday and Saturday night. Restaurant specialties include spanakopita, moussaka dolmadas and hearty salads. Average dinner for two with wine: $70. Dress code: casual. Reservations recommended for parties of five or more. All major credit cards accepted. Tuesday-Sunday 5 p.m.-midnight. Closed Monday. Valet parking available. Walking time from the convention center is approximately 15 minutes.

HAMBURGER MARY'S
308 University Ave., Hillcrest
619-491-0400
American. Casual, open-air dining. Specializing in burgers, including: veggie, turkey and ostrich. Average dinner for two with wine and gratuity: $30. Dress code: casual. Seating: first-come, first-served. Smoking available on patio. Sunday 9 a.m.- 10:30 p.m. Monday-Thursday 10 a.m.-10 p.m. Friday-Saturday 9 a.m.- 11 p.m.; Parking in small lot and on street.

HONG KONG
3871 Fourth Ave., Hillcrest
619-291-9449
Mandarin and Cantonese Chinese. Specialties include noodle dishes, fried rice and soups. Average dinner for two with wine and gratuity: $25. Dress code: casual. No reservations. Credit cards accepted: VISA, Mastercard. Monday-Friday 11 a.m.-2:30 a.m. Saturday-Sunday noon-2:30 a.m. Parking on street.

HUMPHREY'S
Half Moon Inn and Suites
2241 Shelter Island Drive,
619-224-3577
California coastal cuisine. Newly renovated, casual restaurant has views of bay and marina. Specialties include seaweed-encrusted ahi served with sweet corn relish and seaweed salad and baked Maine lobster with drawn butter and lemon. Average dinner for two with wine and gratuity: $90. Dress code: California casual, no beach attire. Reservations especially recommended on weekends. All major credit cards accepted. Lunch 11 a.m.-2 p.m. Dinner Sunday - Thursday 5:30 p.m.-10 p.m. Friday-Saturday 5:30 p.m.-11 p.m. Happy hour, 4:30 p.m.-7:30 p.m, with live music and hors d'oeuvres. Ample parking. 15 minute ride from convention center.

ICHIBAN
1449 University Ave., Hillcrest
619-299-7203
Japanese. Specialties include sushi, chicken teriyaki and ginger seafood. Average dinner for two with wine and gratuity: $20. Dress code: casual. Reservations recommended. All major credit cards accepted. Daily 11:30 a.m.-9:30-p.m. On-street metered parking available.

IDA BAILEY RESTAURANT
Horton Grand Hotel
311 Island Ave., Gaslamp
619-544-1886
American. Victorian decor embellished with antiques. Specialties include rack of lamb and grilled salmon. Average dinner for two with wine and gratuity: $60. Reservations recommended. All major credit cards accepted except Discover. Lunch: Monday-Saturday 11 a.m.-2:30 p.m. Dinner: daily 5 p.m.-10 p.m. Sunday champagne brunch: 10: a.m.-2 p.m. Valet parking.

IMPERIAL HOUSE
505 Kalmia St., Hillcrest
619-234-3525
Continental. Romantic, elegant atmosphere. Specialties include pepper steak, rack of lamb, Chateaubriand and table-side preparation of steak Diane and Caesar salad. Average dinner for two with wine and gratuity: $110. Reservations recommended. Dress code: dressy, but jacket and tie not required. All major credit cards accepted. Lunch: Monday-Friday 11 a.m.-4 p.m. Dinner Tuesday -Thursday 5 p.m.- 9 p.m. Friday-Saturday 5 p.m.-11 p.m. Closed all day Sunday and Monday after lunch. Valet parking available.

Continued on next page

website information listing on page T33

Continued from previous page

INN AT THE PARK
3167 Fifth Ave., Hillcrest
619-296-0057
Continental. White cloth, intimate room with large booths. Specialties include prime rib, steaks and fresh seafood. Average dinner for two with wine and gratuity: $60. Dress code: dressy casual. Reservations recommended Friday and Saturday. All major credit cards accepted except Diners Club. Sunday, Monday, Wednesday, Thursday 5 p.m.-10 p.m. Friday and Saturday 5 p.m.-11 p.m. Closed Tuesday. Free parking available in hotel lot.

JACK AND GIULIO'S
2391 San Diego Ave., Old Town
619-294-2074
Italian. Small, quaint. Specialties include butterflied shrimp Giulio and filet mignon with cognac sauce. Average dinner for two with wine and gratuity: $40. Reservations recommended. All major credit cards accepted except Diners Club. Lunch Monday-Friday 11:30 a.m.-2 p.m. Dinner: Sunday Noon-9:30 p.m. Monday-Thursday 5 p.m.-9:30 p.m. Friday 5 p.m.-10:30 p.m. Saturday noon-10:30 p.m. Parking available in lot.

JARED'S HARBOR ISLAND
880 E. Harbor Island Dr., Harbor Island
619-291-1028
Steak house in a paddlewheeler anchored in harbor. Private fourth floor dining room with spectacular views seats 2-14. Specialties include mushroom strudel appetizer, hand-trimmed prime rib chop, fresh salmon with roasted artichoke sauce and lamb t-bones roasted with rosemary garlic oil. Average dinner for two with wine and gratuity: $100. Reservations recommended. Dress code: casual. All major credit cards accepted. Sunday 4 p.m.-9 p.m. Tuesday-Friday 5 p.m.-10 p.m. Saturday 5 p.m.-11 p.m. Closed Monday.

JIMMY LOVE'S
672 Fifth Ave., Downtown
619-595-0123
Contemporary American cuisine. Casual atmosphere with live entertainment every night. Menu changes seasonally, with emphasis on beef, chicken, fresh fish, pasta and pizza. Vegetarian entrees available on request. Average dinner for two with wine and gratuity: $40. Dress code: California casual. Reservations recommended. All major credit cards accepted except Discover. Daily: 5 p.m.-10 p.m. Valet parking available.

KANSAS CITY BARBECUE
610 W. Market St., Downtown
619-231-9680
Barbecue Kansas city style, which means the meat is marinated first, then cooked over an open pit and sauced just before serving. Specialties include pork ribs with slaw and baked beans. Average dinner for two with beer and gratuity: $25. Very casual atmosphere. Top Gun bar scenes filmed here. Family restaurant: beer and wine only. Two patios and three indoor rooms. No reservations taken except for parties of eight or more. Credit cards accepted: VISA, Mastercard and Discover. Daily: 11 a.m.-1 a.m. Located two blocks from the convention center.

KAREN KRASNE'S EXTRAORDINARY DESSERTS
2929 Fifth Ave., Hillcrest
619-294-7001
Dessert cafe. Specializing in artistic cakes and pastries. Other specialties include scones, cookies and home-made ice cream. Casual: counter service. Average for two desserts plus beverages: $15. Credit cards accepted: VISA and Mastercard. Sunday 2 p.m.-11 p.m. Monday-Thursday 8:30 a.m.-11 p.m. Friday 8:30 a.m.-midnight. Saturday 11 a.m.-midnight. Parking on street and in lot across street.

KARL STRAUSS MICROBREWERY & GRILL
1157 Columbia St., Downtown
619-234-2739
American. Microbrewery serves up a variety of excellent beers along with tasty food. Specialties include beer-battered fish and chips, angel hair pasta with shrimp and pesto turkey sandwich with smoked mozzarella. Average dinner for two with beer and gratuity: $30. Dress code: casual. Credit cards accepted: VISA and Mastercard. Monday-Wednesday 11:30 a.m.-10 p.m. Thursday-Saturday 11:30 a.m.-midnight.

KAZUMI SUSHI
3965 Fifth Ave., Hillcrest
619-682-4054
Sushi bar and dining room. Specialties include tempura, beef and chicken teriyaki and sesame chicken. Average dinner for two with wine and gratuity: $30. Reservations recommended. All major credit cards accepted. Lunch Daily 10:30-a.m.-2:30 p.m. Dinner Sunday-Thursday 4:30 p.m.-10 p.m. Friday and Saturday 4:30 p.m.-11 p.m. Parking available in building lot.

LAEL'S
HYATT REGENCY HOTEL
1 Market Place, Downtown
619-232-1234
American and continental food served in contemporary wood and glass room overlooking courtyard. Specialties include Chef Larry's barbecued ribs, New York steak served with grilled mushrooms and garlic mashed potatoes, barbecued salmon with wild rice pilaf and chicken fettucini. Reservations recommended, especially for buffet nights: Wednesday (Italian), Thursday (prime rib) and Friday (seafood). Average dinner for two with wine and gratuity: $60. All major credit cards accepted. Also serves breakfast and lunch. Daily 6:30 a.m.-10 p.m. Validated parking available.

LA PROVENCE
708 Fourth Ave., Downtown
619-544-0661
Coastal country French. Comfortable decor with long benches and cushions, antiques and fountain lending authenticity. Specialties include salmon encroute on a bed of spinach; blanc de poulet, stuffed with shitake and porcini mushrooms; steak tartare made with freshly chopped filet mignon with Dijon mustard vinaigrette, capers and french fries; and whole rack of lamb roasted with an herb crust, with potato gratin and ratatouille. Average dinner for two with wine and gratuity: $65. Reservations strongly recommended on weekends. Dress code: dressy casual. All major credit cards accepted. Monday-Friday 11:15 a.m.-10 p.m. Saturday-Sunday Brunch 10 a.m.-3 p.m. Dinner 5 p.m.-11 p.m. Parking: Horton Plaza lot, validated three-hour parking.

LA SALSA
415 Horton Plaza, Downtown
619-234-6906
Healthy Mexican. No deep-fried food, no lard used. Specialties include gourmet burrito with chicken and steak, burrito rancheros and chicken taquitos. Casual, fast food restaurant. Average dinner for two with beer: $15. Credit cards accepted: VISA, Mastercard and Discover. Sunday 11 a.m.-7 p.m. Monday-Thursday 9 a.m.- 10 p.m. Friday-Saturday 10 a.m.-10 p.m. Three hours free parking in mall lot.

LAS CASCADAS
San Diego Marriott Hotel and Marina
333 W. Harbor Dr., Downtown
619-230-8990
New menu replaces the shuttered Marina Sea Grill. Dinner menu emphasizes Southwestern cuisine. Specialties include smoked chicken and penne pasta pesto, ahi steak with apricot-citrus glaze and tropical fruit salsa over rice pilaf. Average dinner for two with wine and gratuity: $55. Dress code: casual. Reservations recommended. All major credit cards accepted. Breakfast 6:30 a.m.-11 a.m. Lunch: 11 a.m.-2 p.m. Dinner: Sunday-Thursday 5 p.m.-10 p.m. Friday-Saturday 5 p.m.-10:30 p.m.

LAUREL
505 Laurel St., Downtown
619-239-2222
Mediterranean cuisine from southern France. Robust food in elegant setting. Specialties include curried green lentil soup with fresh herbs offered as a first course; grilled salmon in a warm brown butter, lemon and caper vinaigrette; roasted pork tenderloin in honey and rosemary vinegar sauce with grilled onions and celery root puree; and roasted chicken breast stuffed with wild mushrooms and sweet garlic with savoy cabbage, pancetta and sweet potatoes. Dessert offerings include warm banana tart with honey ice cream and pecan praline.

LA VACHE
420 Robinson Ave., Hillcrest
619-295-0214
Country French. Small, 17-table restaurant decorated to look like a barn in the French countryside; wood beams, candlelit tables. Seasonal menu. Specialties for summer will include rack of lamb provencal; fisherman's casserole; grilled shrimp with aioli sauce; sea bass with black olive sauce. Average dinner for two with wine and gratuity: $45. Dress code: dressy casual. No reservations except for parties of six or more. All major credit cards accepted. Lunch: daily 11:30 a.m.-2:30 p.m. Dinner: Sunday-Thursday 5 p.m.-10 p.m. Friday and Saturday 5 p.m.-11 p.m. Free parking in restaurant lot.

LE FOUNTAINBLEAU
THE WESTGATE HOTEL,
1055 Second Ave., Downtown
619-238-1818
Continental cuisine served in posh but not pretentious atmosphere. Hotel decor resembles Palace of Versailles ante-room with Baccarat crystal chandeliers. Menu specialties include Caesar salad served tableside, Chateaubriand for two, steak Diane flambe, double lamb chops, roast duck l'orange, baked sea bass, lobster thermidor. Average dinner for two with wine and gratuity: $75. Pianist provides background music. Dress code: dressy, but no jacket or tie required. Reservations highly recommended. All major credit cards accepted. Sunday brunch 10 a.m.-2 p.m. Dinner: Monday-Saturday 6 p.m.-10 p.m. Limited valet parking available in hotel.

LIAISON
2202 Fourth Ave., Hillcrest
619-234-5540
French. Rustic, but white tablecloth dining with Impressionist art adding to decor. Prix fixe menu for $46 includes five courses and wine. Reservations recommended. Dress code: dressy casual. All major credit cards accepted. Smoking on patio. Dinner: Sunday, Tuesday-Saturday beginning at 5 p.m. Closed Monday. Parking available.

LINO'S
2754 Calhoun St., Old Town
619-299-7124
Italian. Specialties include combination dinner of cannelloni, fettuccini verde and lasagna; veal marsala served with fresh mushrooms; red snapper sauteed in white wine and butter. Average dinner for two with wine and gratuity: $35. Reservations recommended. All major credit cards accepted. Sunday-Thursday 11 a.m.-9 p.m. Friday-Saturday 11 a.m.-10 p.m. On-street parking.

LUNA NOTTE
2833 Avenue de Portugal, Point Loma
619-523-1301
Italian Mediterranean. Warm, cozy ambience in this neighborhood bistro. Nine tables inside and 10 outside on a covered, candlelit patio with fountains. Specialties include pasta luna notte (penne with fresh tomato basil sauce, roasted pine nuts and wild mushrooms sprinkled with goat cheese); rigatoni con pollo affumicato (rigatoni with smoked chicken, mushrooms, spinach and fresh tomato in parmesan cream sauce.) Average dinner for two with wine and gratuity: $50. Dress code: semi-casual. Reservations recommended on weekends. All major credit cards accepted except Discover. Sunday brunch: 10 a.m.-2:30 p.m. Lunch: Monday-Friday 11:30 a.m.-2:30 p.m. Dinner: daily 5 p.m.-10 p.m. Free parking in small lot.

MANDARIN DYNASTY
1458 University Ave., Hillcrest
619-298-8899
Chinese, featuring Mandarin, Szechaun, Cantonese and vegetarian dishes. Specialties include scallops with black pepper, honey shrimp, General Pao chicken. Average dinner for two with beer or wine: $20. Dress code: casual. Credit cards accepted: AMEX, VISA, Mastercard and Discover. No reservations. Daily 11 a.m.-10 p.m. Free parking in lot.

MANDARIN HOUSE
2604 Fifth Eve., Hillcrest
619-232-1101
Chinese. Casual atmosphere with full bar. Specialties include orange beef, Double Delight (scallops and shrimp), Peking duck, Kung Pao chicken and lemon chicken. Average dinner for two with wine and gratuity: $26. Reservations recommended. All major credit cards accepted. Sunday-Thursday 11 a.m.-10 p.m. Friday-Saturday 11 a.m.-11 p.m. Free parking.

MIGUEL'S CUCINA
1351 Orange Ave., Coronado
619-437-4237
Mexican. Specialties include carnitas, jumbo shrimp burrito, carne asada, margaritas. Outdoor patio. Average dinner for two with wine and gratuity: $45. Dress code: casual. Reservations for six or more only. Credit cards accepted: AMEX, VISA, Mastercard and Diners Club. Sunday 10 a.m.-10 p.m. Monday-Saturday 11 a.m.-10 p.m. Free parking lot.

MILLIGAN'S BAR & GRILL
5786 La Jolla Blvd., La Jolla
619-459-7311
Classic American cuisine. Casual but elegant dining room. Ocean view upstairs. Specialties include southern fried chicken, prime steaks, two fish and home-made desserts. Average dinner for two with wine and gratuity: $85. Reservations recommended on weekends. Dress code: casual. All major credit cards accepted. Lunch: Friday and Saturday 11 a.m.-3 p.m. Dinner: Sunday, Tuesday-Thursday 5 p.m-10 p.m. Friday-Saturday 5 p.m.-11 p.m. Closed Monday.

MIXX
3671 Fifth Ave., Hillcrest
619-299-6499
Fusion fare: French, Southwest, Mediterranean, Asian. Lively atmosphere in new restaurant with piano bar. Specialties include tequila lime shrimp linguini; seared pepper-crusted tuna. Average dinner for two with wine and gratuity: $50. Reservations recommended. Dinner daily beginning at 5 p.m Parking available.

MONTANAS AMERICAN GRILL
1421 University, Hillcrest
619-297-0722
American, featuring west-of-the-Rockies food. San Francisco decor, with large, comfortable bar. Specialties include corn fettucine with shrimp, red onions, anaheim chiles and cilantro; ancho chile marinated pork chops with Santa Fe rice and smoked tomato salsa; and grilled chicken breast with goat cheese, polenta, sundried tomato and caper vinaigrette. Average dinner for two with wine and gratuity: $60. Reservations recommended. Dress code: casual. All major credit cards accepted except for Discover card. Sunday 9 a.m.-5 p.m. Monday-Thursday 11:30 a.m.-10 p.m. Friday 11:30 a.m.-11 p.m. Saturday 5 p.m.-11 p.m.

MORTON'S OF CHICAGO
285 J Street, Downtown
619-696-3369
Steak house. Noisy, saloon-type atmosphere. Deep, rich wood decor with linen service. Specialties include 24-ounce prime porterhouse and double-cut 23-28 ounce prime rib. Prime rib sells out fast; call to reserve. Average dinner for two with wine and gratuity: $120. Reservations highly recommended. Dress code: business casual. Credit cards accepted: AMEX, VISA, and Mastercard. Sunday 5:30 p.m.-10 p.m. Monday-Saturday 5:30 p.m.-11 p.m. Valet parking available.

OLD TOWN MEXICAN CAFE
2489 San Diego Ave., Downtown
619-297-4330
Authentic Mexican. Lively atmosphere, mariachis. Specialties include fresh hand-made tortillas, rotisserie chicken, award-winning margaritas. Average dinner for two with wine and gratuity: $25. Dress code: casual. Reservations for parties of 10 or more. Credit cards accepted: AMEX, VISA, Mastercard and Diners Club. Breakfast served all day. 7 a.m.-11 p.m. Happy hour weekdays 3:00 p.m.-5 p.m. Free parking lot.

OLD TOWN THAI
2540 Congress St., Downtown
619-296-6720
Thai. Specialties include spicy chicken, spring rolls, Thai pot pie (noodles, curry and coconut milk) and rice rolls. Average dinner for two with wine and gratuity: $25. Dress code: casual. Reservations recommended on weekends. Credit cards accepted: VISA and Mastercard. Sunday, Tuesday-Saturday 10 a.m.- 10 p.m. Closed Monday. Street parking.

OLE MADRID CAFE
751 Fifth Ave., Gaslamp
619-557-0146
Spanish, Mediterranean and California cuisine. Restaurant occupies huge old movie theatre. Art-filled nightclub atmosphere. Specialties include paella and simple preparations of grilled duck, herbed lamb and rabbit. Club features Friday night live jazz dinner show and Saturday night flamenco show. Average dinner for two with wine and gratuity: $80. Patio for smokers. Reservations recommended. Dress code: dressy casual; no sandals or tennis shoes. Sunday, Tuesday-Friday serving from 4 p.m. Saturday beginning at noon. Valet parking available. Walking distance of hotels and convention center.

OSTERIA PANEVINO
722 Fifth Ave., Gaslamp
619-595-7959
Tuscan regional Italian. Intimate restaurant seats 47. If it gets too crowded, tiptoe through to the sister restaurant in back, Trattoria Portobello, larger and with a full bar. Both feature fish, lamb, veal, pasta and pizzas. Specialties include angel hair pasta with shrimp and wild mushrooms, veal chops and osso buco. Vegetarian entrees available. Average dinner for two with wine and gratuity: $45. Dress code: casual. Reservations recommended on weekends. All major credit cards accepted. Daily 11:30 a.m. - 11 p.m. Valet parking or metered on-street parking. Walking distance from hotels and convention center.

Continued on next page

PHOTODISC

Continued from previous page

PANDA INN
Horton Plaza Shopping Center, Downtown
506 Horton Plaza
619-233-7800
Mandarin, Szechaun Chinese. White tablecloth restaurant. Specialties include honey shrimp, lemon scallops, sizzling spicy beef, orange chicken and Buddha's Feast, a mixed vegetable entree, for vegetarians. Average dinner for two with wine and gratuity: $40. Patio for smokers. Dress code: casual. Reservations recommended. All major credit cards accepted. Sunday-Thursday 11 a.m.- 10 p.m. Friday-Saturday 11 a.m.-10:30 p.m.

PAPA JACK'S
500 Fourth Ave., Gaslamp
619-696-7272
California coastal. Combination restaurant/nightclub featuring live jazz, music and dancing. Specialties include pinenut crusted halibut, rack of lamb and pecan chicken salad. Average dinner for two with wine and gratuity: $60. Dress code: casual. Monday - Thursday, 11 a.m.- 10 p.m. Friday-Saturday 11 a.m.- midnight. Valet parking on weekends. Also lots nearby.

PEOHE'S
1201 First St., Coronado
619-437-4474
Eclectic Pacific Rim, featuring seafood. Specialtiesinclude halibut mahia and coconut crunchy shrimp. Vegetarian entrees. Casually elegant atmosphere. Dress code: casual. Average dinner for two including wine and gratuity: $100. Reservations recommended. All major credit cards accepted. Monday-Thursday 5:30 p.m.-9:30 p.m. Weekends 5 p.m.-10:30 p.m. Ample parking.

PIZZA BELLA
2707 Congress St., Old Town
619-692-4333
Italian. Made-to-order pizza is baked on a stone in a deck oven with the fire beneath the stone. Owner's special recipe for pesto pizza uses fresh basil, premium fresh-grated cheese, garlic and olive oil. Average dinner for two with wine and gratuity: $20. Dress code: casual. Big patio available. Reservations for large parties. Sunday 3 p.m.-10 p.m. Monday-Saturday 11 a.m.-10 p.m. Hop the trolley from the convention center to Old Town. Parking available behind restaurant.

PIZZA NOVA
3755 Fifth Ave., Hillcrest
619-296-6682
Pizza and more. This member of a San Diego mini-chain serves pastas, salads and chicken dishes as well as pizza. Specialties include chicken tequila, fettucini, Thai chicken linguini. Popular wood-fired pizzas include barbecued chicken, shrimp and the eponymous pizza nova, made with salmon lox. Dress code: casual. Patio in back. Average dinner for two with wine and gratuity: $30. All major credit cards accepted. Sunday noon-9:30 p.m. Monday-Thursday, 11 a.m.-9:30 p.m. Friday and Saturday noon-10:30 p.m. Validated parking available in garage below restaurant.

PRIMAVERA RISTORANTE
932 Orange Ave., Coronado
619-435-0454
Northern Italian. Fine dining in old fashioned, elegant atmosphere. Specialties include ossobuco, fresh seafood, scampi primavera and pasta dishes. A la carte menu. Average dinner for two with wine and gratuity: $85. Dress code: dressy casual. Reservations recommended. All major credit cards accepted. Lunch: Monday-Friday 11 a.m-2:30 p.m. Dinner: daily 5 p.m.-10:30 p.m.

PRINCE OF WALES GRILL
HOTEL DEL CORONADO
1500 Orange Ave., Coronado
619-522-8818
Current American. Contemporary, formal room with ocean view. Specialties include fresh fish daily, veal, filet mignon. Average dinner for two with wine and gratuity: $60. Dress code: dressy casual; no jeans, shorts or t-shirts. Reservations recommended. All major credit cards accepted. Daily 5:30 p.m. - 10 p.m.. Validated parking.

RAINWATER'S ON KETTNER
1202 Kettner Blvd. Downtown
619-233-1514
American chop house. Features steaks, seafood and veal, lamb and pork chops. Specialties include sea bass served over mashed potatoes and leeks, fresh ahi tuna in a cabernet wine sauce. Clubby, eastern powerhouse atmosphere. Average dinner for two with wine and gratuity: $60. Dress code: No beach attire. All major credit cards accepted except Discover. Monday-Friday 11:30 a.m.- midnight. Saturday-Sunday 5:00 p.m.- midnight. Valet parking or reasonable lot across street.

RHINOCEROS CAFE AND GRILL
1166 Orange Ave., Coronado
619-435-2121
Eclectic. Casual, open floor plan, outside seating. Specialties include penne a la vodka, in a spicy tomato and mushroom cream sauce; monkfish and cioppino. Average dinner for two with wine and gratuity: $75. Dress code: casual. Reservations recommended. All major credit cards accepted. Lunch 11 a.m.-2:30 p.m. Dinner: Sunday-Thursday 5 p.m.-9 p.m. Friday-Saturday 5 p.m.-9:30 p.m. Street parking.

ROYAL THAI CUISINE
467 Fifth Ave., Gaslamp
619-230-8424
Thai. Ethnic decor; teak furniture, soft colors, Thai statuery. Specialties include: crying tiger,(thin-sliced sirloin on lettuce with lime dressing) and volcanic chicken, (steamed Cornish hen, which is then deep-fied to seal in juices and served flaming at tableside with plum sauce). Average dinner for two with wine and gratuity: $30. Dress code: dressy casual. Reservations recommended. All major credit cards accepted. Lunch: 11 a.m-3 p.m. Saturday-Sunday noon-3 p.m. Dinner: Sunday-Thursday, 5 p.m.-10 p.m. Friday-Saturday 5 p.m.-midnight. Metered parking available on street. Walking distance from convention center.

RUBIO'S
901 Fourth Ave., Gaslamp
619-231-7731
Mexican fast food. All dishes prepared in-house with vegetable oil, using grilled chicken, steak or shrimp. Specialties include fish taco and combination plates. Average dinner for two with beer: $15. Credit cards accepted: VISA and Mastercard. Sunday noon-5:30 p.m. Monday-Wednesday 10:30 a.m.-9 p.m. Thursday-Saturday 10:30 a.m.-11 p.m. Parking in nearby Horton Mall.

SALLY'S
Hyatt Regency Hotel, Downtown
One Market Place
619-687-6080
Seafood with Mediterranean accents. Ultra-metropolitan atmosphere in this upscale, modern room with touches of art deco. Specialties include seafood paella, Maryland blue crab cakes and fresh ahi tuna. Average dinner for two with wine and gratuity: $75. Reservations recommended. Sunday brunch with jazz: $16. Dress code: dressy casual. All major credit cards accepted. Lunch: Monday-Saturday 11:30 a.m.-2:30 p.m. Dinner: Sunday-Thursday 5:30 p.m. - 10 p.m. Friday and Saturday 5:30 p.m.-11 p.m. Three-hour validated parking in hotel.

SALVATORE'S
750 Front St., Downtown
619-544-1865
Italian. Subdued, elegant but comfortable restaurant. All breads, pastas and desserts are made on premises. Specialties include linguini in spicy crabmeat sauce and veal scalloppini with prosciutto and cheese in white wine sauce. Average dinner for two with wine and gratutiy: $100. Dress code: elegant casual. Reservations highly recommended. Daily beginning at 5 p.m. Underground validated parking available.

SEVILLA
555 Fourth Ave., Gaslamp
619-233-5979
Spanish. Specialties include paella. Vegetarian entrees available. Average dinner for two with wine and gratuity: $35. Dress code: casual. Reservations recommended. All major credit cards accepted. Daily 5 p.m-1 a.m. Valet parking available.

TAKA
555 Fifth Ave., Downtown
619-338-0555
Seafood, sushi. Understated elegance in this contemporary tablecloth restaurant. Cooking influenced by Chinese, Japanese and Western techniques. Specialties include: seafood linguine (Manila clams, scallops, green mussels, shrimp and fresh tomato sauce served on linguini); almond salmon filet, coated with sliced almonds and parmesan cheese and baked in a white sauce. Average dinner for two with wine and gratuity: $60. Dress code: casual to dressy. Reservations recommended on weekends. All major credit cards accepted. Daily 5:30 p.m.-10 p.m.

TASTE OF THAI
527 University Ave., Downtown
619-291-7525
Thai and vegetarian. Specialties include fresh steamed spring rolls, hot basil vegetarian chili. Average dinner for two with wine and gratuity: $14. Dress code: casual. Reservations recommended mid-evening. Credit cards accepted: AMEX, VISA amd Mastercard. Lunch: Monday - Saturday 11:30 a.m.-3 p.m. Dinner: Daily 5 p.m.-10:45 p.m. Parking is available on the street.

TOM HAM'S LIGHTHOUSE
2150 Harbor Island Drive, Harbor Island
619-291-9110
American. Emphasis on seafood, steaks, chicken and pasta. This is a real lighthouse with a spectacular, panoramic view of harbor. Specialties include marinated beef medallions wrapped in bacon, topped with a mushroom cap and served with bernaise sauce; and filet of salmon with asparagus and crab, served with hollandaise. Average dinner for two with wine and gratuity: $60. Dress code: casual to dressy. Reservations recommended. All major credit cards accepted. Lunch: daily 11:15 a.m.-3:30 p.m. Dinner: Sunday-Thursday 5 p.m.-10 p.m. Friday-Saturday 5 p.m.- 11:30 p.m. Ample parking available. Ten minutes from convention center.

TOP OF THE MARKET
750 North Harbor Drive, Downtown
619-232-3474
American. Great views in this elevated fine-dining room. Specialties include swordifsh, salmon, mahi mahi, tuna. Also fi et of beef, veal and lamb. Average dinner for two with wine and gratutiy: $70. Reservations recommended. Dress code: casual to dressy. All major credit cards accepted. Daily 11 a.m.-10 p.m. Ample parking.

TUPELO AMERICAN
340 Fifth Ave., Gaslamp
619-231-3140
Eclectic American. Contemporary bistro atmosphere. Specialties include: giant 14-ounce chicken breast served with potato lasagna and wilted Swiss chard and barbecued baby back pork ribs with cole slaw and corn bread. Average dinner for two with wine and gratuity: $50. Outdoor patio available. Dress code: casual. Reservations recommended. All major credit cards accepted. Happy hour daily 4 p.m.-5 p.m. Dinner: 5 p.m.-11 p.m. Parking in reasonable lot across from restaurant.

TUTTO MARE
Wells Fargo Tower
4365 Executive Drive, Golden Triangle
619-597-1188
Northern Italian. Emphasis on seafood, with nightly specials. Modern, with open kitchen. Specialties include stuffed pasta with provolone, smoked trout, sauteed green onions and roma tomatoes; grilled medallions of salmon sauteed with capers, green onions, white wine and fresh tomatoes; Italian-style bouillabaisse; and mixed seafood grill of calamari, fresh fish and prawns. Average dinner for two with wine and gratuity: $70. Dress code: casual. Music: Monday, string quartet; Wednesday, jazz on the patio. All major credit cards accepted. Sunday 5 p.m.-10 p.m. Monday-Friday, 11 a.m.-10:30 p.m. Saturday 5 p.m.-midnight. Self-park in lot or valet.

TRATTORIA LA STRADA
702 Fifth Ave., Downtown, Gaslamp
619-239-3400
Tuscan Italian. Specialties include jumbo prawns with wild mushrooms and brandy sauce, filet mignon sauteed with wine and balsamic sauce, veal scallopini sauteed with porcini mushrooms and garlic, filet mignon sauteed with brandy and green pepper in cream sauce. Average dinner for two with wine and gratuity: $95. Reservations highly recommended. Lunch and dinner served. Hours: Monday - Thursday 11:30 a.m. - 11:30 p.m. Friday - Sunday 11:30 a.m. - 1 a.m. Full bar open until 2 a.m. Valet parking available.

VEGETARIAN ZONE,
FORMERLY KUNG FOOD VEGETARIAN
2949 Fifth Ave., Downtown
619-298-7302
International vegetarian. Specials include spinach-mushroom lasagna, Greek spinach pie and layered tofu supreme. Low-fat recipes; no refined sugars; in-house bakery. Average dinner for two with wine and gratuity: $30. Dress code: casual. Credit cards accepted: VISA, Mastercard, Discover and Novis. Sunday 8:30 a.m.-9 p.m. Monday-Friday 11:30 a.m. - 9 p.m. Saturday 8:30 a.m.-10 p.m. Free parking in restaurant's lot.

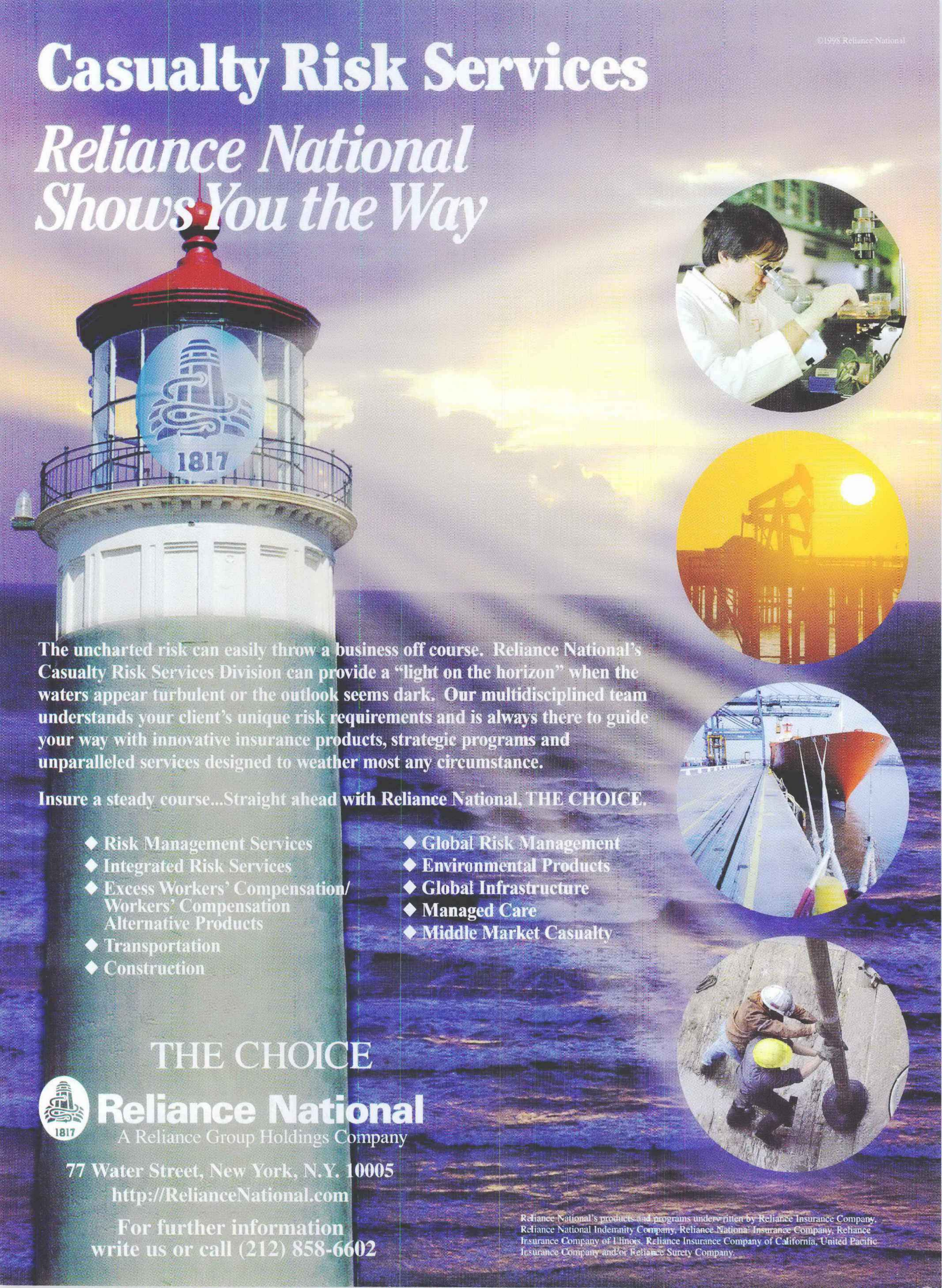
THE WINESELLAR & BRASSERIE
9650 Waples St., Golden Triangle
619-450-9576
French Mediterranean. The first floor is a fine wine shop: the second floor is a 60-seat restaurant. Specialties include roasted venison loin with black-pepper-glazed quince, Madeira sauce and vegetable puree; and lavender honey-glazed pork loin with roasted vegetables, cippollini onions and thyme. Chef's favorite appetizer: crisp potato waffles with American sturgeon caviar and creme fraiche. Average dinner for two with wine and gratuity: $120. Dress code: dressy casual. Reservations recommended. All major credit cards accepted. Sunday, Tuesday-Friday 5:30 p.m.-10 p.m. Saturday 6 p.m.-10 p.m. Ample parking.

YACHT CLUB
San Diego Marriot & Marina
333 W. Harbor Dr., Downtown
619-230-8910
American. Casual lunches with burgers and salads featured. Dinner specialties include honey-glazed blackened salmon and fisherman's platter with fried shrimp and scallops. Dress code: casual. Average dinner for two with wine and gretuity: $60. All major credit cards accepted. Live entertainment at 9 p.m. nightly, band on weekends. Sunday-Thursday 11 a.m.-10 p.m. Friday-Saturday 11 a.m.-midnight. Happy hour Monday-Friday 4 p.m.-7 p.m.

YAKATORI II
Sports Arena Village
3740 S. A. Blvd. Point Loma
619-223-2641
Japanese, sushi. Casual atmosphere in 65-seat room. Japanese decor. Specialties include tempura and vegetable: bento (combination) dinner with sushi, soy beans, tempura and sesame chicken. Average dinner for two with wine and gratuity: $40. Dress code: casual. Reservations recommended on weekends. All major credit cards accepted. Lunch: Monday-Friday 11 a.m.-2:30 p.m. Dinner: Monday-Friday 5 p.m.-10 p.m. Saturday-Sunday noon-3 p.m. and 5 p.m.-10 p.m. Ample parking.

YOSHINO'S
1790 W. Washington St., Hillcrest
619-295-2232
Japanese. Casual atmosphere in this simple, neighborhood restaurant. Good sushi. Specialties include California roll and tuna spicy roll. Also features pot pourri dinner: Sesame chicken, beef teriyaki, chicken teriyaki and shrimp tempura. Average dinner for two with wine and gratuigy: $25. Reservations recommended for large parties. All major credit cards accepted except Discover. Lunch: Tuesday-Saturday 11:30 a.m.-2 p.m. Dinner: Sunday 4 p.m.- 9 p.m. Tuesday-Saturday 5 p.m.-10 p.m. Closed Monday. Parking nearby.

ZAGARELLA
1655 India St., Downtown, Little Italy
619-236-8764
Sicilian Italian. Casual family restaurant with a large patio. Specialties include spaghetti carrettiera (fresh tomato sauce with garlic and spices) and a seafood combination (baby octopus, shrimp and calamari over linguini). Average dinner for two with wine and gratuity: $25. Dress code: casual to business attire . Reservations are recommended on weekends. Credit cards accepted: AMEX, VISA, Mastercard. Lunch: Monday-Friday 11 a.m.-2 p.m. Dinner: Sunday 5 p.m.-9 p.m. Monday-Thursday 5 p.m.-9:30 p.m. Friday-Saturday 5 p.m.-10 p.m. Parking lots and metered parking available. BI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HMO shareholder wants board that would sell

By JUDY GREENWALD

LOS ANGELES—Maxicare Health Plans Inc. is locked in a proxy fight with a shareholder who is seeking to elect a board of directors willing to sell the managed care company.

A preliminary solicitation filing was made to the Securities and Exchange Commission last month by London-based investor Paul R. Dupee Jr. Mr. Dupee controls 1.3% of Maxicare's outstanding stock, according to the company, which posted a $35.1 million net loss last year (*BI*, March 16).

Mr. Dupee is seeking to increase the size of the company's board of directors to 17 from seven, with directors nominated by him who would be committed to "pursuing strategic alternatives to enhance shareholder value, including a business combination or a sale of the company or its assets," according to the SEC filing.

The SEC filing notes the closing bid on the over-the-counter stock fell to $11.13 on March 17, 1998, from $23.38 on March 10, 1997, a 52% drop, while at the same time other health maintenance stocks increased 4% in value, according to the Morgan Stanley HMO Index. It closed at $12.50 on April 15.

Maxicare has 530,000 enrollees in seven states: California, Indiana, Illinois, Louisiana, North Carolina, South Carolina and Wisconsin, according to the company.

Mr. Dupee said in a statement that Los Angeles-based Maxicare's "poor stock market performance and earnings results in the past year underscore the need for a change in direction."

In response, Maxicare's board has approved bylaw amendments set to expire next year that, among other actions, raise the number of shareholder votes necessary to increase the size of the board.

Peter J. Ratican, Maxicare's chairman, president and chief executive officer, issued a statement that said, in part, "The board is concerned that the secretive and coercive tactics employed by Dupee and his group are really intended to further their self-interest under the pretense of maximizing shareholder value."

His statement also said, "Hanging a 'For Sale' sign out the window and hoping for the best, as Dupee seems to advocate, may serve his immediate personal interests, but it does not represent a well thought-out strategy to enhance value for all shareholders."

Maxicare's performance in the past year highlights the need for 'a change in direction,' according to Paul R. Dupee Jr.

Mr. Dupee also has filed related complaints in both state and federal court in Delaware, while Maxicare has responded with counterclaims of its own.

Commenting on Mr. Dupee's action, Mark Jamilkowski, an analyst with Hartford, Conn.-based Conning & Co., said he feels sorry for Maxicare's management because "they are really trying to turn their plan around and focus on the things which are of real importance to them. . . .Something like this is simply a distraction." Mr. Dupee "sounds like he's a very small shareholder with a very vocal position," said Mr. Jamilkowski.

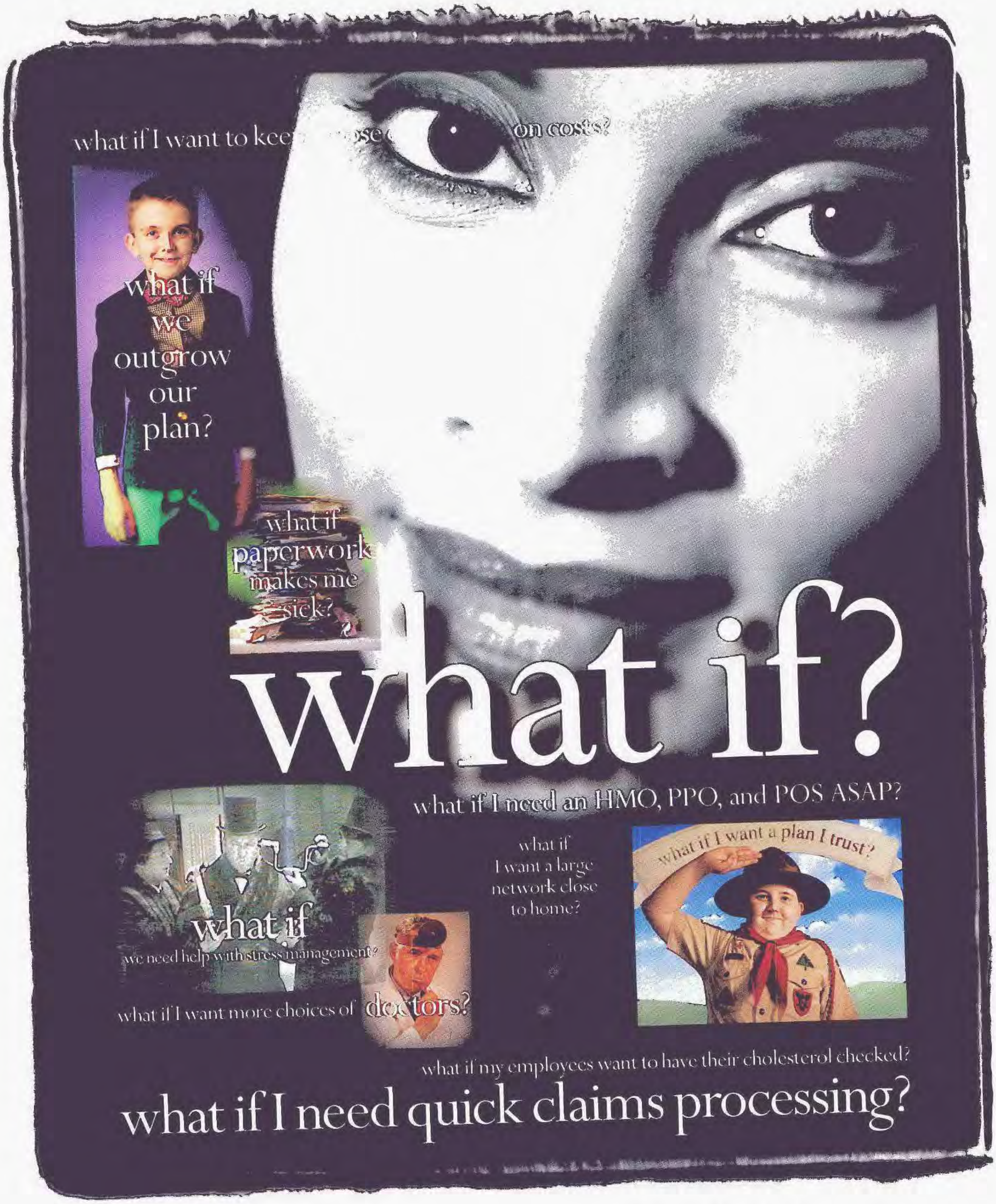
A Maxicare shareholder who asked not to be identified said Mr. Dupee is "doing the right thing, but he's the wrong guy to do it."

Commenting on the company itself, Arun N. Kumar, a Standard & Poor's Corp. director, said Maxicare has "very weak" capital strength from a regulatory point of view and was rated single B by the rating agency last year.

"Companies like that are going to have to come up with ways to improve the capital strength of the company in order to face intense competition in the California marketplace," said Mr. Kumar.

"They are a fairly smaller player" in California, with "enormous, large giants" such as PacifiCare Health Systems Inc., WellPoint Health Networks Inc., Foundation Health Systems Inc. and Kaiser Permanente also operating in that market, so "capital strength should be a major priority for them," he said.

"I wouldn't be surprised if various small HMOs such as Maxicare are sold out to larger players" interested in entering the California marketplace, said Mr. Kumar. "I'm not certain it's going to happen, but I wouldn't be surprised." BI



what if I want to kee
on costs?
what if we outgrow our plan?
what if paperwork makes me sick?
what if?
what if I need an HMO, PPO, and POS ASAP?
what if I want a large network close to home?
what if I want a plan I trust?
what if we need help with stress management?
what if I want more choices of doctors?
what if my employees want to have their cholesterol checked?
what if I need quick claims processing?

An overview of trends in RMIS

By David A. Tweedy

Technological direction:

"640K ought to be enough for anybody."
—*Bill Gates in 1981*

"What goes around, comes around."
—*Unknown*

I JUST LOVE WITTY quotes and cartoons. When I thought about the best way to describe the current state of the RMIS market, what better way than to use several pithy (and hopefully descriptive) quotes that describe some of the current industry trends. Also, it will serve as a segue into discussing what to expect in the Risk & Insurance Management Society Inc. annual conference and exhibition in San Diego later this month.

Just when we thought that the ultimate system configuration had arrived in client/server technology, things are changing again! Client/server technology (whether in two or multiple levels or tiers) distributes computing power and analysis to the clients from a local server. It was powerful enough to replace the mainframe, centralized model that insurers and large third-party administrators had been using for years. The move to client/server supplanted the trend to implement a true Windows format (though this, too, is still taking place).

For the past few years, most significant vendors invested or planned to invest in developing these systems. This was the ultimate model and everyone seemed content. Now, within the past year or so, movement towards the development of a browser based (using secured intranets and extranets) system is gaining momentum.

CIGNA Corp., Chubb Group of Insurance Cos. and American International Group Inc. are three good examples of insurers embracing this technology. DORN Technology Group Inc. is a good example of an independent RMIS vendor with such a product. Given the attraction of the Internet—not to be confused with intra or extranets—many clients and vendors are increasingly interested if they can be assured of data security. Many of the other vendors are looking into their own versions.

Ironically, the browser-based systems are somewhat of a throwback to old mainframe/dumb terminal days. Software changes can be made on the main server and simultaneously transmitted to all clients over telephone or direct T1 lines. The "clients" box can be a simple network computer and doesn't need the power of the full PC, because all the software capability is coming from the client.

"Speed kills. Switch to Windows 95 and save lives!"
—*Randy Keck*

Other than the client/server vs. browser issue, there are no really significant technology issues since last year. In fact, many vendors are still working hard to accomplish transitioning their older mainframe or PC based software into a true Windows environment (not just a cosmetic front end). And then there's the Windows 3.1 to Windows 95 and NT transition which is still ongoing. Not only must the vendor consider his or her client—"Do they have computers that can run my software?"—but also, has the vendor even made the move to Windows 95 or NT? We've really gone beyond the stage where performance issues (quote above notwithstanding) have improved significantly.

• New corporate directions:

"We're going to turn this team around 360 degrees."
—*Jason Kidd, upon his drafting to the Dallas Mavericks*

So, what's new with the industry itself? As a mature marketplace, one would expect fewer new significant entrants (defined as providing full service RMIS capabilities, not just specialty software). There are no new major players as reported in December's *BI* on RMIS. What we do have is the continued trend of old players becoming more active (insurers) and some of the mainstays changing corporate direction. Here's a quick profile of the major players on how the lineup looks pre-RIMS:

• Independent full-service RMIS vendors—full-service means risk management and claims administration.

Corporate Systems Inc., the oldest and largest RMIS vendor, seems to be concentrating on its core business expertise of data conversion and becoming the claims/risk systems back office to insurers and TPAs. It does not seem to be focusing on selling new risk management accounts.

Pyramid Services is now owned by the Bass Brothers of Houston, having been sold by Aon Corp. in February. Pyramid is also working on developing a browser based system alternative and is a full service RMIS vendor.

The other major independent, DORN Technology Group, maintains its comprehensive RMIS product line and is focusing on developing and promoting industry-wide data standards. Further, DORN has developed some World Wide Web applications for the Riskmaster product line.

Other independents, such as ATS and DAVID (recently sold by Watson Wyatt Worldwide) remain consistent.

• Independent, claims administration-oriented RMIS vendors.

CARE Systems Corp.
GenSource Corp. (formerly CIC).
Nichols Engineering (formerly Conway).

These three vendors continue to offer solid property/casualty claims administration software for large self-insureds and TPAs. No significant changes noted.

• Broker and TPA-based RMIS vendors

Crawford RSG.
Envision/Near North Risk Technologies Inc.
J&H Marsh & McLennan Inc.'s STARS.
Sedgwick Information Systems.

Crawford RSG continues to concentrate on developing its core mainframe/timeshare Windows-based system, Sigma for Windows. In addition, it is also offering its stand-alone, client/server based RMIS called ParaRisk despite the fact that it pulled support for the product at least twice during the past 12 months. The departure of Pyramid has removed Aon from the full-service RMIS ranks. Envision, with the full backing of technology-oriented Near North, is developing into one of the most comprehensive and easy-to-use RMIS available. J&H/M&M evidently has decided to both sell and consult on software-related services. STARS has developed into a comprehensive RMIS and, with recent reorganizations, is being well-supported by the parent firm. Sedgwick continues to develop its Windows-based INFORM risk management information system.

• Insurer/TPA-based.

AIG.
Chubb.
CIGNA (ESIS Inc.)
RISKTRAC Inc. (Liberty Mutual Group).

These four insurers, especially CIGNA and Liberty Mutual, have made significant strides in their RMIS development. The first three have developed some type of Web-based products. ESIS' Risk Advantage is being deployed now to its client base. Combined with access to the CIGNA data warehouse, clients have good data from which to make benchmark assessments. Similar products exist with the rest of this group. RISKTRAC continues to make impressive strides in user-friendliness and executive-level data analysis. Further, they offer an unbundled system solution.

• New products and services.

"Half this game is ninety percent mental."
—*Yogi Berra*

Yogi's comment is pretty accurate. Developing products and services in a mature subindustry within dynamic insurance and technology environments is a tough task. Many vendors are working on better 24-hour or 16-hour coverage capabilities and better methods of tracking losses through multiple layers of coverage.

However, with risk management staffs shrinking (or shrunken) to a bare minimum, they must rely on outside help and computer tools to aid in decision-making.

Such an example is a small niche product called Cost of Risk Analysis, or CORA. Developed by International Security Technology Inc., CORA is a modeling tool that assesses all types of fortuitous risk (including property) given risk parameters unique to each company. Then, it assists the risk manager (or consultant or broker) to run the model under different scenarios as conditions are changed for analysis. Tools like this one assist the risk manager in proper risk assessment and valuation.

Another example is Quality Quest by Sundram Claim Consultants. This product is a systematized approach to evaluating 100% of a claims database and is designed to identify problem areas (reserving, payment patterns, litigation costs, etc.) without costly field claim audits which may only look at a small sample of claims.

Both of these product/services are examples (there are others) of true value added system tool aiding in the risk management analysis process.

• Industry challenges.

"When all else fails, manipulate the data."
—*Unknown*

No, don't do that. It's a temptation, though, I know some that have. Yet, I think the following two should be rigorously addressed by the major players above all else:

• Provide REAL value added products: I suppose it is nice to see 15 different ways to graph the top 10 workers compensation injuries for last quarter. Yet harried risk managers sure could use easy-to-use and practical tools, such as well designed executive information systems, reliable data conversion, and unique tools such as CORA.

• Provide substantive service: Many do not realize how difficult it is to provide exemplary service. Companies such as The Walt Disney Co., Wal-Mart Stores Inc. and Nordstom Inc. are obsessed with delivering superior service. Unfortunately, too few RMIS vendors (or insurance industry companies) would be considered as truly service oriented. While it is true that the typically small staffed RMIS vendor must combine technological and risk management expertise to a wide variety of clients, there is great opportunity here. The vendor that truly handles its customers well (from initial contact and data flow design to software installation, training, debugging, and the dreaded data conversion) will sweep up the competition. To date, that has not happened in a consistent fashion.

• Standardize Data Formats: DORN Technology Group deserves credit for pushing for a standardization of data record layouts. Converting from one type to another among insurers, TPAs, and self-insureds is tedious, error-prone and costly process. Unfortunately, it will take a unified and concerted effort of major insurers to get behind the process and make it happen. RMIS vendors and their clients can encourage this process as well.

• Exogenous exposures (aka The Millennium Bug).

"We have met the enemy. . . .and he is us!"
—*Pogo*

Who would have thought that saving those two digits back in the '60's would threaten (according to some doomsday sayers) global financial chaos! In a sense, the computer industry did it to itself. Regardless of how bad it actually turns out to be, the Millennium Bug will bite in less than two years. For buyers of RMIS, the exposure goes beyond ensuring that your RMIS vendor is Year 2000-compliant. What about the feeder systems? What about your company's own data systems? And how are you assessing the impact of Y2K exposures? Can your RMIS model these exposures?

• Industry direction.

Where is this industry going? Difficult to say, because much depends on where risk management is going in the near future. Will risk managers' roles expand outside traditional boundaries as some are doing now (such as Microsoft Corp. or Textron Inc.)? A credible case for expansion can be made easily. If so, good RMIS products and services will be a critical part. If you walk the endless rows of exhibits at the upcoming RIMS conference, you will see the major RMIS vendors and their improving product lines. Perhaps some new ones will be there. Slicker systems, better delivery mechanisms, more functionality.

But the industry needs a long-range goal. Above all, they must be flexible. Remember what that wise philosopher of our age, Yogi Berra, said: "You got to be careful if you don't know where you're going, because you might not get there." BI

Mr. Tweedy

David A. Tweedy is principal of Tweedy Risk Consulting Inc., in Barrington, R.I.

Don't wait for OSHA before targeting RSIs

By Charles Morgan

AS THE OCCUPATIONAL SAFETY and Health Administration first issued its advance notice of proposed rule-making, concerning an ergonomic standard back in August 1992, skeptics may conclude that it will never overcome the procedural hurdles facing it in the course of actually issuing a definitive standard in this area.

While the skeptics may indeed be correct in this view, there are several reasons why employers would be foolish to wait "for the other shoe to drop" before addressing repetitive stress injuries in their workplaces.

First, there is the undeniable cost involved in coping with this problem. An OSHA Internet site makes this observation:

"RSIs are one of the fastest growing workplace injuries, costing employers more than $20 billion for 2.73 million workers compensation claims in 1993. Indirect costs may run as high as $100 billion. Workers who experience RSIs may be unable to perform their jobs or even simple household tasks."

As *Business Insurance* readers are no doubt aware, even though a company may have workers compensation insurance, the rate it must pay is a direct function of its claim experience.

Second, there is the threat of OSHA-imposed sanctions.

Even in the absence of a standard, OSHA will continue to rely on Section 5(a)(1) of the Occupational Safety and Health Act, commonly known as the "general duty clause." This is the affirmative requirement for every employer to provide a reasonably safe workplace for its employees.

While the agency is not very forthcoming in terms of discussing its record of imposing sanctions, a 1993 letter from Raymond Donnelly, Director of the Office of General Industry Compliance Assistance, has indicated which SIC codes have received the most attention. These industry groups include "meat-packing plants, poultry slaughtering and processing, bakery products, prepared fresh and frozen fish, manufacturers of apparel, paper mills, printers and publishers, manufacturers of glass products, grocery stores and offices." While the last industry group has not borne the brunt of OSHA's regulatory sanctions, plaintiffs lawyers increasingly are targeting it.

Finally, but no less significant than the reasons cited above, there is the increasing specter of lawsuits by employees, a trend greatly facilitated by the erosion of the "exclusive remedy" doctrine.

While keyboard manufacturers are the best known of this new class of "targeted defendants," no manufacturer is immune.

So what is the hapless employer to do? First and foremost it is essential to take affirmative steps to reduce the hazards associated with the risks of RSIs.

These solutions almost always make "cents" in more ways than one. A recent study by the National Council on Compensation Insurance has calculated that the average cost of a RSI is in the realm of $12,730. The cost of intervention is but a fraction of this figure, however.

According to Mike Curtin, marketing director for New York-based Softview, a manufacturer of ergonomic equipment designed to minimize RSIs at the keyboard, a complete workstation can be installed for as little as $500 per employee. That even includes the appropriate ergonomic training.

Expert all agree that RSIs are the workers compensation crisis of the decade. For employers to wait for our friends in Washington to get all of their ducks in a row would indeed be the utmost folly. BI


Mr. Morgan

Charles Morgan is an independent risk management consultant in Summit, N.J.

Stapler-shooter's injury not compensable: Court

Legal Briefs

Injuries sustained by an employee while engaged in shooting staples at a coworker did not occur during the course of his employment and thus were not compensable under the Workers' Compensation Act, according to the Supreme Court of Vermont.

In July 1995, Brian Clodgo was working as a manager of a Rentavision Inc. store in Brattleboro, Vt. During a lull between customers, Mr. Clodgo began firing staples with a staple gun at a coworker sitting on a couch watching television.

The coworker first protested. After Mr. Clodgo had fired 20-30 staples at him, the coworker fired three staples back at Mr. Clodgo. As Mr. Clodgo ducked, the third staple hit him in the eye.

Mr. Clodgo filed for compensation benefits. Despite the employer's contest, the Commissioner awarded benefits.

The appellate court said that for a horseplay-related injury to be compensated, the employee must show that it both arose out of the employment, and occurred in the course of the employment.

While some horseplay among employees during working hours can be expected and is not an automatic bar to compensation, the court said the key inquiry is whether the employee deviated too far from his or her duties.

According to the court, the facts showed that the accident was unrelated to any legitimate use of the staplers at the time, indicating there was no commingling of the horseplay with work duties. Thus, the court concluded that the accident occurred during a substantial deviation from work duties. The compensation award was reversed.

Clodgo vs. Rentavision Inc., Supreme Court of Vermont, July 11, 1997 (BI/01/A $10)

Clerical error benefits policyholder: Court

Any mistake in including business income loss protection in a commercial property insurance policy issued to an insured was to be construed against the insurer, according to the Supreme Court of Alabama.

In October 1993, American & Foreign Insurance Co. issued to Tee Jays Holding Corp. and Tee Jays Manufacturing Co. Inc. an insurance policy entitled "Business Protection Portfolio."

The policy covered real and business personal property, business income and accounts receivable in accordance with the statement of values on file with the insurer.

The business income loss coverage was to be computed on a "daily value" basis, that is, according to the amount of business income Tee Jays would have earned each working day if no loss or damage had occurred.

The insurance premium was subject to adjustment at the end of the policy year.

Tee Jays failed to report all of its business income at the beginning of the policy year. In February 1994, Tee Jays suffered a fire loss to a portion of its business. Tee Jays submitted a proof-of-loss form to the insurer showing business losses of nearly $4 million.

The insurer denied the claim.

Thereafter, Tee Jays reported all of its annual business income and requested an increase of premium due at the end of the policy year, as needed. The insurer refused to adjust the premium, stating that when it issued the policy, it had not intended to provide Tee Jays with this income loss coverage. According to the insurer, the inclusion of the business loss income was a clerical mistake in a computer-generated form.

Tee Jays sued and won a lower court judgment of about $2.1 million.

The appellate court rejected the clerical error defense raised by A&F. According to the court, the policy clearly provided business loss coverage. The court emphasized that Tee Jays had complied with the requirement that it submit its business value 60 days prior to the end of the policy term and stood ready to pay for the business income loss coverage.

"Under the express terms of the insurance policy it wrote," the court said, "A&F was therefore bound to provide the coverage to Tee Jays."

The trial court decision was affirmed.

American & Foreign Insurance Co. vs. Tee Jays, Supreme Court of Alabama, April 18, 1997; Rehearing denied, July 18, 1997 (BI/04/M.-$10)

Overdose death ruled accidental

A group accident insurance plan established under the Employee Retirement Income Security Act was subject to federal common law rules of contract interpretation, according to the 7th U.S. Circuit Court of Appeals.

Teresita Eldridge, a 36-year-old United Airlines attendant, was found dead in her New Mexico home in 1994. An autopsy led to the conclusion that she died as a result of prescription drug intoxication.

Mary Santaella and Cary Eldridge, her mother and husband, were named beneficiaries in her accidental group insurance policy. The policy was issued to United Airlines by Metropolitan Life Insurance Co. The group policy was part of United Airlines' employee welfare benefit plan, governed by ERISA. The policy covered accidents anywhere in the world but excluded benefits if death resulted from suicide, self-inflicted injury, illness, disease, body infirmity or infection. The beneficiaries filed a claim with the insurer, which was denied. They sued but lost in the trial court.

The appellate court said it would treat the term "accidental" in the policy as it is commonly defined, as "unexpected or unintentional." Here the court said that while there was no dispute that Teresita had ingested a lethal amount of a pain reliever that caused her death, there was no evidence that she knew it was a lethal amount.

"It is undisputed that she took the drug voluntarily," the court said, "but nothing in the record indicates that she intended to take an overdose or that she intended to inflict injury on herself." Thus, the court concluded her death was accidental. The trial court decision was reversed.

Santaella vs. Metropolitan Life Insurance Co., 7th U.S. Circuit Court of Appeals, July 23, 1997 (BI/05/M.-$10) BI

These abstracts were prepared by Mayo H. Stiegler. Copies of these decisions are available by sending a $10 check payable to Mayo H. Stiegler, to Business Insurance, 740 N. Rush St., Chicago, Ill. 60611-2590. List the number for each opinion.

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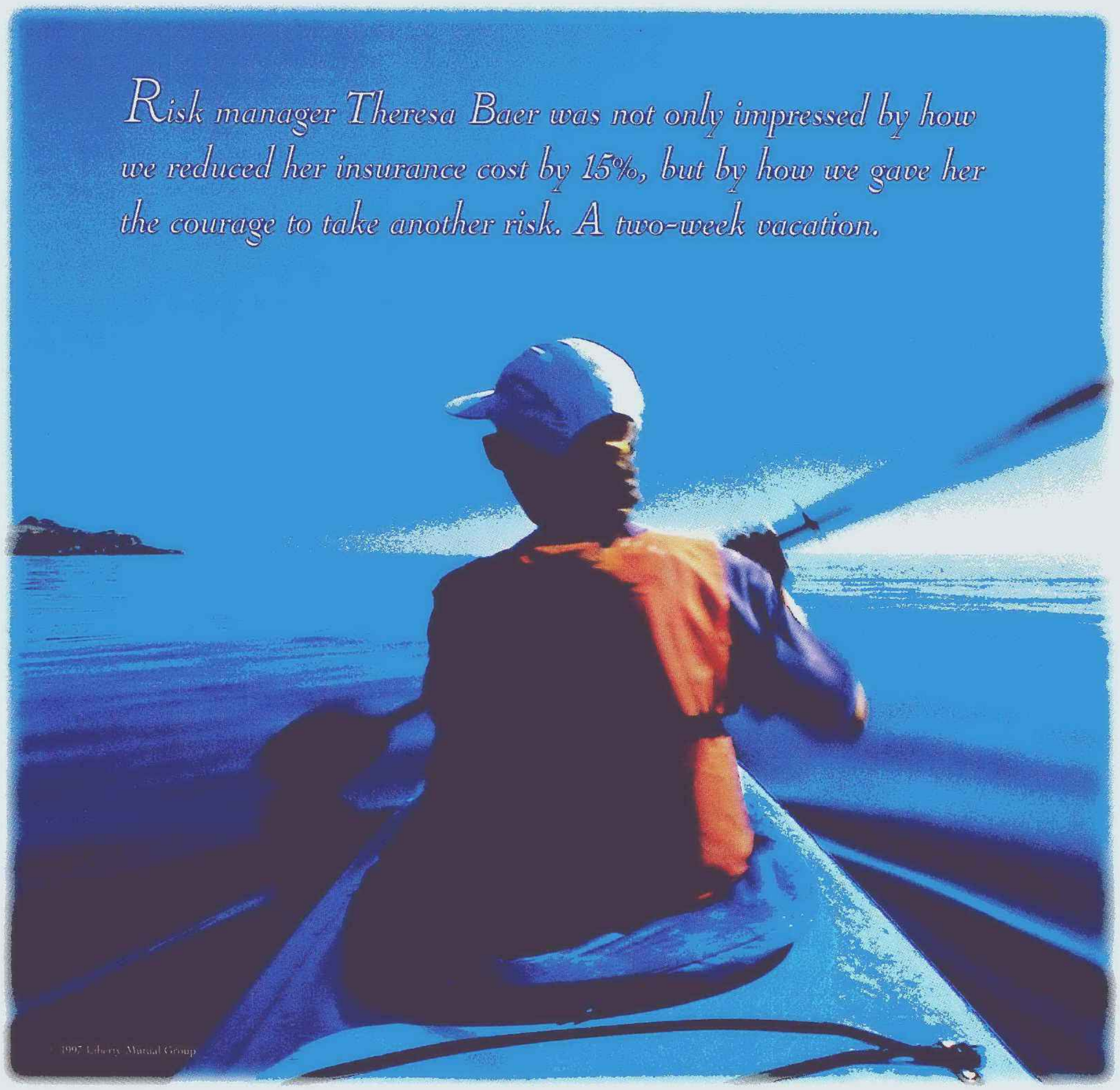

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Insider Trading

American International Group Inc.: M. Bernard Aidinoff, director, purchased 168 shares of common at $106 each on Dec. 4, 1997, and now directly and indirectly holds 13,297 common. Mr. Aidinoff purchased 169 shares of common at $127.19 each on March 16, 1998, and now directly and indirectly holds 13,466 common.

Maurice Raymond Greenberg, chairman, exercised an option for 84,375 shares of common at $13 13 each on Nov. 25, 1997, and now directly and indirectly holds 25,271,294 common.

William N. Dooley, officer and trustee, exercised an option for 600 and disposed of by 600 shares of common between $12.09 and $22.76 each on Nov. 14, 1997. Dooley indirectly disposed of by gift 600 shares of common at an unreported price that same day and now directly and indirectly holds 5,224 common.

John Joseph Roberts, officer, exercised an option for 12,390 shares of common between $24.30 and $73.08 each on Feb. 2, 1998, and now directly and indirectly holds 8,985,733 common.

AIG stock closed at $127.50 a share April 9.

The Chubb Corp.: Douglas A. Batting, vp, exercised an option for 3,000 shares of common between $14.31 and $17.50 each from Dec. 17 to Dec. 19, 1997. To cover expenses of the transaction, Batting turned in 202 of them for $77.81 each from Dec. 17 to Dec. 19, 1997, and now directly and indirectly holds 19,147 common.

Glenn A. Montgomery, vp, exercised an option for 3,934 shares of common between $33.38 and $40.97 each on Dec. 29, 1997. To cover expenses of the transaction, Montgomery turned in 1,929 of them for $75.31 each on Dec. 29, 1997, and now directly and indirectly holds 5,749 common.

Charles M. Luchs, vp, exercised an option for 200 shares of common at $41.78 each on Dec. 9, 1997, and now directly and indirectly holds 10,770 common.

Brian W. Nocco, vp, exercised an option for 500 shares of common at $41.03 each on Dec. 19, 1997, and now directly and indirectly holds 11,389 common.

Robert P. Crawford, vp, exercised an option for 9,046 shares of common between $33.38 and $48.75 each on Jan. 5, 1998. To cover expenses of the transaction, Crawford turned in 6,096 of them for $75.78 each on Jan. 5, 1998, and now directly and indirectly holds 42,791 common.

Edward Dunlop, vp, exercised an option for 41,782 shares of common between $23.88 and $48.75 each on Jan. 16, 1998. To cover expenses of the transaction, Dunlop turned in 4,635 of them for $75.47 each on Jan. 16, 1998, and now directly and indirectly holds 61,600 common.

Douglas A. Batting, vp, exercised an option for 1,200 shares of common at $17.50 each on Feb. 6, 1998. To cover expenses of the transaction, Batting turned in 262 of them for $80.06 each on Feb. 6, 1998, and now directly and indirectly holds 20,102 common.

Donn H. Norton, vp, exercised an option for 3,000 shares of common at $41.03 each from Feb. 3 to Feb. 9, 1998. To cover expenses of the transaction, Norton turned in 3,000 of them for $77.25 each from Feb. 3 to Feb. 9, 1998, and now directly and indirectly holds 11,765 common.

Henry B. Schram, vp, exercised an option for 1,217 shares of common at $14.31 each on Feb. 6, 1998. To cover expenses of the transaction, Schram turned in 217 of them for $80.06 each on Feb. 6, 1998, and now directly and indirectly holds 22,232 common.

David S. Fowler, vp, indirectly sold 2,000 shares of common at $80 each on Feb. 6, 1998, and now directly and indirectly holds 31,747 common.

Chubb Corp. stock closed at $80.50 on April 9.

CIGNA Corp.: Gerald A. Isom, officer, exercised an option for 54,816 and disposed of 300 shares of common between $72.31 and $102.25 each from Nov. 11 to Nov. 25, 1997, and now directly and indirectly holds 41,642 common.

Thomas C. Jones, president, exercised an option for 1,540 shares of common at $72.31 each on Nov. 14, 1997. To cover expenses of the transaction, Jones turned in 705 of them for $158.03 each on Nov. 14, 1997, and now directly holds 12,739 common.

B. Kingsley Schubert, divisional officer, exercised an option for 4,677 shares of common between $117.50 and $120.38 each on Nov. 20, 1997. To cover expenses of the transaction, Schubert turned in 3,701 of them for $167.81 each on Nov. 20, 1997, and now directly and indirectly holds 11,719 common.

Thomas J. Wagner, vp, exercised an option for 6,366 shares of common between $75.06 and $120.38 each on Nov. 5, 1997. To cover expenses of the transaction, Wagner turned in 4,396 of them for $162.16 each on Nov. 5, 1997, and now directly holds 35,948 common.

CIGNA Corp. stock closed at $205.75 on April 9.

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Insider Trading, compiled by Invest/Net Trading Group Inc. of Fort Lauderdale, Fla., from reports filed with the Securities and Exchange Commission, tracks stock sales and purchases by insurance industry directors and officers. The column is distributed by Tribune Media Services Inc.

Insurer Topics

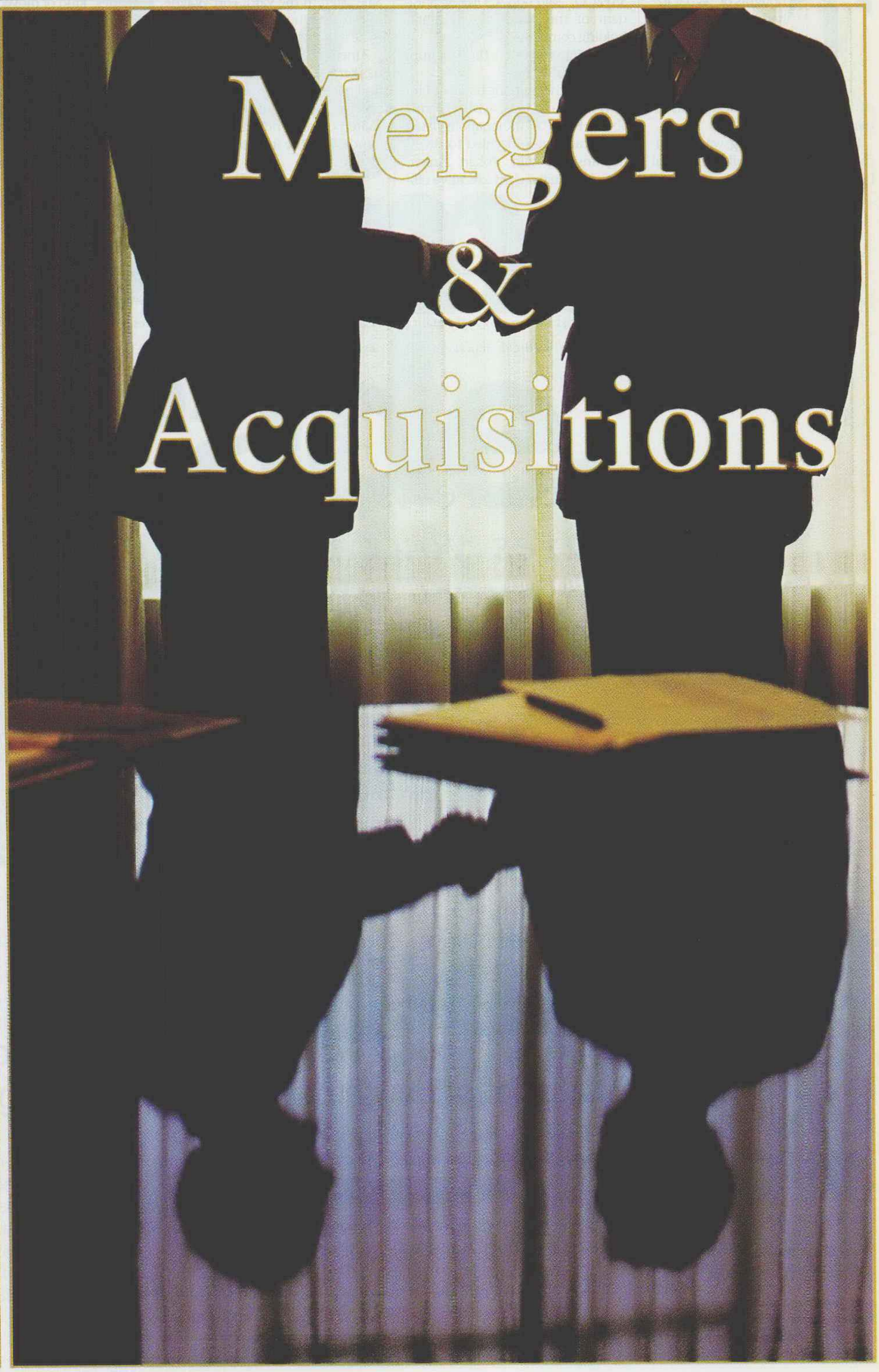
A special editorial section sent exclusively to insurers and reinsurers

Inside:

The story of SAFECO's big deal
Page 32B

GE Capital positioning for future
Page 32E

Due diligence can vary to meet goals
Page 32F



Deal

Continued from page 32B

talking to each other, he said, though SAFECO could get its questions answered.

After that due diligence visit was complete, Goldman Sachs asked SAFECO for a binding indication of what it would pay and how that would be financed.

While there were leaks and speculation during this time, Mr. Dickey said, SAFECO did not have any clear indication of who the other potential buyers were and how much they might ante up.

"They played it very close to the vest," Mr. Dickey said of Goldman Sachs, adding it would have been inappropriate for the banker to discuss other potential buyers or bids with SAFECO.

SAFECO went to its board again before submitting its binding offer in May. Board members saw the acquisition as a good opportunity for SAFECO but also took time to do their own homework.

SAFECO, which had an idea of what its highest offer would be, held back a little on its first bid. Executives suspected they'd be asked for another one, Mr. Dickey said.

They were right. American States went back to all the bidders and implored them to make sure they had submitted their best offers.

But Mr. Anker said that price was not the only consideration. American States had proposed a "seller's contract," with terms favorable for American States shareholders, customers, agents and employer groups. Even the highest bidder might not get the company if it could not agree to contract terms with American States, he said.

After SAFECO submitted a second, higher bid, Goldman Sachs said it wanted to bring in the lawyers and work out final contract language.

While Mr. Dickey said he couldn't recall any major snags, he said SAFECO knew the bidding was competitive and never assumed it would win. "I think all of the potential buyers actually did not know who was going to end up with the company," he said.

American States' board, which had been updated throughout the process, convened in New York to evaluate the final bids. Board members got two or three hours to look them over individually to see if they had any questions. The board also heard from Mr. Anker, Goldman Sachs and others.

While the board had multiple competitive bids, "SAFECO on any grounds was clearly the winning bidder," Mr. Anker said.

Goldman Sachs told Salomon Smith Barney that SAFECO had won. Salomon told its client, and the agreement was signed via fax.

Mr. Anker, who said he has been involved in at least a dozen deals, said, "I have never been involved in a sale that had nearly as many bidders, nearly as much interest."

SAFECO's bid was the highest of the high, he said. Every offer was significantly higher than what Goldman Sachs told the company it could expect. In fact, Mr. Anker noted, the highest guess came from his wife. "And she was low."

SAFECO tried to keep its workforce focused by not talking about rumors or answering questions. Details stayed largely confined to a group of about 15 to 20 SAFECO people, Mr. Dickey said.

"We kept the process very quiet within the company," he said. "We didn't have a great distraction, because we were doing it quietly."

And not just inside the SAFECO walls. Mr. Dickey said an agent with whom he plays golf noted after the deal was complete that despite questioning Mr. Dickey several times, he never knew the buy was coming. Mr. Dickey never lied to his friend, he said, but just didn't give any indication of the possible move.

Also, Mr. Dickey noted, much of the silence came from the fact that careless information control can get a public company in the Securities and Exchange Commission's doghouse.

Mr. Anker also wanted to keep the dealing quiet but knew it wouldn't stay that way forever, so a communications plan was in place in advance. "We assumed, naturally, that it was going to leak," he said. "We just didn't know when."

"When" came early one morning, when he went to his computer at home to check The Wall Street Journal online. The paper was running a story about American States.

By 7 a.m., Mr. Anker had his senior staff in his office, and about an hour later the communications plan was running.

Every American States employee has had e-mail for more than a decade, Mr. Anker said. An e-mail box was opened for employees to ask questions.

While the company "couldn't tell people who was looking" or how many, it could let employees know that a number of potential buyers were interested and would make good buyers.

Mr. Anker retired at the end of1997. His contract with American States and the price of the stock made it comfortable for him.

"The first rule of mergers is no company needs two CEOs," Mr. Anker said, adding he expected to be "the most excess piece of baggage on the planet" once the deal was complete.

However, take that "retired" lightly. Mr. Anker, who lives in Carmel, Ind., remains busy, including activity in actuarial associations, fund-raising for his church and helping in the search for an executive director of the Indianapolis Symphony Orchestra.

Just not as busy as before. As he tells people, "I find 40 hours a week to be incredibly relaxing." BI

GE Capital ahead of curve with strategy: Analysts

By ROBERTO CENICEROS

A drive to integrate financial services will fuel future insurer-related mergers and acquisitions, and GE Capital Corp. is seen as a leader in that movement, insurance analysts say.

The Cambridge, Mass., unit of General Electric started down the financial services path long before it became a trend, they add.

For years now, GE Capital has been quietly adding specialty insurance units that complement its other financial operations, such as industrial financing and leasing, the analysts point out. They cite examples such as GE Capital Corp.'s January 1997 acquisition of Coregis Group Inc., and Employers Reinsurance Corp.'s 1997 acquisition of Industrial Risk Insurance. ERC is a unit of GE Capital Corp.

ERC's acquisition of IRI created multiple opportunities for GE Capital, noted John Wicher, a managing director of Russell Miller Inc., a San Francisco-based investment banker specializing in insurance.

The IRI acquisition could provide ERC with premium flow in a market starved for premium dollars, while further aligning ERC with a highly protected risk insurer known for competent underwriting, Mr. Wicher said.

It also has the potential of expanding or solidifying GE Capital's ties to worldwide industrial companies that can use other GE Capital services, such as leasing and credit facilities for turbines and other large industrial equipment, he added.

And it puts GE Capital in a position to provide customers with municipal bond guarantees so they can take debt into capital markets.

"It further surrounds and envelops their client base in a positive way," Mr. Wicher explained. "They really can address, with multiple financial products, the capital requirements of their clients."

The company's property/casualty insurance operations grew to $8 billion in written premiums for 1997 from $6 billion in 1996, mostly due to acquisitions, analysts report.

While GE Capital's acquisitions haven't drawn nearly as much attention as the recently announced proposed merger of Citicorp and Travelers Group Inc., both underscore a growth strategy expected to become more important to insurance executives. Under that scenario, insurance could become just one product of an overall financial business, rather than a lone insurer's major focus.

"Every businessperson in insurance who is responsible and in a leadership position for strategy needs to be thinking about whether insurance is a business or a product," Mr. Wicher said. "And if it is a product, what sort of business does it need to be a part of. And the answer is probably something that looks like GE or the new (Citigroup)."

GE Capital has been a leader in a trend that will see more insurers and financial companies positioning themselves to cross-sell products and tap capital markets for clients who want to offload risks traditionally not covered by insurance, agreed Will Dinielli, director in insurance research for CIBC Oppenheimer in New York.

"In many ways, both in the United States and in Bermuda, a lot of the property/casualty companies are looking toward putting together more financial solutions for their customers than they have before," he said. "Insurance companies are certainly working toward securitization, toward offering multirisk programs and offering a lot of financial solutions other than just traditional insurance."

Future financial and risk services will require the different pieces of insurance and financial service expertise brought together in mergers such as Citicorp/Travelers, and in GE Capital's acquisitions, analysts point out.

The Citicorp/Travelers merger brings together access to worldwide capital markets, credit and lending facilities and insurance underwriting abilities.

In GE Capital's case, it has been particularly good at acquiring companies that complement its existing businesses and provide cross-selling opportunities for various capital and insurance products, analysts say.

When GE Capital purchased Coregis Group Inc., it strengthened GE Capital's ability to offer financial guarantee products for municipal bonds through its Financial Guaranty Insurance Co. unit.

Coregis has a strong core of public entity customers for which it provides property/casualty coverage mostly in the Western United States, said Elizabeth Farrell, a senior analyst for A.M. Best Co. in Oldwick, N.J. FGIC's presence has been stronger in the Eastern United States.

"It does provide geographic expansion, but there is also a different focus in terms of the types of clientele," Ms. Farrell said. FGIC has focused more on special districts, such as utilities, while Coregis' focus has been on small government municipalities.

GE Capital's operating philosophy is based on targeted returns. Units are maintained as individual profi

See **GE Capital** *on next page*

Diligence

Continued from page 32G

that have been filed and approved as well as the overall schedule credits and debits that are being applied. Price monitoring reports would indicate the overall price level changes that have occurred over time; however, many companies do not have well-designed price monitoring reports. Therefore, it is often useful for part of the underwriting file review to include a test of changes in schedule credits and debits over time.

Finally, an accident year analysis of ultimate combined ratios (i.e., loss plus loss adjustment expense ratios including IBNR plus expense ratios) will indicate whether the target company's historical pricing has been profitable.

• **Systems.** A systems review may be warranted, especially if the buyer plans significant growth or if the deal involves a merger of two companies. The systems review should assess the state of the technology, hardware, software and business application architecture. The buyer would certainly want to know if the system is out of date or unable to handle projected changes.

Any systems review over the next few years will need to include review of the target company's plans and progress for Year 2000 compliance. If a major effort is still required, the cost will need to be factored into the cost of the acquisition as well as in the buyer's cash flow and profitability projections.

Finally, if the due diligence is being performed in anticipation of a merger, an evaluation of the issues involved in consolidating to one system must be made. Most mergers are made with the expectation of future savings due to economies in overhead (such as combining systems). Incompatible systems (or overly costly efforts to achieve compatible systems) could definitely be deal-breakers.

Continuing to the other end of the due diligence spectrum, the review should include an assessment of the strategic direction of the target company. One purpose of this added review is an evaluation of the target company's business plan. The qualitative and quantitative information gathered by the various team members should be compared against the business plan. The buyer is looking for confirmation that the strategic plan makes sense and is achievable and that the management of the target company will have the ability and resources to successfully execute the proposed plan.

A thorough due diligence review involves specialists reviewing their respective areas independently. However, there is significant value in the due diligence team members meeting regularly throughout the review to discuss their findings. This synergistic exchange of information may often uncover conflicting information, which will lead to additional rounds of investigation.

In addition to resolving conflicts in information, the exchange of information among the due diligence team will add value to the numbers side of the due diligence. The actuaries' and accountants' quantitative exercises will be enhanced from the qualitative information provided by the other team members.

For example, the actuary may notice a spike in reported loss development factors for the most recent five accident years in the latest calendar year period. The actuary may not be certain whether the spike is being driven by an increase in reported losses or by changes that have occurred in the claim department whereby cases are being reserved more adequately and sooner. While the actuary can perform a number of quantitative tests to try to zero in on the reason for the spike, confirmation from the team's claim specialist that a change in claim reserving or settling procedures had taken place would help answer the actuary's question.

The synergistic approach to the review will allow the due diligence team to develop an overall assessment of the operational capabilities and effectiveness of the target company. The buyer certainly will want to be advised if there are operational problems that will need to be addressed post-acquisition, or more importantly, if any of those operational issues may be deal-breakers. BI

Mr. Azzara

Ms. Ross

Mr. Azzara and Ms. Ross are vps with AM-RE Consultants Inc. in Princeton, N.J.

Insurer Topics

ADVERTISER INDEX

Issue of April 20

AIAccess 2000 tracks federal, state laws

Products & Services

WASHINGTON—AIAccess 2000, provided by the American Insurance Assn., is a legislative tracking service for the property/casualty insurance industry that covers federal law, all 50 states and the District of Columbia.

The database features more than 525 topics—grouped into 30 categories—affecting the property/casualty insurance industry, ranging from automobile insurance to workers compensation, including selected managed care and health reform proposals.

AIAccess 2000 offers data since 1996 and includes the status of legislation, the full text of bills and laws, compliance requirements, the effective dates of new laws, companion measures and key sponsors.

The database resides on AIA's Internet site at http://www.aiadc.org. It is provided free to AIA member companies and is available to non-members at the all-inclusive price of $30,000 per year. AIAccess can be customized by selecting specific states and issues of interest, thus reducing the cost depending on the selections.

For information, contact Toni-Jo Smith, director of Legislative Reporting Service, 202-828-7146; Jeanne McGowan, assistant director of LRS, 202-828-7118; or David Popper, director-sales/marketing of LRS, 202-828-7148.

Liability coverage

DALLAS—Healthcare Buyers' Liability, a new coverage for employers that self-insure or contract directly with providers for employee health care benefits, is available from TIG Insurance Co.

When acting as the benefits decision-maker between the employee and health care providers, employers may be exposed to risks traditionally faced by managed care companies. TIG's coverage is designed to help protect employers from risks related to: reviews of health care services to evaluate the appropriate use of medical care resources; provider selection, contracting, retention, supervision, monitoring and termination; and claims handling.

Healthcare Buyers' Liability is designed for employers that find traditional commercial lines coverages do not offer the protection they need.

Healthcare Buyers' Liability is offered nationwide on a claims-made and non-admitted basis, with limits up to $50 million available. The coverage is offered through TIG's Special Risk Operations unit, based in Napa, Calif.

For information, contact SRO Healthcare, 888-900-0076.

Multilocation care

MINNEAPOLIS—Allianz Life Insurance Co. of North America has created PlanLink, a program that allows regional health maintenance organizations to offer coverage to midsize employers with workers in multiple locations.

PlanLink provides a network of regionally recognized HMOs, so employees who reside outside a "home" HMO's service area can be enrolled in a managed care program through another network HMO. The program allows HMOs to offer employers a single point of contact for all health care issues—including health plan administration and managed care coverage—outside the home HMO's service area.

Allianz Life also offers existing HMO reinsurance clients alternative reinsurance arrangements to ensure that the HMOs do not assume additional risk when they enroll members from other HMOs. Allianz Life also will provide indemnity coverage when necessary for employees who live in areas where no HMO plan is available.

PlanLink was designed by Allianz Life and its UltraLink subsidiary in consultation with a product development focus group of HMOs from across the United States.

To simplify and standardize enrollment and accounting, Costa Mesa, Calif.-based UltraLink will coordinate PlanLink's premium and membership information and serve as the employers' contact for all out-of-area issues. Employers with managed care plans will continue to use their "home" HMOs as the primary contact for local plan members.

For information, contact Gary Marx, senior marketing manager-mass marketing division for Allianz Life, 612-347-6653.

Liability risk reduction

BOSTON—Lexington Insurance Co., a unit of American International Group Inc., is offering policyholders a program to reduce their liability risks for sexual misconduct involving child victims.

The risk reduction program enables Lexington policyholders to access, at a reduced cost, the services of Child Safe Environments Inc., which provides abuse risk management. The program evaluates an organization's operations and procedures related to the care of minors or other persons deemed legally incompetent. The policyholder receives a confidential report that includes a prioritized risk reduction plan with recommendations on how to correct problem areas.

Lexington's sexual misconduct liability insurance is designed for public, private or religious organizations where children are in the care of adults. The policy covers the organization, its employees and volunteers in the event of allegations of sexual misconduct involving minors. The policy also protects against the negligent selection, hiring or supervision of employees or contracted third parties that are entrusted with the care of children.

For information, contact Rocco P. Modafferi, vp at Lexington Insurance Co., 617-330-8462.

Marine cargo policy

WORCESTER, Mass.—The Hanover Insurance Co. has introduced Worldwide Cargo, an ocean marine cargo and air cargo policy that covers property in transit to and from foreign and U.S. ports.

Coverage is available worldwide and, when necessary, on a warehouse-to-warehouse basis.

The basic policy consists of open-cargo marine or trip-transit coverage. War coverage is available as a separate, optional policy. The program is available in most states. Limits and deductibles vary based on needs.

The new program results from a strategic alliance between Hanover and INAMAR Insurance Underwriting Agency Inc., a subsidiary of CIGNA Property & Casualty. Through INAMAR, CIGNA will provide underwriting expertise and loss control and claims services.

For information, contact Maureen Hagen at Hanover, 800-367-3760, ext. 8259, or 508-855-8000, ext. 8259.

Fidelity insurance

NEW YORK—American International Cos., a unit of American International Group Inc., has introduced Crime Solution for Banks, a fidelity insurance policy designed for financial institutions.

Crime Solution for Banks offers worldwide coverage for losses resulting directly from any dishonest or fraudulent acts committed by an employee, acting alone or in collusion with others, in which the employee obtains or receives an improper financial benefit. The policy covers a policyholder's assets, including currency, securities and other property. Crime Solution for Banks also includes computer systems fraud coverage and automatic coverage for employee benefit plans subject to the Employee Retirement Income Security Act.

The definition of "employee" is expanded under the policy to include part-time, temporary and student workers. Additionally, the policy includes a 60-day loss notification period.

Crime Solution for Banks is offered as part of the American International Cos.' Gold Package for Financial Institutions.

For information, call 212-458-1716 or visit http://access.aig.com.

Continued on next page

Continued from previous page

MSA mutual funds

MILWAUKEE—Time Insurance Co. and Fortis Investors, two subsidiaries of Fortis Inc., have introduced a mutual fund investment option for Time Medical Savings Account customers.

After having the MSA for one year, customers will be eligible to invest in a mutual fund if they have minimum MSA balances of $1,000 for an individual or $1,500 for a family. To open a Fortis fund, MSA holders must initially invest a minimum of $500 (with a minimum of $50 for subsequent purchases) and must maintain a minimum balance of $500 for individuals or $1,000 for families. The funds in the MSA and mutual funds remain accessible for medical expense reimbursements. Seven Fortis mutual funds are available for investment through this MSA option.

For information, contact Scott Krienke, vp of individual medical product development at Time Insurance, 414-299-6509.

Millennium policy

CHEVY CHASE, Md.—Victor O. Schinnerer & Co. Inc. has an event cancellation product designed to insure events planned in celebration of the year 2000.

This program is available worldwide and covers losses anywhere in the world. The policy provides protection even if the venue where the planned celebration is to be held is damaged or rendered unusable six months or more before the event.

The Millennium Event Cancellation Program, available through independent agents and brokers, is an admitted inland marine product available in all states, the District of Columbia and U.S. territories. The program insures against expenses in the event of cancellation, interruption or postponement of millennium celebrations. Coverage for the loss of gross revenue also is available. The minimum premium is $500, with a minimum limit of $100,000. The program is available now to bind for a multiyear term.

For information, call 888-RISK-2000.

Trustees handbook

The fifth edition of "Trustees Handbook, A Basic Text on Labor-Management Employee Benefit Plans," has been published by the International Foundation of Employee Benefit Plans.

Written by more than 25 experts on ERISA, it provides a comprehensive reference for trustees and professionals who serve multiemployer funds.

The new edition covers basic concepts of trusteeship and fiduciary responsibility and explains a trustee's role in the design and administration of employee benefit plans. It also includes expanded information on the investment of plan assets, communications and trustee effectiveness.

The 536-page Trustees Handbook costs $35 for IFEBP members and $49 for non-members. Those who buy the handbook can receive "Employee Benefit Plans: A Glossary of Terms, Ninth Edition" at half price. IFEBP members pay $49.50 and non-members pay $65 for both books.

To order, contact the IFEBP Publications Department, 414-786-6710, ext. 8240; or 888-33-IFEBP, option 4. BI

Global Briefs

The cost of the **U.K. private pension sales scandal** to British insurers could be as high as £22 billion ($37.08 billion), which is double previous estimates, says London-based actuarial consulting firm Bacon & Woodrow. The warning comes as the U.K pension industry starts phase two of the program to compensate victims of misleading sales by targeting 1.8 million lower-priority cases. Between 1988 and 1994, U.K. insurance agents and financial planners advised up to 2 million people to buy inadequate pension products (*BI*, Oct. 31, 1994). The U.K. Financial Services Authority last month put the cost of the scandal at £11 billion ($18.5 billion). Richard Chapman, a partner at Bacon & Woodrow, said that if all pension policyholders affected by the scandal responded to the requests for information, total costs could reach £22 billion. . . .**Royal & Sun Alliance Insurance Group P.L.C.** of London has purchased Belgian marine underwriting agency J. Haenecour & Co. The Antwerp-based agency had a premium volume of £18.4 million ($30.9 million) in 1997. Royal & Sun Alliance said the purchase price is less than £5 million ($8.4 million). . . .The Assn. of British Insurers has welcomed an announcement by the British government that there will be consultation on the future of **general insurance regulation**. The government announced this month that protection of purchasers of non-life insurance products does not require regulation by the U.K. Financial Services Authority. The ABI has long campaigned against statutory regulation in the general insurance sector and said it is ready to hold discussions with relevant parties on the ABI's code of practice. . . .**Aon Services Group**, a subsidiary of Chicago-based broker Aon Group Inc., completed its acquisition of Pilar Administradora e Corretora de Seguros S/C Ltda., a multi-line insurance broker in Sao Paulo, Brazil. Terms of the transaction were not disclosed. . . .Investment bank Goldman Sachs Group L.P. has set up a Bermuda-based company as a vehicle to issue securities or derivative contracts to **transfer reinsurance risk to the capital markets**. Arrow Reinsurance Co. Ltd. will carry a Class 3 license under Bermuda's registration requirements. . . .London-based insurance consulting company **Eastgate Group** has launched a new loss-adjusting facility. Called CCS Global, the new practice is headed by John Stitch, a former chairman and chief executive of the Thomas Howell Group. . . .German reinsurer **Hannover Re Group** has completed what it says is the first life reinsurance transaction using capital markets. The transaction, in which Hannover Re can lay off risk totaling 100 million deutsche marks ($55.5 million) on life reassurance contracts over the next three years, closed in Dublin, Ireland, early this month. . . .Finland's **Sampo Insurance Co. Ltd.** has repurchased more than 6% of its own shares, mostly from Sweden's Trygg-Hansa Insurance Co. Ltd., a move that insurance market observers say likely will sink a proposed merger of the two insurers. . . .German insurer **Allianz Versicherungs A.G.** has acquired 78.7% of Assurances Generales de France from AGF shareholders as part of its friendly bid to assume control of the French insurer. . . .**Hardy Underwriting Group P.L.C.** has announced a pretax profit of £2.2 million ($3.7 million) for the 11 months that ended Dec. 31, 1997, on the back of a bumper year for the group's syndicate 382. The syndicate reported record profits for the 1995 year of account, a return of 26.4% of capacity, and expects a 16% return for the 1996 year. Underwriter Peter Hardy will step down next year to focus on his role as chief executive of the group. Deputy underwriter Stephen Wadman will take over from Mr. Hardy, subject to Lloyd's approval.

U.K. floods may cost $843 million

By EDWIN UNSWORTH

LONDON—Britain's unseasonably cold weather and rainfall during the Easter holiday could cost insurers £500 million, mainly from flood damage claims, industry sources estimate.

The Assn. of British Insurers, basing its assessment on early claims reaching insurers and previous experience, believes the claims will be of this magnitude.

Similarly, one of the country's leading loss adjusting firms, McLarens Toplis, believes the final bill to the industry will be slightly more than £500 million ($842.8 million).

Even though the loss estimates are close to the £548 million that insurers paid out for all U.K. weather-related losses in 1997, the ABI believes the recent losses are unlikely to lead to higher premiums.

"This in itself shouldn't lead to an increase in premiums," an ABI spokesman said, noting the soft market conditions. However, if claims are sufficiently high over a period of years, "it could feed through eventually," he said.

Lloyd's of London agrees with the £500 million loss estimate but believes its share of claims will be minimal.

Mark Hewlett, managing director of Syndicate Underwriting Research Ltd., which provides independent analysis of the Lloyd's market, said Thursday that after consultation with leading Lloyd's underwriters, the consensus is that the Lloyd's insurance market is unlikely to suffer severe losses due to the storms and floods.

"Although it is true to say that is it still far too early to give reliable figures as to the final position of losses resulting from this event, it is likely that the U.K. composites (general insurers) will be worst affected. Most Lloyd's underwriters are relatively unconcerned about the storms and floods and are not expecting losses of such a significant size to threaten bottom-line profits," he added.

McLarens Toplis said it had dealt with more than 1,000 claims in the first couple of days after the Easter floods, which began April 10. These included three claims—two from leisure complexes and one from a local government equipment storage depot—for more than £1 million ($1.69 million) each. However, the loss

See **Floods** *on next page*

PHOTO: AFP

This aerial view from April 13 shows flooding near Peterborough in Cambridgeshire, England. Insured losses are expected to total $843 million.

Less aid, fewer lawsuits

U.K. might quit funding personal-injury cases for poor

By CAROLYN ALDRED

LONDON—A proposal to quit financing most poor plaintiffs' lawsuits in favor of a conditional fee system will help rid courts of frivolous cases, groups representing U.K. risk managers and insurers say.

The Assn. of British Insurers also noted that the proposal could mean more business for legal expense insurers.

As part of a proposed radical reform of government-funded legal aid, the Lord Chancellor, Lord Irvine, plans to make most personal-injury actions ineligible for legal aid. Instead, Lord Irvine, the government's most senior lawyer, expects personal injury cases to be fought using conditional-fee arrangements—similar in principle to U.S.-style contingency fees.

In a consultation paper entitled "Access to Justice with Conditional Fees," the Lord Chancellor also proposed transferring most other cases claiming damages from legal aid to conditional fees.

While legal aid may remain available for medical negligence cases, at least in the short term, the Lord Chancellor recommended that only lawyers specializing in that field be allowed to take on such cases using legal aid.

Leading legal organizations criticized the consultation paper, outlined in Parliament earlier this month, claiming the changes will exclude many poorer people from the justice system.

However, the Assn. of Insurance & Risk Managers and the Assn. of British Insurers welcomed the paper, claiming its proposals will extend access to justice while cutting

See **Legal aid** *on page 40*

Peace accord may spur Pool Re rate reduction

By EDWIN UNSWORTH

LONDON—The leading provider of terrorism insurance in the United Kingdom might decrease rates in light of the Northern Ireland peace settlement.

Michael Watson, secretary and financial controller for Pool Reinsurance Co. Ltd., said any review depends on two things: the results of referendums on the peace deal expected to take place May 22 in both Northern Ireland and the Republic of Ireland, and then on a sustained period of peace if the referendums come out in favor of the settlement.

Mr. Watson said that given Pool Re's usual Jan. 1 renewal date and a customary two-month notice period, the earliest practical date for a change in rates would be July 1. However, he said he thinks it is more likely a change would come later in the year.

"The likelihood is we will want to see a real proven cease-fire, probably for a bit longer than that," he said.

Because of increased competition and an absence of claims against Pool Re in 1997, terrorism insurance rates already were falling before this month's historic peace agreement. Effective Jan. 1, Pool Re offered a discount of 20% for city properties and 40% for properties in other locations (*BI*, Dec. 15, 1997).

See **Pool Re** *on next page*

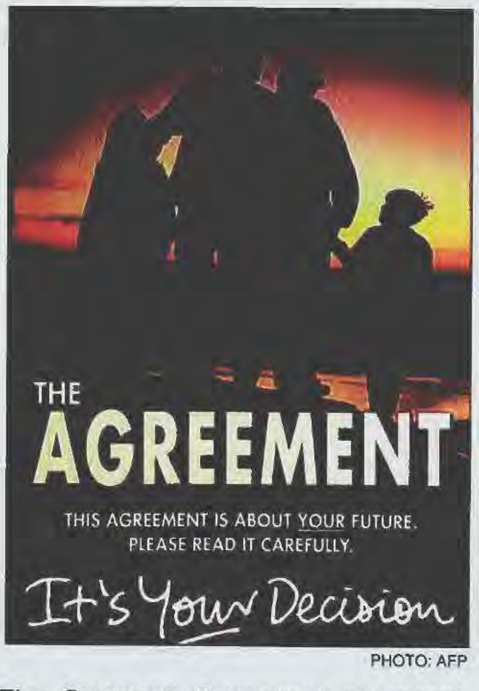


PHOTO: AFP

The Stormont Agreement document, which will be delivered to all households in Northern Ireland. The agreement won the approval of Unionist leaders.

South Africa mergers accelerate

By CAROLYN ALDRED

JOHANNESBURG, South Africa—Recent merger announcements among South African insurance, investment and banking companies are prompting speculation that the European concept of *bancassurance*, or *allfinanz*—the creation of financial conglomerates offering banking and insurance products—is about to gain ground in South Africa.

Johannesburg, South Africa-based conglomerate Anglo American Corp. of South Africa Ltd. and RMB Holdings Ltd. announced in March that the two companies planned to merge their financial services subsidiaries effective this month.

The merger will create a company—as yet unnamed—incorporating life insurance; retail, corporate and merchant banking; and asset management and health care.

The purpose in bringing the two groups together is to "combine the entrepreneurial and managerial qualities" displayed by the Rand Merchant Bank group with the "managerial qualities and depth of expertise" of two Anglo subsidiaries, the First National Bank Ltd. and Southern Life Assn. Ltd., according to a statement from Anglo American.

"The merger will result in the formation of a unique financial services group in South Africa, with the critical mass and potential to add significant incremental value," according to the Anglo statement, which added that the company "will be the first major financial services group appropriately structured to offer its clients a full range of financial products and hence optimize the potential benefits arising from the convergence of insurance, banking and investment services."

The combined company would be valued at about 59 billion rand ($11.7 billion).

Just days after the Anglo/RMB merger was announced, the Liberty Life

See **Mergers** *on next page*

INTERNATIONAL

Mergers

Continued from previous page

Group, one of South Africa's largest insurers, announced it is in talks with the Standard Bank Group.

"These discussions contemplate the possibility of major restructuring and consolidation of those aspects of the two groups where meaningful current and potential synergies exist. The outcome of these discussions could well involve the creation of a common listed holding company," Liberty Life explained in a cautionary announcement issued on the Johannesburg Stock Exchange March 11.

Liberty Holdings Ltd. has a controlling 54% stake in Liberty Life Assurance of Africa Ltd., which owns Charter Life Insurance Co. Ltd. and 82% of Liblife Strategic Investments Ltd.; and a 45.4% shareholding in property/casualty insurer Guardian National Insurance Co. Ltd.

Meanwhile, Liberty Life has a 13.7% stake in Standard Bank (Stanbic), while Guardian has a 0.2% shareholding in Stanbic.

A number of factors are driving the merger movement, according to analysts.

"The banks have good distribution networks, which would be beneficial to insurers," according to Alan Long, banking analyst with Johannesburg stock broker Spc Warburg Dillon Read.

Already there are "strong relationships between the banks and life assurance companies through cross-shareholdings," he added, and the mergers would create opportunities for cost-cutting.

Other factors driving the trend toward mergers include competition, which is increasing in both the banking and insurance sectors, and the ability to compete internationally as South Africa "returns to the international fold," noted Mr. Long.

It is a "worldwide trend that barriers between financial services are breaking down. It makes sense for companies to get together to achieve a critical mass and for insurance companies to use the distribution network of the banks" agreed Warburg insurance analyst Kevin Williams. BI

Floods

Continued from previous page

adjuster said that statistical analysis of previous incidents indicates an average loss per claim of about £10,000 ($16,855).

Peter Ward, Midland's regional director of Crawford-THG Ltd. in Coventry, England, another leading loss adjusting firm, said late last week, "In 30 years as a loss adjuster, this is the worst natural disaster that I have seen in the Midlands. Instructions (from insurers receiving claims) are pouring in at the moment."

Loss adjusters Ellis & Buckle said it had more than 1,000 incidents reported in a 60-hour period, with a number of commercial claims estimated at more than £1 million each. Ellis & Buckle pointed out that with many businesses closed and people away because the floods occurred over the four-day holiday weekend, much of the damage initially went undetected.

The worst of the flooding was in the East Midlands, centered on the town of Northampton where the River Nene overflowed its banks.

McLarens Toplis said its staff in the field have reported a mix of losses, ranging from domestic, industrial and retail to public buildings and utilities.

There were numerous complaints from local officials and businesses about the lack of warning, but the Environment Agency said it was a once-in-150-years event and the severity of the freezing weather, snow and rain so late in the season could not have been predicted.

If estimates of around £500 million in insured claims prove correct, the floods could become the worst weather disaster in Britain since a series of storms in January and February 1990 caused insured losses of almost £2.5 billion ($4.21 billion at the current exchange rate). A major week-long freeze in late 1995 cost insurers about £400 million ($674.2 million at the current rate).

Last Tuesday, the first day back to work after the Easter vacation, insurance shares fell sharply on the London Stock Exchange when initial U.K. press and television reports said insured losses from the floods could equal the £1.5 billion ($2.53 billion at the current rate) paid out after the October 1987 hurricane. BI

Pool Re

Continued from previous page

Its main competitor is syndicate 33 at Lloyd's of London. The syndicate, managed by Hiscox Syndicates Ltd., not only increased its terrorism capacity for 1998 to £100 million ($167.9 million) from £45 million ($75.6 million) for individual properties, but also launched a new U.K. terrorism policy offering rates 20% below Pool Re's reduced 1998 rates

Linda Crossman, a terrorism underwriter on syndicate 33, said the syndicate has no plans "at the moment" for a rate reduction. She declined to speculate how long a period of terrorist-free acts it would take for the syndicate to consider cutting rates.

Although Mr. Watson acknowledged that a successful Northern Ireland peace agreement would mean "the need for Pool Re would be greatly diminished," he maintained there would continue to be a role for the insurer. He pointed out that Pool Re provides cover for all acts of terrorism committed in the United Kingdom, not just those perpetrated by the Irish Republican Army.

Mr. Watson also said he thinks it is unlikely reinsurers would step in and provide the same degree of unlimited coverage as Pool Re does. While the company set up Pool Re Nuclear a year ago to cover the risk of terrorist attacks on nuclear installations, Mr. Watson denied a newspaper report in London saying that Pool Re is considering further diversification in view of the reduced terrorism threat.

Pool Re was set up by the U.K. government and insurance industry in 1993 to provide insurance against terrorist activities after most underwriters withdrew because of IRA bombings in London the previous year.

U.K. insurers cover the first £100,000 ($166,810), but anything above that is paid out by Pool Re. BI

INTERNATIONAL

Legal aid

Continued from page 37

down on claims that have little chance of success.

Interested parties have two months to comment on the proposal.

According to the Lord Chancellor, extending the use of conditional-fee arrangements, in which a lawyer agrees to represent a client for an additional bonus if the lawsuit is successful but gets nothing if the suit fails, would increase the ability of many middle- and upper-income people to litigate. Legal aid is available only to people with very low incomes, and the expense of litigation precludes many others from taking advantage of the legal process, he said.

Since contingency fees were introduced in England and Wales in 1995 for a limited range of legal proceedings—including personal injury cases—more than 30,000 people have used them, according to Lord Irvine.

"Many of them would have been unable to afford to pursue their claims at all without conditional fees," Lord Irvine told Parliament. These were "people only just above the legal-aid limit, people who are far from (wealthy)."

But the Law Society, which represents lawyers practicing in England and Wales, warned that the abolition of legal aid for personal injury cases and other civil litigation may lead to injustice.

Under the British legal system, most losing parties must pay the legal costs of their opponents. Although insurance products have been developed since the introduction of conditional fees to cover this risk, the costs of the insurance, together with other legal expenses, such as expert witnesses, may be too much for some people without legal aid, according to the Law Society. Defense-costs coverage premiums range from £92 to £155 ($153 to $258), according to the consultation paper.

As a result, the proposed changes "will effectively deny justice to those people on very low incomes," the Law Society warned in a statement.

In addition, "people with expensive or complicated personal-injury claims may not be able to find a solicitor who is able to take the case on a no-win, no-fee basis or an insurer willing to provide affordable insurance," it added.

The Law Society pointed out that conditional fees were never intended to replace legal aid, a view the Assn. of Personal Injury Lawyers echoes.

"APIL has more experience of conditional fees than any other organization—indeed, the association supported their introduction," said Caroline Harmer, APIL's president. "But they were never meant to replace legal aid, and it is far too soon to draw any conclusions about how well they are working."

Replacing legal aid with conditional fees will "deny justice to many, because injured people won't be able to afford the expenses of bringing the case and (lawyers), who will already be working without any pay until the end of the case, won't be able to afford to pay for expenses such as expert witnesses and court fees either," an APIL statement explained.

"It's outrageous that (the government) has picked on victims of personal injury as the first port of call to cut legal aid costs, when personal-injury law represents a relatively small drain on legal aid resources at a net cost of £34 million ($56.7 million)—less than 2.5% of the entire legal aid budget," said Ms. Harmer.

The proposed changes 'will...deny justice to those people on very low incomes,' says a Law Society statement.

AIRMIC, which represents most U.K. risk managers, welcomed the proposal, saying it would enable genuine cases to proceed, as lawyers would take up only those cases likely to win, and reduce the number of costly and often unsuccessful cases brought by the legal aid board.

The ABI also welcomed the proposals. The ABI said increased use of conditional fees would create opportunities for legal expense insurers.

Meanwhile, it was difficult to predict the likely impact on product liability and employer liability insurers, as the number of legal aid cases may fall but the number of conditional-fee cases likely will increase. However, an ABI spokesman agreed with AIRMIC that lawyers working on conditional fees would be unlikely to pursue weak cases, reducing defense costs.

It is a point also raised in the consultation paper.

"Some weak cases presently brought under legal aid will not find lawyers who are willing to act. This is to be welcomed: The government does not believe that weak cases should be brought using legal aid which would not be brought privately. Removing these cases will reduce the costs not only to the legal-aid fund but to all defendants who presently face these speculative claims," the paper explained.

In its consultation paper, the government stressed its commitment to "making conditional fees work in as many fields of litigation as possible."

Insurance and banking products to help litigants finance cases already are developing, and the government will encourage the market's further development, the paper noted.

One way of doing this is to allow a successful litigant to recover the costs of insurance premiums from the losing defendant. The government also suggested that any "success fee" paid to the litigant's lawyer may also be recoverable from the losing party, together with any extra expenses.

"The government is also talking with the insurance and banking industry to help them develop more and even better products that can ensure that lawyers can undertake cases on a conditional-fee basis for the poorest client, with lawyers meeting ongoing costs. The new products may take the form of funding packages that allow a lawyer to draw down part of his fee in advance, or that include 'stop loss' protection for lawyers against a run of losses in high-risk cases," the paper explained.

However, the government did recognize there may be cases that lawyers and insurers will remain wary of taking up on a conditional-fee basis because of the large costs involved, in particular medical negligence cases.

"The government accepts that the provision of insurance for such cases is still relatively new and developing and that many (lawyers') firms may not be financially structured to enable them to carry this work," the consultation paper noted.

As a result, "the government does not intend to remove medical negligence (from legal aid) now but will look to do so as the market develops and lawyers adapt to the greater use of conditional-fee agreements," it added.

But the paper pointed out that medical negligence cases currently brought by the Legal Aid Board do not have a high incidence of success. According to the government, the net cost of legally aided medical negligence cases to the taxpayer was £27 million ($45 million), and yet in only 17% of cases was £50 ($83) or more recovered.

The government maintains that part of the reason for the high failure rate is that lawyers insufficiently experienced in this area are pursuing the cases. As a result, the paper proposed that only lawyers specializing in medical negligence be awarded legal aid cases.

The government also plans to introduce some form of transitional fund that would provide legal aid for other cases lawyers may be unwilling to take up because the rewards are less than the costs, such as public interest cases. BI

AT&T

Continued from page 1

put their efforts into having a backup plan in case the network crashes. "If the dependence is critical, you have to have a backup," Mr. Kloman said.

If AT&T is subject to any claims for damages as a result of the outage, courts will have to decide whether telephone companies, which historically under government regulation were able to claim immunity to disruption-in-service claims, are liable for damages now that the telecommunications industry has been deregulated, Chubb's Mr. Wing said.

In anticipation of greater potential liability, Chubb and a few other insurers have developed E&O policies to cover telecommunications companies.

"Three years ago the first of these failure of service policies was placed at Lloyd's, and now (American International Group Inc.) and Chubb offer coverage as well," said Tom Ricketts, director of Sedgwick Global Telecommunications, a New York-based unit of Sedgwick Group P.L.C.

The policies cover telecommunications companies for damages claimed by customers for failure of service, he said.

"The policies are expensive, but there is a lot of interest in them because as telecommunications companies are serving banks, financial markets and airlines, etc., the potential for losses is huge. For example, if the Chicago Board of Trade was off-line for one day, the potential loss would be in the megamillions," Mr. Ricketts said.

Currently, telecommunications companies often have "liquidated damages" clauses in their contracts with large customers; those clauses specify how much they can be held liable for due to a service disruption, he said. However, to gain a competitive advantage, some of the companies have shown an interest in buying the coverage to enable them to accept a larger liability under the contracts, Mr. Ricketts said.

Chubb has issued a few tailor-made E&O failure of service policies to telecommunications companies, and it is developing a standard policy, Mr. Wing said.

Thousands of companies were affected by the outage, but many had backup systems to cope with the problem or were able to continue without using the network.

AT&T would not comment on its insurance coverage.

In a conference call with reporters last week, AT&T Chairman C. Michael Armstrong said its liability would depend on the individual contracts with customers.

AT&T has suspended charging its frame relay customers while it investigates the cause of the problem, Mr. Armstrong said.

"We will not charge for our frame relay service until we have defined the problem. . .and defined the solution," he said.

Frame relay is a high-speed packet data networking technology used by businesses that need to exchange large amounts of computer information in short and frequent bursts.

Mr. Armstrong would not say how much AT&T would lose in revenues by suspending charges; however, he said the frame relay business generates $1 billion annually for AT&T.

Late last week AT&T had not discovered the cause of the outage but had traced the problem to two of 145 switches within the frame relay system, said Frank Ianna, executive vp of network and computing services at AT&T on the conference call.

"It's probably some type of hardware or software problem or a combination of that type of problem, but we don't know yet," he said.

The problem caused the shutdown of the system from about 3 p.m. Monday to about noon Tuesday Eastern time.

Thousands of companies were affected by the outage, but many had backup systems to cope with the problem or were able to continue without using the network.

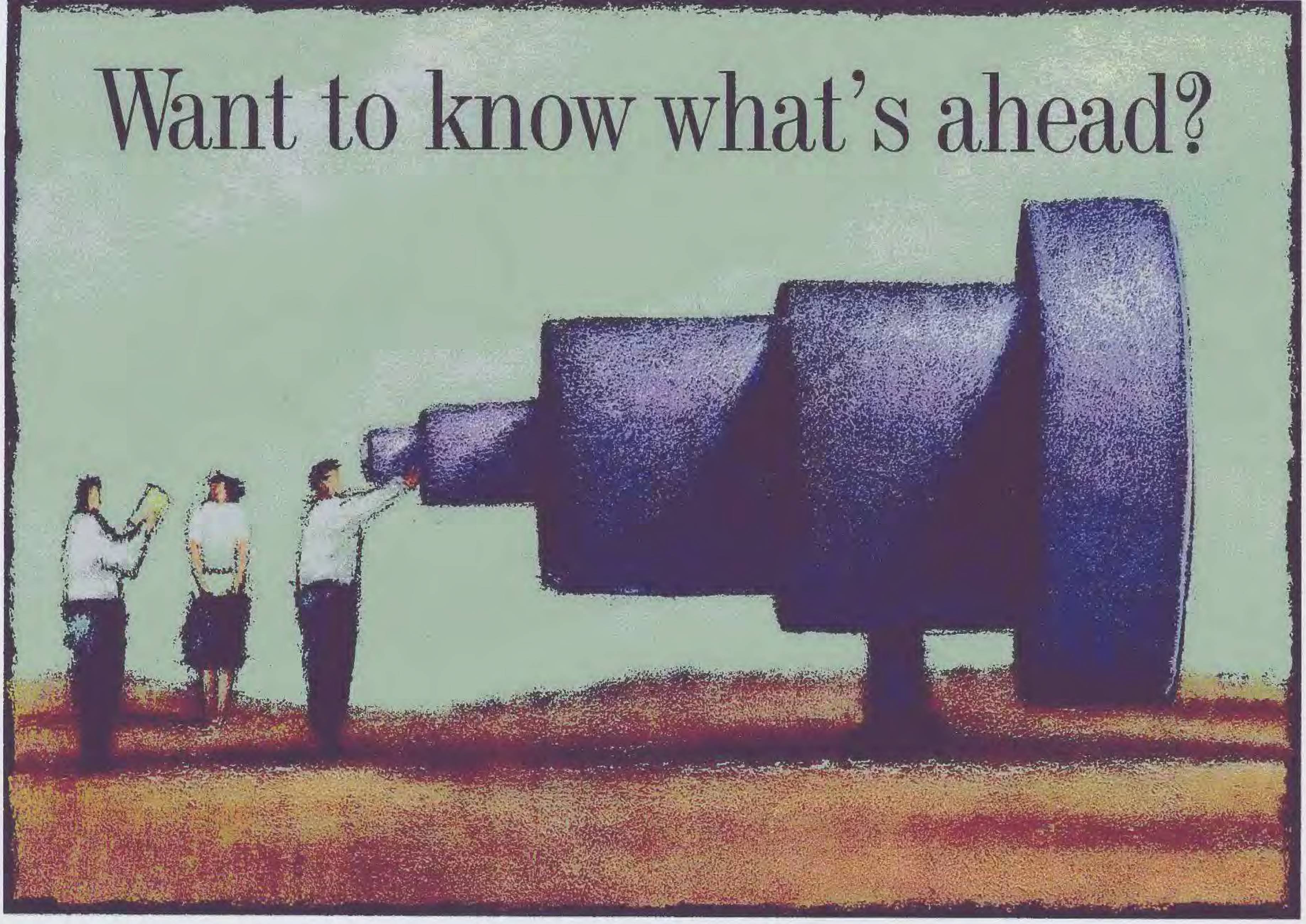
One company hurt by the crash was Tele-Communications Inc. of Englewood, Colo. About 500 of the cable company's 800 business sites were affected, causing pay-per-view and installation requests to go unfulfilled, a spokeswoman said.

Some of these sites lost their network for up to 24 hours and were back running on Tuesday afternoon, the spokeswoman said. The company would not comment on any possible losses or insurance coverage.

Wal-Mart Stores Inc. uses the AT&T system but the retail chain had backup facilities in place to deal with the problem, said William Newberg, vp-risk management at the Bentonville, Ark.-based store chain.

"We were able to respond with our backup systems, so the effect was quite minimal," he said. He would not give details of the backup system.

Southwest Airlines Co. in Dallas had to reroute its system manually when part of its reservation system went down on Monday, according to spokeswoman. And in some cases the airline was unable to gain authorization for credit cards, the spokeswoman said. BI



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May 4	RIMS Report: Employee Benefits & Workers Comp [RS]	ABT Agency/Insurer Relations	Apr 22
May 11	RIMS Report: Risk Management [RS] *Distribution: AAMGA*		Apr 29
May 18		IT Insurer/Agency Relations	May 6
May 25	Specialty Risks: Environmental & Professional [RS, SS] *Directory: Environmental Risk Management Consultants*		May 13
Jun 1	*Distribution: NAIB; Luxembourg Rendez-Vous*	ABT Information Technology GLOBAL FOCUS	May 20
Jun 8	Government Risk Management [RS] *Directory: Alternative Risk Financing Facilities* *Distribution: PRIMA*		May 27
Jun 15	Benefits: Balancing Work & Family [RS] *Directory: EAPs & Dependent Care Resources & Referral Services* *Distribution: AAHP; SHRM*	IT Information Technology	Jun 3
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For the Record

Consultant's errors hit Los Angeles fund

LOS ANGELES—An audit of Los Angeles County's pension system recently found that 20-year-old computing errors made by Towers Perrin have caused the Los Angeles County Employees Retirement Assn. pension fund to incur about $1.2 billion in liabilities, according to county officials.

Towers Perrin does not deny miscalculations were made. However, adjustments were made last year, and the fund currently has a $5 billion surplus, said Gordon Gould, Towers Perrin retirement practice leader for the Western region in Denver. There are no unfunded liabilities, and the county does not need to increase its contributions, he added.

But the Los Angeles County Employee Retirement Assn.'s Board of Investment voted earlier this month to compel the county to immediately begin paying an additional $25 million a year into the pension system to make up for funds that should have been paid into the system but were not, county officials said. Another $15 million the county receives from state and federal monies also will be paid into the $24.6 billion fund.

Meanwhile, members of the retirement board are weighing a lawsuit against Towers. The calculation errors were discovered during the first-ever outside audit of the fund's books, conducted by actuarial consulting firm Milliman & Robertson.

New York wants award in injuries overturned

NEW YORK—New York City is uninsured for a $104.7 million jury award against the city for failing to post a warning sign on a public pier where two brothers were paralyzed below the neck after they dove into water that was just five feet deep.

However, the city plans to file a motion with the judge to overturn the award and, if necessary, appeal the "ridiculously excessive verdict," said Eugene R. Borenstein, chief of the tort division of the Office of Corporation Counsel.

The accident took place at New York's Coney Island in 1993, when Virgil Brown dove off a fishing pier and injured himself when he hit the sea bed. Seeing that his brother was hurt, John Brown dove in to help, but he, too, was injured.

The city had argued in court that if Virgil, now 33, and John, now 32, had exercised common sense, they would not have jumped into the water when they did not know its depth and could not see the bottom.

"We don't think that there is any way the city should have to pay for this," Mr. Borenstein said.

Sears, Roebuck settles shareholder suits

HOFFMAN ESTATES, Ill.—Sears, Roebuck & Co. is fully insured for an $8.25 million settlement of a group of shareholder derivative suits against its directors and officers.

National Union Fire Insurance Co. of Pittsburgh, Pa., a unit of New York-based American International Group Inc., will cover the settlement under a directors and officers liability policy.

The retailer also settled for $11.8 million a separate group of class-action suits brought by Sears' shareholders over a drop in stock price. None of that amount was covered by insurance, according to a legal notice the company sent its shareholders in early March.

The suits arose out of the company's violation of bankruptcy laws in its collection of money from holders of Sears credit cards who had declared bankruptcy. In November, Sears agreed to pay $158 million to the credit card customers plus millions of dollar more in interest and other pay ments, including compensation t the attorneys general of 50 state As a result of the violations, Sear last summer announced a $32 million aftertax charge agains earnings (*BI*, Nov. 3, 1997).

In addition to the money, Sear has agreed to establish the posi tion of chief compliance officer t ensure it follows bankruptcy law in the future.

According to the notice t shareholders, National Union dis puted its coverage with Sears. I was not until the plaintiff lawyers in the D&O suit inter vened and held "extensive discus sions" with National Union tha the insurer agreed to the settle ment, the notice said.

A spokeswoman for Sear would not provide further detail and AIG would not comment o the negotiations.

A hearing is scheduled for Ma 7 before Judge Ira Gammerman c the New York state Suprem Court to approve the settlements.

Dow Corning settles Canadian class action

Dow Corning Corp. has reache a tentative settlement totaling $3 million with 10,000 Canadia women with silicone breast im plants.

The settlement awaits approva by two Canadian courts and th U.S. Bankruptcy Court overseein the Midland, Mich.-based manu facturer's reorganization.

Meanwhile, the Louisian Supreme Court on April 1 denie a plaintiffs' emergency request t "recertify" the *Spitzfaden v. Dow* silicone breast implant clas action. The decision lets stand district court judge's Dec. 1, 199 ruling decertifying the class in th nation's first class action silicon breast implant lawsuit to be trie against Dow Chemical Co. (*B* Dec. 8, 1997). B

ADVERTISER INDEX

Issue of April 20

Commentary

Politicians fuel fears of napalm shipment

I'm disgusted by the hype and hysteria over the threat allegedly posed by a rail car full of liquid napalm that was destined for recycling and, ultimately, destruction in Indiana.

Call me a cynic, but I believe the furor over this shipment has more to do with the risk of a few politicians not being re-elected this fall than any possible public health hazards.

Congressmen from Illinois and Indiana protested the shipment, claiming it posed health risks to the residential areas through which the rail cars would pass. Lawmakers from California, for their part, were glad to see the shipment leave their state, as its storage in Fallbrook, Calif., has been a contentious issue.

These politicians certainly found an emotional hot button to push and so draw attention to themselves as champions of the public good, a dubious skill that politicians of both parties apparently are endowed with at birth.

However, the differences between our emotional reaction to the horrors of napalm used as a weapon during the Vietnam War and the reality of this carefully controlled disposal project are vast.

Paul D. Winston

There's no denying that napalm made for a terrible chemical weapon; in fact, its use was ultimately banned during the war.

Who can forget the anguishing 1972 Pulitzer Prize-winning photograph of a naked Vietnamese girl, Kim Phuc, running down a road screaming because her skin was burning from a napalm attack? Or footage from newsreels or Hollywood of Vietnamese forests erupting in fire after a napalm bombing run?

But those images and that destruction were caused by napalm bombs, not by tanker cars. The liquid napalm stored in California that was being shipped to Indiana is flammable, but, unlike those bombs, it is not explosive. There are no fuses or ignition devices in its storage containers.

It is true that railway shipments are not without risk of damage or derailment, as we have seen all too often in recent years. But there no doubt are far more hazardous chemicals traversing the country's railways and highways than a rail car of jellied gasoline.

Do we raise a cry of panic when the gasoline tankers rumble through our cities and neighborhoods? Or when a shipment of Sterno fuel arrives at our hardware and grocery stores? Are they any less volatile?

At some point, society performs an informal cost-benefit analysis and deems such things an acceptable risk, subject to numerous safety regulations and procedures.

I believe the shipment of this napalm to a recycling facility is no different. I would rather see the product destroyed or converted to a useful commodity—in this case turned into a fuel that would be used by cement factory kilns—than sitting in a naval warehouse in California, where it is at risk of leakage from aging containers and crates.

If leakage were to occur in storage, the disposal of the napalm by necessity would likely be carried out in an uncontrolled and unsafe manner. Compare that with controlled disposal by an EPA-certified pollution control facility that has experience with treating or disposing of hazardous waste.

I, for one, hope the political grandstanding ends soon so the business of disposing of the napalm can commence. As of last week, the Navy had received inquiries from facilities across North America interested in the $24 million contract for recycling of the napalm.

In fact, I wouldn't be surprised if the politicians who fanned the public's fears find this stunt backfires at election time, as jobs from the multimillion-dollar contract go to another congressional district.

The sooner the disposal of the napalm gets under way, the better. Think of it as beating swords into plowshares—or burning chemical weapons into cement.

Editor Paul D. Winston and Publisher and Editorial Director Kathryn J. McIntyre write columns on alternate weeks.

Texas

Continued from page 2

That duty belonged to the distributor, which failed to undertake a background check that could have revealed the salesman's criminal history, the manufacturer argued.

If it rules against Kirby, the Texas Supreme Court will establish a "very, very, wide-ranging duty" on businesses operating in the state, said David A. Kutik, an attorney with Jones, Day, Reavis & Pogue in Cleveland. He represented Kirby.

He warned businesses that if the appeals court ruling stands, it means that if a company knows a product "connected to you is going to end up in a home, you better make darn sure you have a background check" on the person who puts it there.

Mr. Kutik said the expanded liability would have particular significance for companies such as national retail operations that routinely contract with local service providers to deliver and install products. It would be extremely difficult for such a company to be certain that all of its subcontractors had performed background checks on their workers, he noted.

The attorney for the assault victim did not return phone calls seeking comment on the case.

Some believe a verdict against Kirby could have broader implications than Mr. Kutik described.

Members of the Texas Assn. of Responsible Nonsubscribers, an Austin, Texas-based group of businesses that have opted out of the state's workers compensation system, are being advised that a ruling against Kirby could affect them.

While not a necessarily a workers comp concern, "we thought it would be a concern to our members," said Steve Bent, executive director of the group. He said a ruling against Kirby could mean any type of Texas businesses could be held liable for the actions of contracted workers, vendors or service providers as if they were the company's own employees.

He cautioned that even without the expanded liability, employers should be protecting themselves through contractual agreements that hold contractors responsible for their actions.

"The Kirby case continues the trend in the courts to say that when you are trying to use independent contractors to escape liability, you had better be careful," said Harry D. Jones, an employer attorney with Dodge, Fazio, Anderson & Jones P.C. in Dallas.

In this case, Mr. Jones said he thinks the Texas Supreme Court will overturn the lower court decision. "I think what will happen is, the Supreme Court will find there is no proximate cause here. Nothing Kirby did or didn't do caused the damages."

Mr. Jones said if the decision is upheld, employers "should assume that some of the protections they thought they had, aren't there." There is a "heightened concern" about employers' liability with regard to independent contractor relationships as a result of this case, he added.

The Kirby case began with a 1993 civil lawsuit filed by Dena Kristi Read and her husband against the company. Also named were Leonard Sena, the distributor of the vacuum cleaners, and Mickey Carter, a salesperson the distributor hired to sell the product.

Court papers say Mr. Carter sexually assaulted Ms. Read after being allowed in her home on a sales call. A jury eventually found that Kirby acted with gross negligence, assigning it 80% of the blame for the alleged assault. Mr. Sena and Ms. Read each were found 10% negligent.

Mr. Carter, who never faced a criminal trial for the alleged assault, was jailed for violating parole.

In the bifurcated trial, the jury awarded actual damages of $200,000, which, when accounting for the 10% fault it placed on Ms. Read, left $180,000 for the company and the distributor to pay.

In the second phase of the trial related to the gross negligence finding, $1.5 million in punitive damages was assessed against the company. The punitive award was reduced to $800,000 because state law limits those damages to no more than four times actual damages.

Mr. Sena paid his portion of the damages, which amounted to $20,000.

Kirby appealed to the state's 3rd Court of Appeals, which upheld the actual damages but struck the punitive award when it decided Kirby had not acted with gross negligence.

The appeals court ruling, dated May 1, 1997, and written by Judge J. Woodfin Jones, held that Kirby had a duty to protect Ms. Read partly because of the "peculiar risk inherent in permitting in-home sales to be conducted by persons with histories of crime, violence, or sexually deviant behavior."

The company controlled the marketing process by which its products were sold in home demonstrations, the court noted, and in the case of Ms. Read failed to "take any precautions" with regard to how Mr. Sena recruited his dealers.

The company's "lack of an instruction or warning advising Sena to conduct a background investigation" or at least check references Mr. Carter had submitted "was a substantial factor in bringing about Read's injury," Judge Jones wrote.

In dismissing the gross negligence charge and the punitive award, Judge Jones wrote that even though an injury such as the one Ms. Read sustained "is indisputably extreme" and "reasonably foreseeable," it still was unlikely.

The judge pointed out that Kirby at the time of the trial had more than 700 distributorships under contract, employing more than 12,000 dealers around the world. About 50,000 people are recruited annually for the dealer positions, and the 80-year-old company has had only four reported incidents of sexual assault by distributors or dealers of its products.

Appeals were filed to the Texas Supreme Court by attorneys for Ms. Read to reinstate the punitive damages and by Kirby to overturn the $160,000 in actual damages.

Mr. Kutik would not comment on whether Kirby has insurance that would pay damages if they are upheld. BI

HMOs fail test of consumer law

Majority in New York did not provide information: Official

By MICHAEL PRINCE

ALBANY, N.Y.—The majority of health maintenance organizations in New York are in violation of the state's new consumer health care law, the state attorney general says.

In a study released earlier this month, Attorney General Dennis C. Vacco said 18 of the 31 HMOs surveyed failed to provide consumers with legally required plan information when it was requested by telephone.

"I am seriously concerned that many HMOs are not even obeying the most basic provisions of the Managed Care Consumer Bill of Rights," Mr. Vacco said in a statement.

The law, effective last April, requires HMOs, among other conditions, to provide prospective enrollees with subscriber contracts and member handbooks upon request.

In the survey conducted by the attorney general's office, 31 HMOs each received 16 requests for the mandated information. Eighteen HMOs, including the three largest in the state—Oxford Health Plans Inc., which is the state's largest with 1.2 million members; Health Insurance Plan of Greater New York; and Aetna/U.S. Healthcare of New York—failed to provide the information more than half the time.

Five HMOs "passed" the survey by providing the information at least 14 times, while the remaining eight plans received a "needs work" rating by providing the information for 9 to 13 of the requests, the study states.

Other large HMOs among the 18 that failed include CIGNA Healthcare of New York, Empire Blue Cross & Blue Shield, and Prudential Health Plan of New York.

"Obviously, this information we requested—copies of the plan's subscriber contract and member handbook—can be easily provided, since five of the HMOs contacted were able to do so 90% of the time or more," Mr. Vacco said in his statement.

After the study's release, Mr. Vacco served upon the 18 failing HMOs notice that under the law they can be sued after five days from receiving the notice. A spokesman for the attorney general's office said each HMO responded to the notice by scheduling a conference with the attorney general's office.

At the conference the HMOs will be asked to sign an agreement on how each plans to comply with the law in the future. The attorney general's office also seeks to put in the agreement a financial penalty for failing to comply with the law, the spokesman said.

"If these companies do not enter into legally enforceable agreements with me to stop their problematic practices, they will see me in court," Mr. Vacco declared.

HIP attributed its failure to fully respond to the requests to a "clerical problem" the company is working to correct, the New York-based HMO said in a statement.

"We are working to build membership, so it is not in our interest intentionally to fail to respond for information," the statement said.

Aetna/U.S. Healthcare of New York did not respond to requests for comment. Oxford was unable to provide comment.

PBMs

Continued from page 3

ers, much more tightly controlled by the FDA in this respect, have used PBMs to improve market share by winning a place for the drugs on the PBMs' formularies and paying PBMs bonuses for their successful distribution, said Terry Latanich, senior vp for Merck-Medco Managed Care L.L.C. in Montvale, N.Y. In August 1993, Merck became the first major drug maker to acquire a PBM.

If the PBMs' worst fears are realized, PBMs and even health maintenance organizations with PBM contracts would be deemed by the FDA to be under the close influence of drug manufacturers, with federal restrictions on how the PBMs and HMOs can promote medications in print or verbally.

If a PBM chose to demonstrate its independence from a particular drug manufacturer by ending its rebates, the PBM would face the need to raise prices, Mr. Latanich said.

In turn, some plan sponsors may be forced to reduce drug benefits or increase employee contributions for the benefits, Mr. Latanich said.

The new guidelines would seem to apply to any managed care organization with a formulary, as the rebate system is pervasive, said Delbert Konnor, executive vp of the Arlington, Va.-based Pharmaceutical Care Management Assn., a federation of 30 leading PBMs.

According to the association's official letter to the FDA: "It is not the role of the FDA to regulate economic conduct. If the FDA has any jurisdiction over (managed care organizations') communications, it should exercise that jurisdiction in the least intrusive manner possible, minimizing any unnecessary impact on the cost and quality of health care."

PBMs argue that without bonuses, there also would be less incentive for therapeutic interchange, also called "switching," of one brand-name drug for another to selectively increase market share.

Switching also can save employers money by substituting a less expensive or more efficient drug for another.

The FDA has accused PBMs of making false and misleading statements about drugs in its marketing efforts and of using drugs "off label," meaning for purposes not federally approved. The PBMs, in contrast, have told the FDA the new guidelines would muzzle PBM pharmacists who wish to discuss more than only FDA-approved drug information with physicians.

The FDA wrongly concludes that the PBM's allegiance is to the drug company that owns it or from which it gets rebates, while actually it exists to serve the plan sponsor—and to save employers money, Mr. Konnor said.

"It appears as though the FDA is assuming any connection (to drug makers) equals working for manufacturers," he said. "That's not so. The loyalty of the PBM is to the GM or the Xerox or whomever is paying the bills."

The PBM group, which helped organize members to submit an onslaught of comments opposing the FDA's move, rejects the proposal on the grounds that controlling PBM marketing for the first time ever, even if it does not lead to dire consequences, is a foot in the door for further government intrusion into managed pharmacy, Mr. Konnor said.

He also said PBMs are baffled that the government agency did not seek their input—except for a two-day hearing in 1995—before issuing its proposal.

Although presumably most affected by the proposal would be PBMs owned by drug manufacturers, the nation's largest independent PBM also is strongly against it, said Jennifer G. Low, associate general counsel of Express Scripts/Value Rx Inc. in Maryland Heights, Mo.

"Most people thought this applied only to pharmaceutical manufacturer-owned PBMs," she said. Upon closer scrutiny, however, Express Scripts/Value Rx—the child of the recent merger between two independent PBMs—realized it, too, would be harmed by the plan.

"We think it would increase the cost of the pharmacy benefit," she said. "I'm sure the FDA did not intend to make the cost of the prescriptions go up. We're fairly certain the FDA had no idea who this would touch."

An FDA spokesman said the agency would not discuss the proposal until it had time to read comments received from a variety of PBMs, managed care companies, drug companies and business and trade groups. The deadline for comments was April 6.

PBMs and employers may not know for a long time what the potential impact of the guidelines will be, if enacted, Mr. Latanich said.

Meanwhile, the PBMs will continue to campaign against it, and some are talking about a political solution on Capitol Hill.

"It's hard to understand what the guidelines would mean, because it's just vague in many places," Mr. Latanich said. "I think this discussion will go on for months."

'I'm sure the FDA did not intend to make the cost of prescriptions go up. We're fairly certain the FDA had no idea who this would touch,' says Jennifer G. Low.

Although many PBMs are dead-set against the FDA plan, two benefit consultants said the PBMs could be over-reacting.

"I have trouble believing it can be that dramatic," Barbara Hawes, consultant with Towers Perrin in Atlanta, said of the PBMs' claims.

Three of the five leading PBMs—Merck-Medco, PCS Health Systems Inc. and Diversified Pharmaceutical Services Inc.—are owned by drug makers, and their marketing practices already have been under the close watch of several agencies. Rebates also are not as crucial to the PBM industry as before, and are likely to survive FDA regulation in a different form, Ms. Hawes said.

"I'm a little skeptical that this will make rebates go away," she said. "I've heard a lot of stories over the years about how rebates are going to go up in smoke."

Some PBMs have even expressed support for the FDA plan, hoping it will "help throw out the bad apples" that use inaccurate information to market products, according to Ms. Hawes.

Jon Newpol, Atlanta-based director of the MEDSTAT Group Inc. research firm, also was skeptical about PBMs' warnings about the demise of rebates.

"Of course that's what they'd love you to believe, but I really do believe the market would find a way for employers to have good (PBM) financial arrangements," he said. "If rebates were eliminated, there'd still be creative ways to incent people to use certain drugs." BI

CalPERS

Continued from page 3

be successful, so in a way it's a time-out."

Meanwhile, CalPERS also has considered direct contracting with medical providers to gain more control over cost and quality (*BI*, April 6).

"I think we're disappointed with their response," Kaiser's Mr. Hudes said. "We realize that we gave them a large increase this year, but as we repeatedly explained to them, it's because we missed the increase that we should have given them for 1998."

He said this year's rates had been quoted early in the year, and "at that point in time we didn't see some of the big changes in medical cost trends," particularly hospital utilization.

"We're not asking them to pay for the losses that we're going to incur this year and we incurred last year. We're going to have to borrow the money for that, but we're going to have to get back on a revenue stream that will cover our medical care expenses."

'We're going to have to get back on a revenue stream that will cover our medical care expenses,' says Jack Hudes.

Mr. Hudes said the 12% hike is "in the middle of the pack," and Kaiser is CalPERS' lowest-priced plan when premiums are adjusted on the basis of the relatively older membership Kaiser serves.

Mr. Hudes, who denied Kaiser has deliberately underpriced its business in the past, said an examination of its books "with no agenda, without any definition as to what they're looking for or want" is infeasible. However, he said, Kaiser would be happy to supply CalPERS with any information it needs. Referring to Kaiser's $6 billion in assets, he said, "Tell me how we convert a hospital to money."

Meanwhile, separately, New York-based Moody's Investors Service Inc. issued a report on managed care companies that states "Although the current market may be somewhat more receptive to price increases, it is unclear to what extent higher costs can be offset by raising premiums.

"Moody's expects that the success of managed care companies over the near and intermediate term will depend in large part on their ability to effectively contain medical costs." BI

Updates

AIG to raise 20th Century stake

Continued from page 2

lines automobile insurer in the United States, stopped marketing property insurance after incurring substantial losses from the Jan. 17, 1994, Northridge earthquake in California.

Law firm settles with county

SANTA ANA, Calif.—The LeBoeuf, Lamb, Greene & MacRae law firm will pay $45 million to Orange County, Calif., and other local government jurisdictions to settle a suit stemming from the county's 1994 bankruptcy.

The law firm had acted as bond counsel to Orange County prior to the collapse of a county-run local government investment fund resulting in $1.7 billion in losses and, ultimately, the county's bankruptcy. In its suit, the county alleged the law firm should have detected the problems in the investment fund's strategy and warned county officials of the impending disaster.

The law firm, which denied any wrongdoing, had earlier paid the North Orange County Community College District $10.2 million to settle similar claims. LeBoeuf, Lamb was one of several firms the county sued after the investment fund's collapse.

A suit against Merrill Lynch & Co., which sold the county most of the investments in the fund and underwrote Orange County bond offerings, is set to go to trial in September.

LeBoef, Lamb is insured for the majority of the settlements it has made.

Unions to appeal suit dismissal

WEST PALM BEACH, Fla.—Florida labor unions will appeal a federal judge's dismissal of their lawsuit against the tobacco industry.

Judge Kenneth L. Ryskamp in U.S. District Court in West Palm Beach, Fla., ruled last week that the unions' claims were insufficient to overcome the tobacco industry's request for a dismissal.

The union lawsuit, originally filed last September by the Southeast Florida Laborers District Health and Welfare Trust Fund, sought reimbursement of its costs for treating members who suffered from smoking-related illnesses. It sought class-action status.

Judge Ryskamp wrote in his decision that the tobacco industry had become the "whipping boy of American political discourse." But its unpopularity, he wrote, is "insufficient ground" for allowing the suit to go forward.

The decision should persuade other courts to reject similar suits, said Stephen Krigbaum, a tobacco industry attorney with the West Palm Beach firm of Carlton & Fields. "It will have a significant effect on other suits," he said.

About 40 such suits have been filed by unions across the United States, and motions to dismiss are pending in about 18 of those.

Union attorneys could not be reached. Mr. Krigbaum said the unions have announced their intent to appeal the case to the 11th U.S. Circuit Court of Appeals.

Cause of train crash unknown

WASHINGTON—Safety investigators have yet to determine the cause of a crash between an Amtrak passenger train and a derailed Conrail freight train that injured 20 people last week.

The crash occurred in Conway, Pa., about 20 miles west of Pittsburgh. An Amtrak train with about 140 passengers on a New York-to-Chicago run struck some already-derailed Conrail freight cars. Investigators from the National Transportation Safety Board are attempting to determine why the crash occurred.

A spokesman for Washington-based Amtrak said the railroad is self-insured and added that no suits have been filed regarding the crash. Philadelphia-based Conrail Inc. could not provide insurance information as of Friday.

Briefly noted

Robert B. Morgan, 63, president and chief executive officer of Cincinnati Financial Corp., announced that he will retire from the company in April 1999. John J. Schiff Jr., 55, chairman and newly named chief operating officer of the Fairfield, Ohio-based insurer, will succeed Mr. Morgan. . . .**Frank Coyne**, former president and chief operating officer of General Accident Insurance Co. of America, has been named head of Long Grove, Ill.-based Kemper Insurance Cos.' specialty and risk management operations. Mr. Coyne will be nominated as an executive vp at the next meeting of Kemper's board of directors. . . .Tokyo-based Mitsui Marine & Fire Insurance Co. Ltd. has obtained $30 million in catastrophe reinsurance protection backed by **earthquake-linked swap transactions** with capital markets investors. Payment under the three-year reinsurance cover, arranged by Swiss Re Capital Markets, will be based on earthquake magnitudes in the Tokyo region rather than Mitsui Marine & Fire's actual insurance losses, Swiss Re said. . . .**Craig B. Aalseth**, a former Paine Webber Inc. stockbroker, has pleaded guilty to charges that he provided bogus confirmations misrepresenting the assets of the now-defunct Prestige Casualty Co. of Illinois. Caught in a 1992 FBI sting operation, Mr. Aalseth was indicted on two wire fraud counts in February (*BI*, Feb. 23). He faces a maximum of 10 years in jail and $500,000 in fines after pleading guilty to both counts. . . .The Federal Trade Commission has granted an early end to the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act in connection with **Aetna's acquisition** of New York Life Insurance Co.'s NYLCare Health Plans (*BI*, March 23). The companies said they expect the deal to close in the third quarter.

PEOs have growth, distribution potential

By MYRON M. PICOULT
Special to *Business Insurance*

PEO IS THE ACRONYM for a professional employer organization, which is in the business of employee leasing. These entities provide an integrated, cost-effective approach to managing human resource responsibilities and employer risks primarily for small and medium-sized businesses.

By using economies of scale, PEOs can provide human resource service that is generally available only to large corporate entities. To better understand the concept and potential of PEOs, particularly as they relate to the various sectors of the insurance business, we thought the following would be helpful. Employment basically falls into four categories: the self-employed; single-employer relationships; independent contracting; and employee leasing arrangements.

The self-employed work for themselves. Single-employer relationships are more conventional and the traditional way of employing a workforce. In this dynamic, one employer controls the work of an employee and his or her colleagues.

An independent contractor can be either self-employed or could be an employer. The key to this concept is that the independent contractor assumes the various responsibilities for a job with another business as opposed to having it under the direction of the business with whom the contractor is dealing. Finally, there is the employer sharing some, or all, of the employer responsibilities with the same employees.

Leased employees are employed by the leasing employer responsible for paying their wages and benefits. The salaries are paid by the employer but are passed through the leasing employer to the employees who work for the utilizing business. The work activities of the employees are directed by the utilizing employer.

Employee leasing is a rapidly growing industry. It has dynamic appeal to small and medium-sized entities, because by leasing workers, businesses probably can improve benefits, lower their labor overhead and markedly reduce the burden of non-productive paperwork. The latter is directly tied to the plethora of employment regulations, health care and workers compensation costs and various miscellaneous expenses.

Some people have tended to confuse employee leasing with temporary help agencies. A temp agency recruits and qualifies its own workers whose services are then rented to a customer, usually short-term. Once the assignment is over, the temporary worker returns to a "pool" to be leased out again to another employer.

At this juncture, the PEO industry appears to be a highly fragmented industry with about 2,000 participants. However, only a relative handful or so have what one would consider to be the necessary critical mass. We sense that two basic models are emerging. There is the pure human resources/benefits administration model, and then there is the self-insurance model. The keys to success in the business appear to be pricing and risk management, client retention and a broad portfolio of products.

Our interest in the PEO concept is tied to its growth potential and some rather interesting distribution possibilities. It should be noted that, notwithstanding the fact there are about 2,000 such entities in existence, PEOs have just scratched the surface in terms of penetration.

It is estimated that the professional employer organization industry serves only about 2% of its target market. Furthermore, PEOs appear to have some tantalizing distribution synergies as they relate to various insurance product lines. The dynamism of the concept is underscored by the fact that a major forward-looking multiline entity has started a PEO and several other financial services and insurance entities have established relationships with some PEOS.

We do not believe insurers can blatantly ignore the PEO concept. We suspect that the "whats" related to PEOs will soon be replaced by the "wows." BI

Mr. Picoult

Myron M. Picoult is a director and senior insurance analyst at Wasserstein Perella Securities Inc. in New York. He is the past president of the Assn. of Insurance & Financial Analysts and a member of the New York Society of Security Analysts.

Cendant buyout slowed by troubles

NEW YORK—Cendant Corp.'s planned takeover of American Bankers Insurance Group is in doubt following Cendant's disclosure of possible accounting fraud at one of its units and a subsequent 46% plunge in its stock price.

Cendant, a consumer services giant created from the merger of HFS Inc. and CUC International Inc., said last Wednesday that "potential accounting irregularities" at CUC would force it to restate 1997 earnings to include a charge of up to $115 million.

Cendant said it found the problems as accounting functions were being transferred from former CUC personnel to former HFS employees. The problems reportedly involve CUC's recognition of revenues from certain operations while delaying recognition of related expenses.

On Thursday, Cendant's stock plummeted $16.56 a share to $19.06, and on Friday recovered slightly to $21.06.

Cendant and American Bankers officials jointly said they plan to go ahead with the transaction. Henry R. Silverman, president and chief executive officer of Cendant, said he expects the takeover to be completed in late summer.

The accounting debacle, though, cast doubts on the $3.1 billion deal, in which Cendant had agreed to pay $67 a share in cash for 51% of American Bankers stock and $67 a share in Cendant stock for the remaining shares.

A Florida Insurance Department spokesman confirmed that regulatory approval may be delayed until the department reviews Cendant's restated financials and other factors, including the impact of Cendant's stock decline.

The Florida department had issued a preliminary order approving the deal April 8, which could have resulted in a final approval as early as the end of this month.

Cendant's disclosure could also reopen the door for American International Group Inc., which last year offered to buy American Bankers for $47 a share but lost a nasty bidding war with Cendant last month.

A renewed bid "would not be surprising. They seemed to want it pretty badly the first time," said A. Michael Frinquelli, an insurance analyst with Renaissance Fund Advisers in New York.

An AIG spokesman declined to comment.

Acquisition agreements typically include an "out" if material adverse changes occur, and "this certainly strikes me as a material adverse change," Mr. Frinquelli added.

—*By Douglas McLeod*

BI Insurance Index

Base=100 on Dec. 29, 1978
Source: *Nordby International Inc.* (nordby.com) Boulder, Colo.

PCS catastrophe options

As of April 17

Call spread	Price bid/ask	Call spread	Price bid/ask
National Annual 1998		**California Annual 1998**	
40/60	7.0/8.0	40/60	—/2.1
60/80	5.0/6.5	150C	1.5/2.0
80/100	3.0/5.8		
Eastern September 1998		**Western Annual 1998**	
20/40	3.8/5.8	40/60	—/2.2
40/60	2.8/3.2	80/100	—/1.5
		150C	1.8/2.2
Southeastern September 1998		**Florida September 1998**	
40/60	2.5/3.2	40/60	1.4/2.4
Northeastern September 1998			
100/150	.9/1.4		

Total volume: 431 Total open interest: 17,060

For information on PCS cat options, call the Chicago Board of Trade at 312-435-3674.
Source: Chicago Board of Trade

British Issues

Companies	Price pence	P/E	Div. pence	Yield %	52-week high-low
Comml Union	1245	24.1	32.5	2.6	1300-630
Genl Accident	1570	10.6	37.5	3.0	1626-7985
Gdn Royal Exch	431	6.7	11.5	2.6	495-257
Legal & Gen	740	18.9	12.7	2.1	785-384
Royal & Sun	758	19.1	22.8	3.0	825-4440
Brokers					
Lmbrt Fenchurch	102	7.4	8.4	10.0	138-101
Lloyd Thmpson	175	11.8	10.0	7.1	196-151
Sedgwick Grp	163	12.9	7.0	4.3	171-115
Willis Corroon	171	13.9	6.6	4.8	174-116

Note: Prices are April 17 closings; other numbers from April 16.

Source: *Nordby International Inc.*(nordby.com) Boulder, Colo.

BI Industry Stock Report APRIL 13, 1998, THROUGH APRIL 17, 1998

		Price	Weekly % change	Year to date % change	52-week High	52-week Low	Vol.(000)
BROKERS							
Aon Corp.	NYS	67.50	1.03	15.14	68.19	41.88	2552
E.W. Blanch Holdings Inc.	NYS	35.06	-2.26	1.81	38.75	22.00	73
Gallagher Arthur J. & Co.	NYS	45.69	2.24	32.67	46.56	30.38	198
Hilb, Rogal & Hamilton	NYS	17.75	-1.73	-8.09	19.63	13.50	24
Kaye Group Inc.	NDQ	6.88	-8.33	3.77	9.00	4.50	3
Marsh & McLennan	NYS	92.56	3.64	24.14	92.56	56.75	1648
Poe & Brown	NYS	32.88	1.15	10.50	38.50	17.06	90
Sedgwick Group PLC	NYS	14.06	0.45	14.21	14.44	9.38	30
Willis Corroon Corp.	NYS	14.75	5.83	19.80	15.13	9.75	309
BROKERS	AVERAGE		0.12	12.35			
INSURERS/REINSURERS							
ACE Ltd.	NYS	37.88	1.00	17.75	42.50	19.38	2944
Acceptance Insurance Cos.	NYS	22.94	2.51	-5.17	28.63	18.00	161
AEGON N.V.	NYS	138.13	6.20	54.11	141.13	67.38	144
Aetna Life & Casualty	NYS	84.25	-3.16	19.40	118.13	66.31	2504
AFLAC Inc.	NYS	62.63	-1.47	22.49	67.25	39.50	1846
Allied Group Inc.	NYS	31.63	-8.00	10.48	35.75	23.13	1372
Allstate Corp.	NYS	97.00	3.47	7.18	98.75	60.50	5228
AMBAC Indemnity Corp.	NYS	59.06	-1.05	28.40	61.00	31.00	1244
American Bankers Ins.	NDQ	59.88	-7.80	30.34	66.06	25.94	7166
American Financial Group	NYS	44.94	0.42	11.47	49.25	32.38	312
American General	NYS	66.06	-0.66	22.20	68.38	38.00	3160
American Heritage Life Ins.	NYS	24.25	1.04	34.72	25.00	12.19	179
American Indemnity/Fin'l	NDQ	13.00	1.96	-6.31	15.50	9.50	3
American International	NYS	139.44	9.36	28.22	139.44	76.38	4997
Argonaut Group	NDQ	34.75	-2.80	2.58	38.13	26.75	78
AXA-UAP Group	NYS	60.19	4.79	54.33	61.44	29.25	250
Baldwin & Lyons Inc.	NDQ	23.06	6.03	-4.40	28.75	17.38	108
Berkley W.R. Corp.	NDQ	46.25	1.37	5.41	49.50	31.38	1058
Berkshire Hathaway Inc.	NYS	70505.00	0.72	53.27	71000.00	30000.00	1
Capital RE Corporation	NYS	68.38	8.86	10.17	68.38	38.75	218
Capitol Transamerica Corp.	NAS	19.50	-1.89	-8.50	28.13	19.50	374
Centris Group Inc.	NYS	14.13	9.18	26.61	14.50	8.94	130
Chartwell Re	NYS	32.00	-0.39	-5.19	36.25	24.50	44
Chubb Corp.	NYS	82.00	1.86	8.43	82.88	52.75	2487
CIGNA Corp.	NYS	214.31	4.16	24.33	214.31	136.94	853
CNA Financial Corp.	NYS	157.75	1.61	23.48	157.75	96.38	91
CNA Surety	NYS	16.00	4.07	3.64	16.50	12.88	140
EMC Insurance Group Inc.	NDQ	14.63	0.00	10.38	15.00	10.75	38
ESG Re Limited	NDQ	27.25	9.55	15.96	28.88	20.88	322
Enhance Financial Services	NYS	72.13	2.12	21.22	73.19	37.63	495
Everest Reinsurance	NYS	44.31	-0.84	7.42	45.25	26.81	962
Executive Risk Inc.	NYS	69.94	-1.24	0.18	75.75	43.50	194
EXEL Ltd.	NYS	79.19	-1.40	24.95	81.13	39.00	910
Fremont General Corp.	NYS	59.94	2.46	9.47	62.13	26.63	415
Frontier Insurance Group	NYS	27.25	-1.13	19.13	39.25	20.00	957
Gainsco Inc.	NYS	9.88	12.86	16.18	10.19	7.88	560
General RE Corp.	NYS	226.06	0.19	6.63	228.88	159.00	863
Gryphon Holdings	NDQ	17.88	-2.05	6.72	19.38	13.88	109
Harleysville Group	NDQ	27.88	5.31	16.15	27.88	15.75	176
Hartford Steam Boi er	NYS	68.44	-0.09	24.01	69.13	45.63	250
HCC Insurance Holdings	NYS	22.50	0.00	5.88	32.69	15.63	565
ING Groep N.V.	NYS	67.63	0.93	59.82	69.81	38.88	732
IPC Holdings Ltd.	NDQ	32.81	0.57	1.94	32.88	22.38	279
Hartford Financial Services	NYS	113.25	2.90	21.04	115.63	68.38	1181
LaSalle Re Holdings Ltd.	NYS	39.13	-2.03	10.60	42.94	27.25	89
Life Re Corp.	NYS	72.75	-4.28	11.60	76.94	37.38	362
Lincoln National	NYS	93.25	3.76	19.36	93.38	51.13	1173
MAIC Holdings Inc.	NYS	29.00	0.65	8.27	30.38	15.88	71
Markel Corp.	NYS	170.13	2.79	8.97	177.50	103.00	31
MBIA Insurance Group	NYS	78.88	0.00	18.05	80.94	45.44	802
Meadowbrook Insur. Group	NYS	33.06	-0.38	26.86	33.31	21.50	8
Mid Ocean Ltd.	NYS	79.81	-0.85	47.12	81.63	44.13	292
MMI Cos. Inc.	NYS	24.06	-1.79	-4.23	27.88	20.75	103
Mutual Risk Mgmt. Ltd.	NYS	33.00	-8.33	10.23	36.75	17.06	353
NAC Re Corp.	NYS	52.31	-0.24	7.17	53.81	37.38	222
Navigators Group	NDQ	17.75	-7.79	-5.49	22.50	16.75	31
Nobel Insurance Ltc.	NDQ	13.13	0.00	0.00	15.38	12.13	20
NYMagic Inc.	NYS	28.69	3.85	4.08	30.06	18.38	8
Ohio Casualty Corp.	NDQ	50.25	0.63	12.61	51.25	35.50	216
Old Republic Int'l	NYS	46.94	2.74	26.22	46.94	26.25	633
Orion Capital Corp.	NYS	56.75	-0.44	22.21	57.75	31.13	296
Partner Re Ltd.	NYS	51.50	2.23	11.05	52.50	30.75	237
Penn-America Group Inc.	NDQ	20.38	4.49	-0.61	23.00	12.13	12
Pennsylvania Manufacturer's Co	NDQ	19.00	0.00	13.43	19.38	16.25	64
Philadelphia Cons. Holding	NDQ	21.63	4.37	21.83	23.25	14.00	124
PXRE Corp.	NYS	29.88	1.92	-9.98	35.25	24.75	84
Reliance Group Holdings	NYS	18.63	3.47	31.86	19.13	10.75	870
Reliastar Financial Corp.	NYS	48.75	3.17	18.36	49.94	28.75	1005
RenaissanceRe Holdings Ltd.	NYS	50.06	2.17	13.46	50.75	35.13	145
Risk Capital Holdings	NDQ	24.38	2.09	9.55	25.50	16.63	92
RLI Corp.	NYS	55.00	4.27	10.41	55.25	30.50	93
St. Paul Companies	NYS	87.13	-0.71	6.17	94.38	64.63	1359
SCOR	NYS	64.50	7.61	35.08	64.50	38.88	5
SAFECO Corp.	NDQ	54.13	-0.80	11.03	56.00	38.50	2376
SCPIE Holdings Inc.	NYS	31.56	2.23	9.07	32.25	19.13	NA
Seibels Bruce Group	NDQ	7.94	-0.78	5.83	8.94	6.13	76
Selective Ins. Group	NDQ	27.81	-0.89	3.01	28.63	19.75	136
Terra Nova Insurance Co. Ltd.	NYS	32.81	1.35	25.00	33.13	18.25	201
TIG Holdings	NYS	26.50	-2.75	-20.15	36.56	24.56	1400
Tokio Marine & Fire	NDQ	53.25	-5.75	-7.79	66.00	41.25	97
Torchmark Corp.	NYS	49.75	5.29	17.93	49.75	26.88	1504
Transatlantic Holdings	NYS	77.13	1.98	7.87	77.94	54.25	168
Travelers Property Casualty	NYS	44.88	2.13	1.99	46.06	31.38	1262
Travelers Corp.	NYS	64.75	-3.81	20.19	73.50	31.94	19770
Trenwick Group Inc.	NDQ	41.00	-1.80	8.97	41.75	31.88	126
Unico American Corp.	NDQ	16.00	4.92	30.61	18.13	9.75	63
United Fire & Casualty	NDQ	42.75	-0.58	-3.39	47.00	34.75	14
Unitrin	NDQ	68.63	2.23	6.19	71.44	49.63	162
UNUM Corp.	NYS	54.94	-1.01	1.03	57.69	34.50	1181
USF&G Corp.	NYS	23.94	-2.05	8.50	25.88	15.63	3104
Vesta Insurance Co.	NYS	56.88	2.02	-4.21	64.75	34.88	522
Zenith National Ins.	NYS	29.88	2.14	16.02	30.00	24.50	57
INSURERS/REINSURERS	AVERAGE		1.06	13.79			
HEALTH MAINTENANCE ORGANIZATIONS							
Foundation Health Systems Inc.	NYS	29.13	6.15	30.90	33.94	22.06	3603
Humana Inc.	NYS	27.06	0.46	30.42	28.00	18.44	2480
Oxford Health Plans	NDQ	17.31	1.84	11.24	89.00	13.75	5091
Pacificare Health Sys.	NDQ	75.38	3.61	50.00	83.00	46.75	129
Safeguard Health Enter.	NDQ	9.00	0.00	-33.33	14.88	7.50	13
Sierra Health Services	NYS	41.00	0.15	21.93	41.63	23.75	230
United Healthcare Corp.	NYS	69.81	-0.36	40.50	72.50	42.44	3802
Wellpoint Health Networks	NYS	72.13	5.10	70.71	72.75	37.88	7406
HMOs	AVERAGE		2.12	27.80			
ALL COMPANIES	AVERAGE		1.10	17.98			

Top advancing issues: Gainsco Inc., ESG Re Ltd., American International. Leading decliners: Kaye Group Inc., Mutual Risk Mgmt. Ltd., Allied Group Inc. Most active issue: Travelers Corp. The *BI* Index rose 1.1%; the Dow Jones 30 Industrials gained 1.9%; the S&P 500 increased 1.1% and the NYSE Composite gained 1.0%. Average P/E: Brokers, 20.9; Insurers/reinsurers, 19.6; HMOs, 27.4.

Source: *Nordby International Inc.* (nordby.com), Boulder, Colo.

Coalition

Continued from page 1

Kellogg and his brother, John Harvey Kellogg, opened in Battle Creek, Mich., one of the nation's first health sanitariums.

John Kellogg invented the now popular cold cereal known as corn flakes, which was served at the sanitarium. Will Kellogg founded the food company, whose management philosophy stresses social responsibility.

In 1994, Kellogg Co. developed a self-funded health maintenance organization called Health Care Plus and won an Award of Excellence in the multimedia category of *Business Insurance's* 1994 Employee Benefits Communication Awards competition for its HMO communications campaign, which persuaded 42% of its workers to switch to managed care for the first time (*BI*, Nov. 7, 1997).

Health Care Plus, whose enrollment has grown to approximately 11,000 from less than 2,000 in 1994, is now being offered by at least a dozen other companies in Battle Creek, Mich. Kellogg has 3,700 employees locally.

Health Care Plus also is one of the managed care organizations that was asked to respond to the request for proposal for participation in the health care purchasing alliance, said Dr. Alberding.

One of the reasons Health Care Plus was asked to bid was its sophisticated data collection system, he said.

The system, which was initially created to keep tabs on the health of Kellogg's employee population, allows providers to determine what health services have been or need to be administered.

"Most payers say they can provide this kind of detailed claims experience, but they usually can't," said Dr. Alberding, who before joining Kellogg had been a participating physician in Health Care Plus.

Dr. Alberding said he decided to join Health Care Plus because he was impressed with the data summary Kellogg provided.

For example, the summary showed "how many women over 40 had mammograms in the last 12 months," he explained. "That's the kind of information we need if we want to manage the health of the population."

Instead, most insurers and health plans usually only provide such information as what percentage of their total enrollment is women, he said.

Health Care Plus is just one of the managed care organizations vying to participate in this innovative health care purchasing alliance that will provide coverage not only to employees of Kellogg and the 45 other members of the Southwest Michigan Healthcare Coalition, but also to the community at large.

Health Care Plus' sophisticated data collection system initially was created to keep tabs on the health of Kellogg's employees, says Dr. Joe Alberding.

"We also want to include the Medicare and Medicaid population," Dr. Alberding said.

The prototype plan design used for the RFP was based on the typical basic health plan offered by coalition members.

The RFP asks the managed care organizations to calculate how much they would charge to offer the basic plan through the purchasing alliance, which potentially may cover between 150,000 and 200,000 lives—about half of the Battle Creek-Kalamazoo population, Dr. Alberding estimates.

In a way, "we're forcing true community rating," he said.

The plans that eventually are chosen to participate in the alliance will be required to provide data like that already collected by Health Care Plus. Those health plans also must keep tabs on member satisfaction and measure outcomes.

The objective is to give consumers as much information about plan quality as possible to use before making a selection, Dr. Alberding explained.

"We're trying to put together a buyer's group like Minnesota has where we'll be able to say, 'Here's five plans, here are the costs of each and employer contributions, member satisfaction rates, outcomes, etc.,' " he said. "It'll be like a consumer's report on health care in the community."

The Minneapolis-based Buyers Health Care Action Group adopted a similar strategy in 1997.

Employees in member companies have the opportunity to enroll in any one of 15 newly created "care systems," with average monthly premiums ranging from $83.50 to $98 for individual coverage, depending on the system chosen, and additional charges for dependents.

Employees choosing a care system receive information on quality, cost, facilities, doctor qualifications and outcomes (*BI*, Dec. 23, 1996; Feb. 13, 1995).

Eventually, the Michigan purchasing alliance's database should grow sufficiently to realistically measure the overall health of the community so that providers can work toward health improvement, said Dr. Alberding.

While the RFP response deadline is June 15, "the project isn't a done deal," he cautioned. "It's very employer-dependent."

For example, if any of the large employers decide to drop out, it may disinterest some of the managed care organizations, he explained.

It also could flop if the bids for the basic plan come in much higher than the premiums the employers already are paying for health care coverage, he added.

For example, many of the employers participating in the project are self-insured, which puts their plan costs already at a minimum, Dr. Alberding noted.

The alliance organizers haven't yet decided whether to offer a self-insured option in addition to the fully insured option, he said. Much will depend on how much the managed care organizations say they'll be charging for the basic plan.

Meanwhile, Dr. Alberding is hoping to present the bids to participating employers before they find out what their health plan rate hikes are likely to be for 1999—especially if the increases are as great as employee benefit consultants are projecting. BI

EPL

Continued from page 2

Baker & McKenzie in Chicago.

Mr. Norton and other EPL experts said the survey findings suggest employers are "ill-prepared" to handle those exposures.

About 2,000 employers that subscribe to a Sedgwick Financial Risk Specialists newsletter were surveyed late last year, and about 100 employers representing publicly owned and privately held companies as well as public entities responded. In most cases, financial officers, human resources managers or risk managers at those organizations furnished survey information.

Survey results show that the types of employment practices claims employers fear most do not directly correlate to the employers' claims histories.

Claims alleging wrongful termination, for reasons the survey respondents did not identify, led the list of 15 EPL exposures that worried the respondents most. More than nine of every 10 respondents—92.8%—were either very strongly or moderately concerned about such claims.

Sexual harassment and workplace harassment claims also worry most respondents—88.4% and 80.3%, respectively.

Seventy-one percent fear claims alleging violations of the Americans With Disabilities Act.

Nearly an even percentage of respondents were concerned about four types of claims: Lawsuits alleging violations of the Family and Medical Leave Act concerned 65.8% of the respondents, age discrimination claims concerned 65.1%, gender discrimination allegations worried 62.5% and racial discrimination claims concerned 61.5%.

Rounding out the respondents' top 10 concerns were failure-to-promote claims, 52.5%, and failure-to-hire claims, 45.6%.

But, among the 56% of respondents who reported they have faced at least one employment practices claim, the greatest percentage—24.7%—were charged with age discrimination. That exposure ranked only sixth on the respondents' list of top employment practices concerns.

Gender discrimination, which ranked seventh among the respondents' concerns, was the second-leading type of employment claim against the respondents, with 17.1% having faced such claims.

Wrongful termination—the exposure respondents feared most—was the third-leading source of claims. Almost 14% of the respondents faced such claims.

Racial discrimination and sexual harassment claims rounded out the top five sources of claims at 12.7% and 10.1%, respectively.

Only 2.5% to 5.1% of the survey respondents faced the next five most frequent employment practices claims. Those claims alleged retaliation, 5.1%; harassment or discrimination based on national origin, 4.4%; unspecified other workplace harassment, 3.7%; and ADA and breach of contract claims, 2.5% each.

The survey respondents' fears and claims history do not mirror the employment practices claims filed with the U.S. Equal Employment Opportunity Commission.

For the fiscal year ending Sept. 30, 1997, the EEOC reports that race discrimination was the most common claim, as it has been for years. The next four most frequent claims last year involved sex-, retaliation-, disability- and age-related charges.

The EEOC does not track claims alleging wrongful termination, because that classification is too vague, an agency spokesman said.

Mr. Norton agreed that the category is vague. But, he said, employers may be chiefly concerned about wrongful terminations because often plaintiffs who allege various types of discrimination and other EPL claims file complaints only after they have been terminated.

The discrepancy between the respondents' fears and their claims histories also may indicate either emerging EPL claim trends or that employers ought to be more concerned about discrimination claims, Mr. Norton said.

Michael Vogler, a partner with and the national director of risk management consulting services for Coopers & Lybrand L.L.P. in Atlanta, suggested that employers' concerns could be better focused. He and other experts advised employers to pay close attention to their age and disability discrimination exposures in light of the aging workforce, recent downsizings and unresolved case law involving ADA claims.

To prevent EPL losses, the respondents heavily rely on written communication. But, while 74.6% use employment manuals and direct communications to inform employees that harassment and discrimination violate company policy, only 38.9% supply explicit written procedures and directives on preventing losses and fairly handling claims.

The lack of written procedures and directives concerns Karen Callanan, an EPL consultant and an attorney.

Written procedures provide better guidelines for everybody in the organization, and they bolster an employer's defense in an employment practices lawsuit, explained Ms. Callanan, director of risk management services-employment practices liability for Boston-based Lexington Insurance Co., which writes EPL coverage.

Slightly more than two-thirds of the respondents reported that they provide their employees with "some form of educational and training and experience" in proper employment practices.

That high number "shocked" employer attorney William C. Bruce, a partner with and head of the employment practices group at Mayo, Gilligan & Zito L.L.P. in Hartford, Conn. "It's like pulling teeth to get employers to do good education and training," Mr. Bruce said, especially pointing to mid-sized and small employers.

"Almost nobody has an adequate loss protection program," he said. "Everybody could do more."

Mr. Vogler agreed. Employers' loss prevention is not fine-tuned "because they don't know what to aim at" in a fluid legal environment, he said.

"The legal rules are changing every day," Lexington's Ms. Callanan observed. She noted that the U.S. Supreme Court, Congress and most state legislatures are weighing in on a variety of employment practices issues.

But, for employers like The Hillman Co., a highly diversified investment and holding company based in Pittsburgh, subsidiary operations are so varied that a single program would not work for all of them, said Sue Anne Mitro, Hillman's manager of risk and insurance.

The percentage of employers that audit whether employees comply with their organizations' employment practices standards also was slim—28.1%.

Few respondents—3.5%—assigned employment practices responsibility to risk management. Most—78.9%—counted on their human resources departments.

Some EPL experts agreed that human resources should oversee employment practices issues. Indeed, many corporations' organizational structures preclude risk managers from taking a leading role in the EPL area, Mr. Vogler said.

And, risk managers who press to take over EPL responsibilities could trigger turf wars with human resources officials, Mr. Vogler said. The resulting resistance to risk management input only would make the organizations' EPL exposures worse, he said.

Risk managers instead should approach human resources officials with a more "politically correct" offer to work in collaboration to minimize their organizations' EPL exposures, he said.

Mr. Bruce said employers that do not consider their employment practices exposures as a risk management issue are "mistaken."

While attorneys expect that employers will face a growing number of employment practices complaints, the survey found that only 12.1% of the respondents purchase standalone EPL coverage. Another 12.1% did not know whether their organizations were covered, while 18.2% had coverage through endorsements to their directors and officers liability insurance policies and 7.6% had coverage through endorsements to general liability policies.

More than half of the respondents did not purchase EPL coverage.

"That shows that the liabilities from employment practices still have not been clearly articulated to employers, and employers are not fully cognizant of how much liability they have," Mr. Bruce said.

Fifty-one percent said they did not purchase the coverage because of the expense.

"If EPLI didn't do anything more than pay for defense costs for medium- and small-sized companies, it would be a bargain," Mr. Bruce said.

Respondents reported that their costs to defend EPL claims ranged from $1,000 to $160,000 on average, with a $39,400 average and a $20,000 to $25,000 mean.

Mr. Maatman said some of those low-cost estimates likely pertain to EEOC actions, not court cases.

Attorneys said the cost to defend against an employment practices claim in court typically ranges between $60,000 and $300,000.

Mr. Maatman doubted the cost factor is the overriding reason companies do not buy the coverage, especially because dozens of insurers are competing now for that risk. He said company general counsels have told him their organizations do not want to relinquish to insurers the decision on how to resolve an employment practices claim because of the precedential effect those decisions could have on their organizations.

Ms. Mitro said Hillman has some EPL coverage through its D&O coverage. But, she has not purchased the coverage for some subsidiaries in particular because all of their employees are leased and therefore not employees of the subsidiaries. She is investigating whether Hillman can be a named insured on the leasing company's coverage.

EPL experts also were troubled that among the respondents whose organizations did not buy EPL coverage, 31% based their decisions on their absence of EPL claims.

"These issues stay below the surface until they erupt, and then it's too late to do anything," Cooper & Lybrand's Mr. Vogler said.

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Copies of the employment practices liability survey can be obtained by contacting Gary Slep, vp of Sedgwick of New England Inc. at 40 Broad St., Boston, Mass. 02109; 617-357-6646; fax: 617-357-6755.


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